A truly connected business

Annual Report and Accounts 2017

PTSG
PREMIER TECHNICAL SERVICES GROUP PLC
Niche Specialist Service Provider

Introduction

Operators in the support services, buildings and construction markets undertake their services to keep buildings safe and efficient. In many ways they are unsung heroes. However, with a potential value estimated to be almost £122bn (Mintel 2016) that market is hugely significant. PTSG is proud to play an increasingly important role within their market.

We have grown every year since we started trading, becoming number one in the supply of our services within key sectors. We have always looked for new ways to innovate, which over the last year and a half has seen us diversify and reorganise. We now deliver a set of vital services within our Fire Solutions division, which has seen remarkable success during the last year. Like every other area of our business, that success is built upon strong customer service and value for money. But now, even more than in previous years, it is underpinned by a steadfast adherence to safety standards.

Our aim, as ever, is to be the go-to name in our core sectors for providing quality, speed and a bundled service provision that delivers more for less. We also want to set the standard for safety which others strive to achieve.

Paul Teasdale
Chief Executive

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To view this document online visit ptsg.co.uk/investor-relations

What we do: For an overview of our business see our video at ptsg.co.uk

Web links: Where indicated, links will take you to relevant web pages

Page links: Where indicated, links will take you to relevant content within the annual report

A truly connected business

Whereas the majority of our competitors in the support services sector operate in single lines, PTSG operates across several niche areas. This connected approach is part of our business philosophy and the reason for our high market share. It means that we may enter a market with one product and/or service and then eventually become the service provider of choice across more areas.

Business divisions

Access & Safety

- Safety Testing
- Safety Installation
- Cradle Maintenance
- Cradle Installation

We are the UK's leading supplier of fall arrest systems and safety testing services. We offer maintenance, inspection and testing solutions for safety at height as well as the design and installation of permanently installed façade access equipment and fall arrest equipment.

2017 Turnover

£20.2m

2016: £18.9m

Contribution to turnover:

Electrical Services

- Lightning Protection
- Surge Protection
- Specialist Earthing
- Electrical Testing

Our systems not only save time and money, they save lives. Whether it's testing a portable appliance, a complete lightning and surge protection system or a dry riser as a vital component of fire suppression systems, our team of highly trained technicians are market leaders in these fields.

2017 Turnover

£20.2m

2016: £12.1m

Contribution to turnover:

Building Access Specialists

- Steeplejack Services
- High-Level Installations
- High-Level Reparation
- High Level Cleaning

Our high-level cleaning team members are experts in working at height, and we can provide cleaning and refurbishment work encompassing a wide range of vital services – for the inside or outside of any building.

2017 Turnover

£5.4m

2016: £5.8m

Contribution to turnover:

Fire Solutions

- Dry Riser Installation/Maintenance
- Sprinkler Installation/Test/Maintenance
- Fire Alarm/Emergency Lighting Test/Install
- Fire Extinguisher Test/Supply

PTSG offers a tailored service for a range of fire prevention and suppression systems in a variety of public and private buildings. From initial design and feasibility, through to installation, testing, replacement, maintenance and certification, we provide a complete fire protection solution to ensure that your facilities remain safe and compliant.

2017 Turnover

£7.1m

2016: £2.4m

Contribution to turnover:

Driving availability and expert service across our connected network

Headquartered in Castleford West Yorkshire with 16 offices and more than 400 engineers countrywide, PTSG is positioned to deliver. We have strategically placed staff which allows us to reduce travel costs and the necessity for overnight stays and continue to deliver a highly cost-effective service.

UK coverage

16
UK office locations

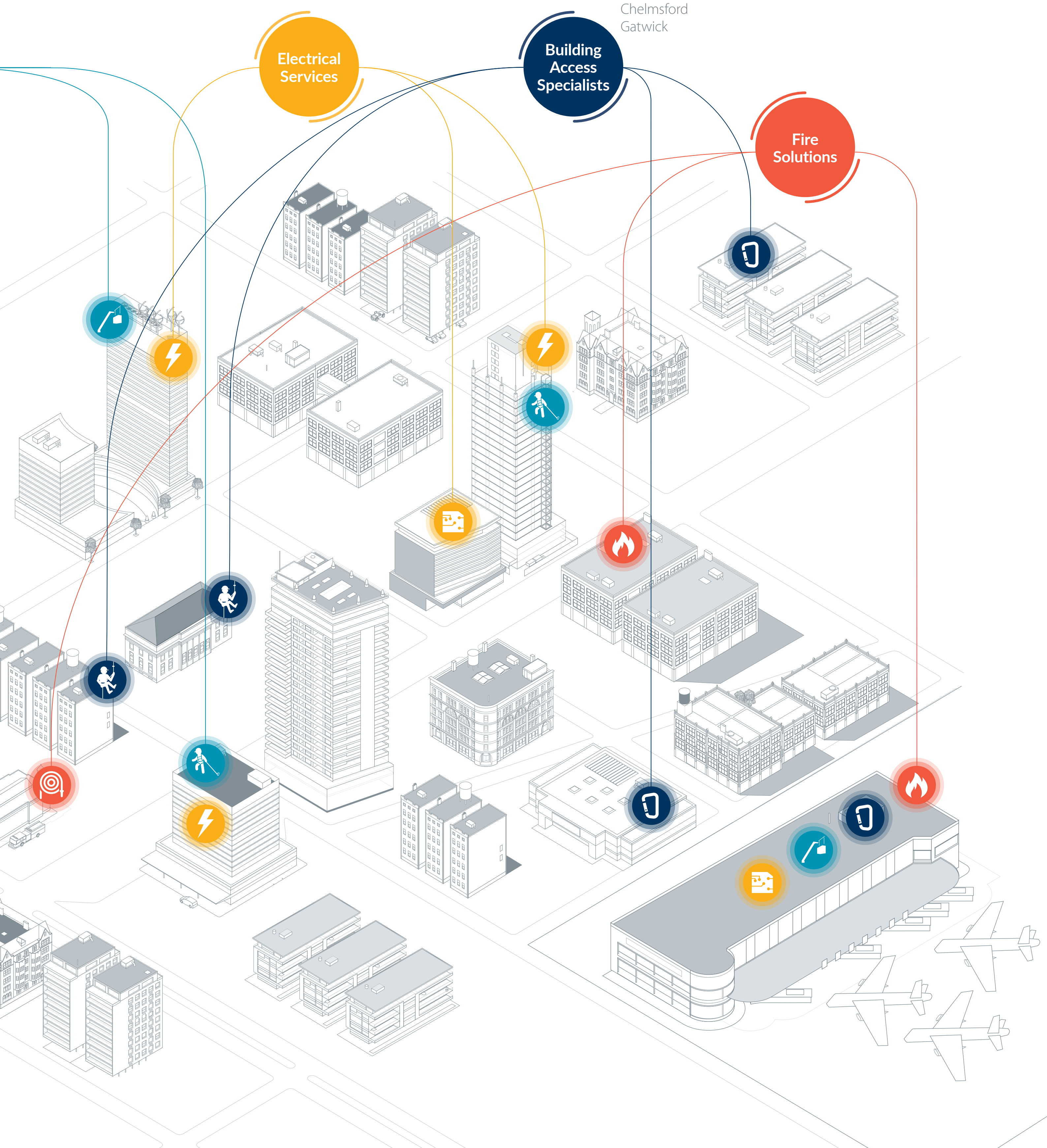
641
Full-time employees

Head office
Glasshoughton
Castleford
West Yorkshire

UK distribution centre
Pioneer Way
Castleford
West Yorkshire

Regional offices
Edinburgh
Wishaw (Lanarkshire)
Bury
Oldham
Manchester
Sheffield
Stoke
Nottingham
Kidderminster
Witham (Essex)
Chelmsford
Gatwick

London offices
South HQ
South
City office



Revenue

£52.9m

↑35%

2017 £52.9m

2016 £39.2m

Adjusted operating profit*

£10.6m

↑35%

2017 £10.6m

2016 £7.9m

Dividend per ordinary share paid and proposed

1.6p

↑14%

2017 1.6p

2016 1.40p

Gross profit

£27.1m

↑33%

2017 £27.1m

2016 £20.3m

Adjusted earnings per share (EPS)*

9.73p

↑28%

2017 9.73p

2016 7.63p

Electrical Services

We are the UK's leading lightning protection installation, testing and maintenance business. We specialise in surge protection and specialist earthing and our wider team are market leaders in fixed wire and portable appliance testing.

Fire Solutions

Our highly trained personnel lead the way in fire solutions working on residential and commercial properties UK-wide. Sprinkler systems, dry and wet riser systems and fire alarm and emergency lighting solutions complete PTSG's comprehensive offering in this important area of work.

Access and Safety

Our team comprises some of the industry's most knowledgeable access and safety experts, and we have further developed our skills base over the years through the strategic acquisition of market leading businesses. We are the UK's largest access and safety business.

Business Access Specialists

We have an industry leading reputation for being able to safely access some of the tallest and most challenging buildings, structures and chimney stacks to undertake surveys, remedial and reparatory work. Our rope access and steeplejack teams are the best in the business.

*before adjusting items of £8.3m (2016: £4.7m) resulting in a statutory operating profit of £2.4m (2016: £3.1m) and EPS of 1.37p (2016: 2.61p).

Momentum and growth

"Our areas of operation are those niche specialist service areas where our established operating model can deliver both high margins and industry leading contract renewal rates to a satisfied customer base."

John Foley
Chairman

2017 Key events

- Divisional reorganisation in response to our customer needs and industry demands.
- Acquisition of BEST enabling market sector dominance in the lightning protection market.
- £15m equity placing to fund the acquisition of BEST.
- Acquisition of UK Sprinklers enabling PTSG to offer a full service in its Fire Solutions Division.
- Integration of Nimbus Lightning Protection has been fully completed with a good contribution to growth.

2017 – a summary

2017 was a busy and exciting year for PTSG. I am pleased to report that record levels of turnover, gross profit, adjusted EBITDA and adjusted earnings per share were achieved. The Group extended the scale and range of its service offerings through both further organic growth and by three carefully selected acquisitions, including the largest acquisition made since the Group's IPO in February 2015. In addition the Group refreshed its strategy and reorganised its divisional structure so that we can continue to grow and maximise future value.

Acquisitions

Three acquisitions were completed in 2017.

We purchased the entire issued share capital of Nimbus Lightning Protection Limited in January 2017 for a total consideration of £1.0m which was paid in cash on completion. The acquisition of Brook Edgley (Industrial Chimneys) Ltd ("BEST") was concluded in July 2017 for an initial cash consideration of £14m which was entirely funded from a successful placing of 12.5m new ordinary shares with institutional investors; £6m of deferred consideration is also payable over 3 years with two-thirds of the payments payable in cash or shares at the Group's discretion. UK Sprinklers Limited was acquired in September 2017 for a total consideration of £2.5m comprising an initial cash payment of £1.3m, two fixed deferred cash payments of £0.1m on the first and second anniversary of completion and a contingent payment of up to £1.0m payable over a three year period dependent on performance and payable in cash or shares at the Group's discretion.

The acquisitions of Nimbus and BEST have confirmed our position as market leader in the UK Lightning Protection sector. BEST's Steeplejack activities have strengthened the activities within our new Building Access Specialists division and the addition of UK Sprinklers has expanded our service offering in our new Fire Solutions division.

These acquisitions were made to achieve our objective of sector dominance in our chosen areas of operation, which are those niche specialist service areas where our established operating model can deliver both high margins and industry leading contract renewal rates to a satisfied customer base.

Financial overview of results

Turnover increased by 35% to £52.9m (2016: £39.2m). Gross profit increased by 33% to £27.1m (2016: £20.3m). Adjusted EBITDA increased by 37% to £12.3m (2016: £9.0m) and underlying profit before taxation (before adjusting items of £8.4m) increased by 36% to £10.2m (2016: £7.5m). Adjusting items were principally one off or non trading items including £1.4m of restructuring costs, £3.0m of share option costs and £3.5m of contingent payments in relation to acquisitions. The high level of adjusting items reflects share based remuneration made prior to IPO which are due to reduce in scale in future years, the effect of earn out payments to continuing employees which are treated as remuneration (rather than capital payments) under IFRS 3 and the effects of necessary restructuring arising in particular from the BEST acquisition. The contingent amounts payable are high due to the inclusion of £2m in respect of BEST, although the £6m deferred consideration is paid over three years, under IFRS 3, this has to be recognised over 18 months.

The Board has recommended a final dividend of 0.8 pence per share which together with the interim dividend paid of 0.8 pence is a 14% increase on the dividends paid in respect of 2016. This will be paid to shareholders of the register on 29 June 2018 and the expected payment date is 20 July 2018.

Net debt at 31 December 2017 increased to £18.3m (2016: £13.6m) following payments of £2.3m of cash in relation to acquisition of businesses. The Group's working capital position has necessarily increased due to the very substantial increased scale of the Group's activities at the period end.

> On behalf of the Board, I would like to thank all of our employees for their hard work and commitment to ensure that we remain the service provider of choice for our customers.

The Group's exit turnover run rate was 46% higher than its run rate at the end of 2016. The Group trades very comfortably within its covenants on its established committed medium term facilities with HSBC. The Board remains comfortable with core borrowings of up to 1.75 x adjusted EBITDA at this stage in the Group's development. At 31 December 2017 core borrowings were 1.49x adjusted EBITDA compared to a bank covenant of 2.25x.

Operational highlights

The Group's underlying organic revenue growth rate was a healthy 11% and the Board was pleased with the performance of all three acquired businesses within PTSG. The successful implementation of a new Divisional structure which is explained in the Chief Executive's Review has involved a great deal of thought and hard work by the Group's senior management team and the reaction of our customers to our new approach has been very encouraging.

The Chief Executive's review provides further detail about operational performance but our focus on compliance to a demanding set of safety standards remains foremost in our thoughts and actions. The Board is pleased to report that contract renewal rates in our core maintenance divisions was at 88% during 2017; we believe this is an industry leading contract renewal rate. Gross margins were steady at 51.2% (2016: 51.9%) which provides further proof of margin sustainability as turnover increases.

The new divisional structure was introduced together with the introduction of a national major accounts sales team which identifies and secures multi disciplinary contract opportunities. This team will assist all divisions within the Group to secure organic growth opportunities where a Group approach is beneficial.

Strategy

PTSG was incorporated in November 2006 has now completed 23 acquisitions since inception and more than doubled its turnover and profits since the IPO and admission to AIM in 2015. The Group currently has 16 offices and more than 600 employees and its new divisional structure provides a balanced offering of niche specialist services to customers in the facilities management, construction and property sectors.

The operating model which has worked so well from the start of PTSG in its Access and Safety division can now be seen to work just as effectively in our Electrical Services division where our position as market leader in the Lightning Protection sector has been achieved since our first entrance to this area in December 2010. Our entry to the Fire Services market did not start until 2016 but the similarities in methods of operation with a strict adherence to safety standards are proving to be core values.

We continue to see exciting opportunities for both organic and acquisitive growth for all four divisions. Senior management is focused on achieving both increased operating profitability and cash conversion targets to fund already identified acquisition opportunities.

People

I would like to thank all our employees for their continuing commitment, enthusiasm and hard work.

Outlook

2018 has started well with continuing sales growth and healthy order books. The Board remains confident that the Group's positive revenue and profit momentum will continue in 2018.

John Foley
Chairman

21 March 2018

Introduction to corporate governance

The PTSG Board is responsible for the direction and oversight of Premier Technical Services Group PLC on behalf of the shareholders and is accountable to them, as owners, for all aspects of the organisation's business. The Board recognises that good governance involves the clarity of roles and responsibilities, and the proper utilisation of distinct skills and processes.

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Our governance principles

The Board has developed and approved a set of important governance principles which set out how it will conduct its business and what people associated with the company can expect from it.

The governance principles are designed to enable the board and PTSG's leadership team continue to operate within a clear framework. The principles describe the Board's relationship with shareholders and executive management, the conduct of Board affairs and the tasks and requirements for Board committees.

They outline the Board's focus on activities that enable it to promote shareholders' interests, including the active consideration of strategy, the monitoring of executive action and ongoing board and executive management succession.

The Board has developed these governance principles to help it fulfil its responsibilities and regularly keeps its work and performance under review.

An evolving market

PTSG has developed a strong reputation for delivering safe, innovative and quality services that creates value for its growing customer base. The Company exists to serve, and its products and services have been designed for organisations whose main priorities include preserving buildings and protecting people. PTSG's customers turn to the business day-in-day-out because its highly trained and specialist people keep them safe and compliant at all times.

Highlights

150,000
PTSG services more than 150,000 buildings

£1bn+
Aggregate value of the markets in which PTSG operates per annum in the UK

17,000
PTSG has more than 17,000 customers

6%
PTSG's share of the potential addressable market

2-4%
PTSG's market growth rates per annum

Market drivers

Regulations and the competitive environment are the two principal drivers of demand for the services provided by PTSG.

Regulations

Working at height is considered to be one of the most dangerous activities in daily working life. The Work at Height Regulations 2005 were created to reduce the risk of death and injury caused by a fall from height. The highly specialist nature of PTSG's work, most of which is undertaken at height, means that the Company is called upon to guide, advise and deliver work for those organisations that do not have the in-house skills and capabilities to deliver the complex projects and tasks that PTSG is asked to complete.

What does this mean for PTSG?

- That there are very few specialists of PTSG's nature in the market place and those that do occupy the space do not offer the full range of services offered by PTSG.
- That demand for the niche specialist services offered by PTSG are very high within the FM sector as a consequence.

Competitive environment

PTSG is the UK market leader in access and safety, lightning protection and dry riser maintenance and installation across the FM sector. Most of the Company's main competitors specialise in one of the service areas offered and delivered by PTSG. This gives PTSG a competitive advantage because it means that the Company can offer a full niche service for FM organisations and the associated economies of scale.

What does this mean for PTSG?

- That the company is seen as a very attractive proposition for organisations seeking niche services that are all in one place.
- That demand for the niche specialist services offered by PTSG are consistently high within the FM sector.

> We will maintain and expand our position in our chosen markets due to our competitive advantage.

Market position

PTSG believes it can maintain and expand its position in its chosen markets due to its competitive advantage, ability to achieve and sustain high margins, strong organic growth potential due to its wide customer base and cross selling opportunities coupled with its proven ability to successfully integrate acquisitions in complementary areas of activity.

Competitive advantage

- Established business model (delivers high margins)
- Nationwide UK engineering coverage (economies of scale)
- Bespoke operational and CRM software (leads to margin sustainability)
- Broadening multi-service coverage
- Broad customer base

Margin sustainability

- Industry leading contract renewal rates
- Largest UK repair and maintenance contract base in Access and Safety
- Nine year track record of £1 repair to £1 maintenance
- Efficiency of model works in all sectors
- Award winning services create further FM supply agreements

Major customers and organic growth

In most cases, we start by delivering single services before being asked to deliver more. Engie, Mitie and M&S are three examples of clients with whom we began by delivering access and safety services. Now, they are taking advantage of our wider service offerings including electrical testing and building access specialists.

We have an extensive customer base with no significant exposure to any one customer and just 5% of our customers currently receive more than one service.

Although we are a market leader in a number of areas we still have less than 10% market share in our principal markets, which provides significant scope for further growth.

UK coverage

Headquartered in Castleford West Yorkshire with 16 offices and more than 400 engineers countrywide, PTSG is positioned to deliver. We have strategically placed staff which allows us to reduce travel costs and the necessity for overnight stays and continue to deliver a highly cost-effective service.

641
Full-time employees

Head office
Glasshoughton
Castleford
West Yorkshire

UK distribution centre
Pioneer Way
Castleford
West Yorkshire

Regional offices
Edinburgh
Wishaw (Lanarkshire)
Bury
Oldham
Manchester
Sheffield
Stoke
Nottingham
Kidderminster
Witham (Essex)
Chelmsford
Gatwick

London offices
South HQ
South
City office

New opportunities

"We are completely focused on improving and extending our services for our 17,000 customers. To equip PTSG for the next phase of our ongoing growth, we have refreshed our strategy and continue to put customers first in all that we do."

Paul Teasdale
Chief Executive

2017
Operational highlights

88%
Contract renewal rate of 88%

No.1
Sector dominance of lightning protection market

35%
Revenue growth for 2017

20%
Consistent adjusted operating margin

I feel incredibly proud to be the Chief Executive of PTSG, a very special organisation which exists to help our customers to operate in a safe, efficient and compliant manner. We are financially strong and have a trusted brand, committed people, and market-leading positions which we continue to grow. We are, however, not complacent and work hard to make sure that we continue to look firmly forward at those things that will make the biggest difference to the people we serve.

2018 takes PTSG into its second decade of business. The company is now in a stronger position than at any other time in its history. This is clearly illustrated by our turnover of £53m in the last year alone, with a further 200+ industry experts employed to service our rapidly growing customer base.

Now is an appropriate time to reflect on what has brought us to this point and how we will continue to achieve year on year growth and profitability as we cement our name as the UK's leading provider of niche specialist services to the support services, building owners and the construction industries. Anyone who enters into a contract with PTSG finds that we offer unbeatable customer service. Our combination of value for money and uncompromising adherence to quality and safety standards and procedures, coupled with our rapid response to any location in the UK, has secured a contract retention rate of more than 88%.

Something else that gives us a genuine edge on our competitors is the ability to cross-sell our niche specialist services, maximising value for our customers and profit for ourselves. As our business and reputation continue to grow, we are starting to see more opportunities overseas. We have successfully completed lightning protection projects at numerous locations in the Middle East, including at Doha International Airport, and St Bernard's Hospital in Gibraltar.

We are completely focused on improving and extending our services for our 17,000 customers. To equip PTSG for the next phase of our ongoing growth, we have refreshed our strategy and continue to put customers first in all that we do. With the further development of Clarity, our proprietary software system designed to significantly improve the way we do business, we are now at the forefront of today's digital age. All of which is making a huge difference to our stakeholders and customers.

Acquisitions adding value

In July 2016 we acquired UK Dry Risers Ltd. and UK Dry Risers Maintenance Ltd, recognising their valuable offering to the industry and also their worth to us as a business. We were subsequently able to develop that area of PTSG into a fully comprehensive Fire Solutions division. This has since been consolidated with the acquisition of UK Sprinklers Ltd. (UKS) in September 2017. Based in Bury, UKS is a specialist in the installation and maintenance of sprinkler systems. All of these businesses have seen tremendous growth since being integrated into PTSG, with UK Dry Risers Maintenance Ltd. growing by 37% in the six months following acquisition.

After acquiring Nottingham-based Nimbus Lightning Protection Ltd. at the start of 2017 and Brooke Edgley (BEST), a lightning protection and steeplejack company based in Manchester, we are now the UK's leading provider of lightning protection services and products, with centres of operation throughout the UK.

Established in 1957, BEST was a privately-owned market leading company in lightning protection, specialist earthing, surge protection and steeplejack services.

BEST is a national provider with four office locations in Manchester, Kidderminster, Chelmsford and Wishaw, Scotland with c.160 engineers and staff. It has well established and good relationships with Blue Chip clients including Balfour Beatty, Engie, Jaguar Landrover, Tesco, John Laing and Interserve and over 2,200 other customers.

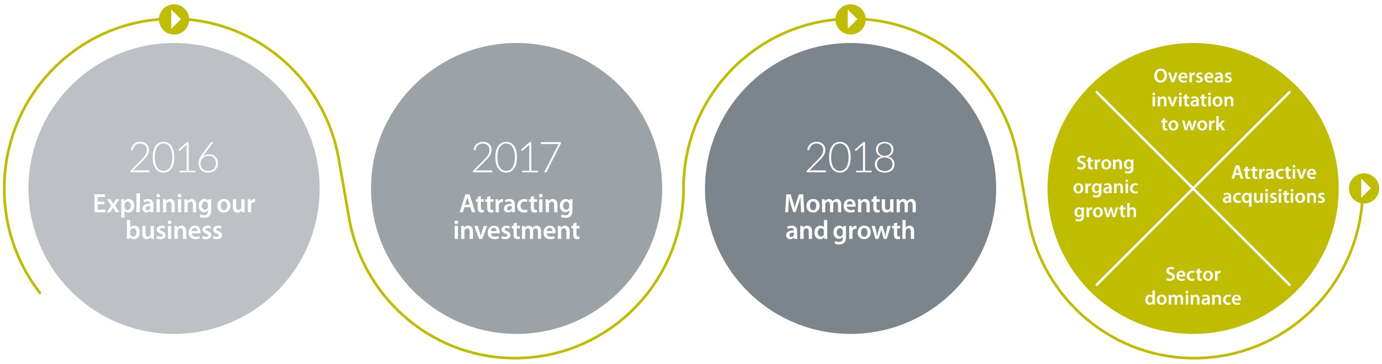
It is a highly cash generative business, achieving 104% cash conversion in 2016 and has maintained attractive EBIT margins of c.20%, in line with the PTSG group average.

BEST has now been integrated into PTSG's Electrical Services Division, and its previous owners as well as other members of the management team remain in place. We are in the process of making what was a very good business, a great business.

> With the further development of Clarity, our proprietary software system designed to significantly improve the way we do business, we are now at the forefront of today's digital age. All of which is making a huge difference to our stakeholders and customers.

The phases of PTSG's transformation

A clear direction forward



PTSG's central aim is to be the leading provider of niche specialist services to the support services and construction markets. While our ambitions have remained the same for over ten years, we have continuously striven to innovate in order to stay at the head of the industry, including a reorganisation during the last year.

An increasing number of people choose to invest in PTSG due to its capability of making the right choices. During 2017 our reorganisation created two new discrete divisions which are already in great demand. Our growth is secured for the foreseeable future as a result, rewarding our stakeholders' faith in us.

Organic growth and strategic acquisitions remain central to our plans for further growth. We continue to look for ways to expand our share of the markets in which we operate, as well as diversifying into new areas.

We will continue on our successful journey of delivering innovative and value-adding acquisitions, driving strong organic growth and exploring opportunities to undertake work outside the UK – ingredients that have helped us to dominate across the sectors in which we operate.

It is clear that carefully targeted acquisitions have proven key to our exponential growth over the past ten-plus years. Working in tandem with the strong organic growth that we continue to experience as a result of our high-value service and repeat business, we have created a robust business model and a powerful formula that pays rewards to our investors.

Reorganisation for further growth

The industry took a new direction in 2017, with a renewed requirement for steadfast compliance to UK safety regulations in all areas, with a specific focus on fire services. Whilst already in a very strong position we have grasped the forces driving the change and our fire solutions business is flourishing as a result.

Events in 2017 reminded everyone in the industry of the need for an unwavering commitment to safety, upholding British Safety Standards to the letter. PTSG has always made this a priority, and our record of setting new standards for safety has brought us a great amount of positive interest from a governance and compliance perspective – yet again in 2017 we were asked to provide national guidance and advice to the wider support services and construction sectors on behalf of leading health and safety professionals and industry media/commentators. We were also awarded a Gold Medal by The Royal Society for the Prevention of Accidents for our ongoing commitment and track record in this important area of our work.

Fire safety must be the foundation upon which all buildings are constructed, with rigorous regular testing and maintenance. It is now integrated as one of our biggest growth areas having seen an unprecedented demand for wet and dry riser and sprinkler services over the past few months. By continuing to keep quality and safety clearly aligned, we will safeguard the users of the buildings we work on and in doing so, substantially expand our business.

Our divisional structure

The demands of the industry have, over the last year, helped us to shape a stronger, more sustainable business that will enable even greater growth. We now offer the following four discrete but complementary business divisions:

- Access & Safety
- Electrical Services
- Building Access Specialists
- Fire Solutions

This new and clearer structure allows us to provide a comprehensive, multi-disciplinary service, driving the value we offer and giving our clients a measurable commercial advantage.

Priorities to address

In 2018 it is our priority to set an example to the industry for safety. In doing so, our reputation will be further strengthened in this area, sending out a positive message for the high-risk sectors in which we operate. As a consequence, a growing number of people will continue to choose us for their specialist services, building and construction requirements, which is great for us and our stakeholders.

Strategic growth

Our simple but highly effective strategy – borne out by ten years of continuous growth – can be summarised as follows:

- **Efficiency.** In 2017 we have shown that we are agile enough to reorganise in accordance with client requirements and industry legislation, and profitability has already improved in the short-time since we rolled out our four new divisions.
- **Scalability.** Acquisition is fundamental to our strategy for growth and we have a proven ability to integrate different kinds of businesses into our Group, maintaining their momentum while they adopt our practices. This, alongside strong organic growth is a formula for success.
- **Innovation.** We have never been satisfied with standing still and have always looked to innovate to stay ahead of the competition. This is best illustrated by the introduction of PTSG Clarity, our PDA-based software programme that is streamlining and transforming how we work.

£52.9m
Revenue increased by 35%

£10.6m
Adjusted operating profit up by 35%

1.6p
Dividend per ordinary share up by 14%

Cross-selling

The great diversity of market sectors in which we operate coupled with our geographical coverage (with 16 UK office locations) means we are able to effectively cross-sell our services on a lot of the projects on which we work. This saves clients the time and effort of having to find multiple service providers to meet their varied requirements, and the costs incurred. We recognise that we must continue to be as proactive as possible, maximising profitability – and returns for our shareholders.

Evolving market

The support services, building and construction markets are changing rapidly, as a result of recent events which have had a seismic effect on attitudes to institutional safety. As an agile company, we have adapted and reorganised to answer the industry imperative for adherence to standards. As the only company with a dedicated Health, Safety and Environment department, we have been swift in our response, and our new Fire Solutions division is already extremely successful. We will continue to build on that.

Operational efficiency

This encompasses all the things which help us to drive profitability: developing talent and retaining our workforce; maximising cross-selling opportunities; and continuing to innovate and look for ways to serve our customers even better. By striving to get these things right, we will continue to experience profit and growth.

Divisional results

Each of our divisions has contributed to the exceptional performance of PTSG in 2017, thanks to our unique operating model and our teams of highly trained experts.

Access & Safety

Safety Testing and Installation, Cradle Maintenance and Installation. As the UK's leading supplier of fall arrest systems and safety testing services, we achieved a turnover of £20.2m in 2017 (2016: £18.9m) – a 38% contribution to the turnover of the Group. Adjusted operating profits increased to £3.2m from £3.1m in 2016 with growth across all segments.

Electrical Services

Lightning Protection, Fixed Wire and PAT Testing, (design, install and maintenance). We achieved a turnover of £20.2m in 2017 (2016: £12.1m) – a 38% contribution to the turnover of the Group. Adjusted operating profits increased from £2.9m in 2016 to £4.7m. We saw good growth across all services and the acquisitions made in 2016 and 2017 showed good progress.

Building Access Specialists

Steeplejack Services, High Level Installations, High Level Remedials, High Level Cleaning. Our products and services enable safe, efficient access to any part of any building. Our team members are experts at working at height and performing a high quality service even in the most inaccessible locations. We employ some of the UK's most talented and safety conscious working at height specialists in the UK. In 2017 we achieved a turnover of £5.4m (2016: £5.8m) – a 10% contribution to the turnover of the Group. Adjusted operating profit was £1.2m (2016: £1.3m).

Fire Solutions

Wet and Dry Risers, Sprinkler Systems, Fire Alarms, Emergency Lighting, Fire Extinguishers (design, install and maintenance). We now offer one of the UK's most comprehensive fire solutions services delivering high quality, safety systems in both residential and commercial settings. Turnover increased from £2.4m in 2016 to £7.1m in 2017 representing 14% of turnover. Adjusted operating profits increased from £0.5m in 2016 to £1.6m in 2017.

Our People

We now have a team of more than 641 talented industry operatives, many of whom have joined us over the last year as a result of our acquisitions and organic growth. It has always been our policy to nurture talent, providing the training and professional development opportunities to make the most of their potential. It is our people who make us what we are.

Our newly formed national business development team is fast becoming one of our many success stories and a prime example of how talent, hard work and ambition have helped us to achieve great success and rapid growth. We have devoted five pages within this annual report to profiling our people.

We gladly place responsibility on the teams' shoulders for creating and implementing a cohesive sales and marketing plan for the business which is aligned to PTSG's business plan. They will build long-term, profitable client relationships with allocated accounts that enable account revenue growth and retention. They will steer and proactively contribute to sales strategy meetings, and is a visible sales team within PTSG – being fully engaged with the national and service area sales channel and a pre-agreed activity calendar.

People-focused, business-minded and constantly looking for ways to improve upon what we do, our people epitomise the PTSG way.

Looking forward to continuing a profitable future

Our reorganisation is complete and we are already building on our previous offering to the support services and construction sectors, with four distinct but complementary divisions. Our original principle was to be the complete provider of engineered solutions recognised as the standard against which all other companies are measured; this remains true more than ten years on, but that provision is now larger and benefits even more customers.

Our divisional results show that we continue to improve upon our performance every year, and in the area of fire solutions, we are experiencing astonishing demand for our services. As ever, people choose PTSG for our incredible customer service and bundled services delivery. However, our ongoing focus on compliance, taking infinite care to safeguard everyone who comes into contact with the buildings we work on, has moved PTSG to the next level.

Our service and performance are given extra weight by our 133 accreditations, including ISO 9001, OHSAS 18001 and ISO 14001, as well as the industry awards we were proud to receive this year – and every year since we began operating in 2007.

Now, more than ever before, the support services and construction industries needs financially robust and reliable service providers that can guarantee a quality end product, provide a rapid response to every call, wherever the location, and are a pleasure to work with – with strong relationships with key industry names. PTSG has proven time and time again it can do all of this for less. We are more cost effective than our competitors, while retaining a good margin. That's a winning formula for our customers and shareholders alike.

We now look ahead to 2018 with great anticipation, and the opportunity to serve a greater diversity of customers.

Paul Teasdale
Chief Executive

21 March 2018

Our business model

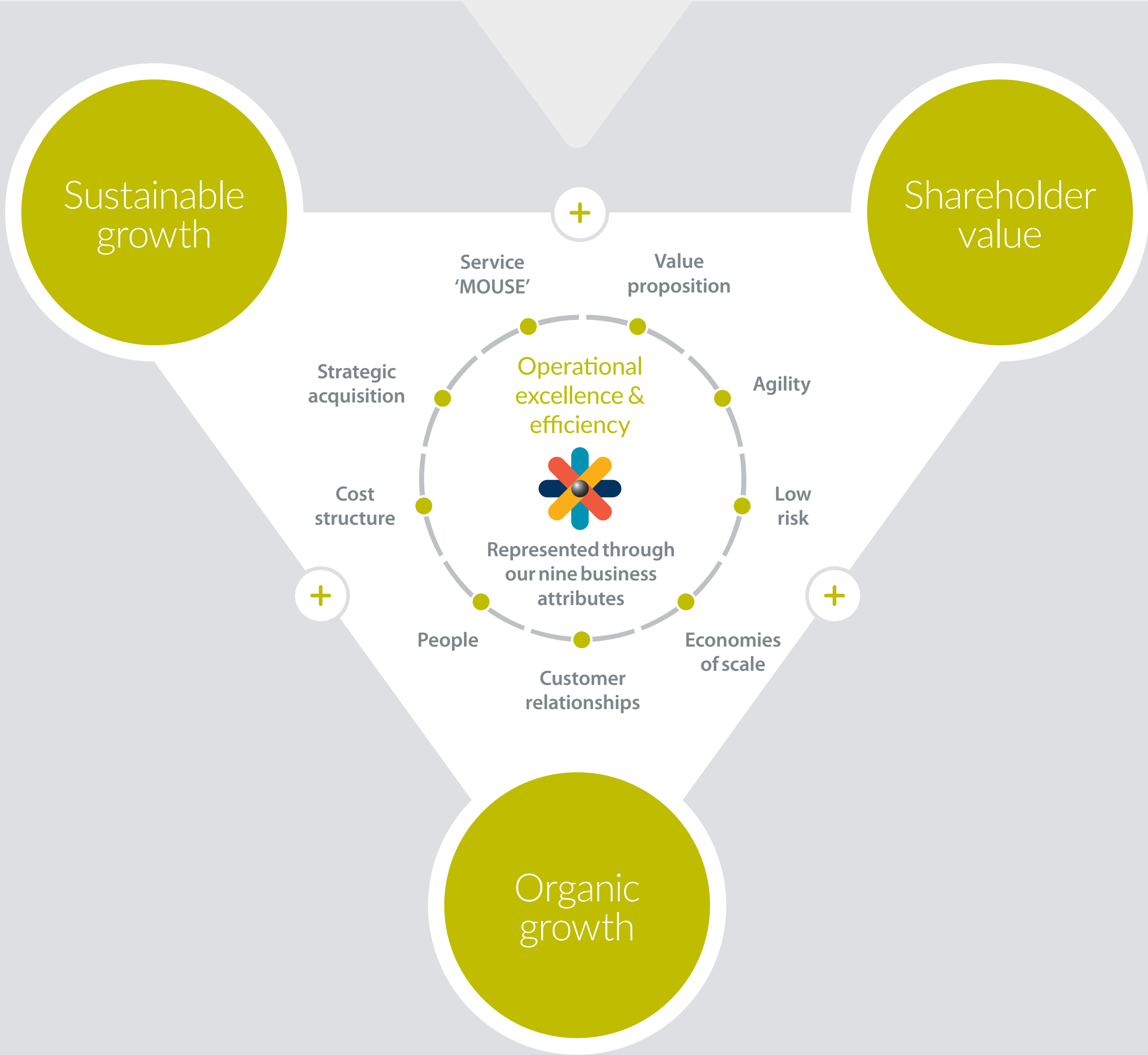
Our success is built upon our business model, which is simple and highly effective. Our pursuit of excellence in an increasing number of markets – through both acquisitive and organic growth – has made us the go-to company for over 17,000 customers, while giving our shareholders a strong return on their investment.

Inputs

Financial strength

Our people

Strong corporate governance



Outputs

Market leader

Group performance

Well established services

Best in class practice

Our growth drivers

1 Organic growth

- Geographical expansion and increase of service offering
- Renewal rates and repair sales
- Cross-selling of services

2 Acquisition

- Strong acquisition pipeline
- Track record of driving growth
- Increasing capabilities

3 Marketplace

- £1bn addressable market with 5-10% market share
- New sector expansion, such as Fire Solutions

4 Demand

- Construction
- Regulation

Strategic priorities

Efficiency

In today's competitive markets we need to show we are ahead and able to deliver.

Efficiency is the key to the organic growth of PTSG. Our mission is to continue to be the UK's leading and best niche specialist service provider. We have positioned ourselves in the market so that we are in the right locations to deliver our award-winning services in the shortest amount of time and in the most cost effective way.

Scalability

Our ability to grow further is rooted in our proven business model.

Our acquisition of companies that add value to the PTSG portfolio has enabled us to not only widen our geographical market presence, but to enhance our ability to cross-sell new services to customers and business prospects. Over the years, we have built on our already strong niche services, placing us in a prominent position for further growth opportunities.

Innovation

Reaching new heights. The dynamics of business are changing and we are embracing them.

We have designed and developed PTSG Clarity, a PDA-based software programme that will enable us to track every job in real time, from pre-planned to re-booked, and the completion and invoice stage.

Reasons to invest

As a market leader in supplying niche specialist services, we present a very strong case for investment based on year-on-year growth and sustainability, outstanding customer service and a business model that yields continued success in each of our market sectors. We say we will continue to grow profitably and we do. At PTSG our actions continue to speak much more loudly than our words.

We know the size of our market and we are clear about our growth plans. We continue to grow from a position of dominance. We are successful because we consistently deliver progressive results and we do so sustainably.

- A business that has **sector dominance**
- A business that is **sustainable**
- A business that **plans to grow**
- A business that yields **progressive results**

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Leading by example

Strong leadership has been key in helping us to drive PTSG forward, ensuring all our teams do a first-class job and, crucially, inspiring a conscientious and respectful attitude. The result is a highly skilled, highly fulfilled workforce that wants to stay with a company that's going places.

Roger Teasdale
Managing Director, PTSG Group

As Managing Director of PTSG, Roger Teasdale is the custodian of the principles and practices that have driven year-on-year growth since our founding year of 2007. Through all four business divisions, he ensures a high quality of service: responding to each client's demand for speed, followed by our team of industry experts undertaking the work efficiently and safely, handing over on or before the deadline.

Value for money for the client and profit for PTSG are maximised through cross-selling, and Roger works closely with his business leads to ensure we have the opportunity to improve every structure we work on in as many ways as possible. Roger cites PTSG's contract renewal rate as a key indicator of our performance. For several years it has been at 88%, which speaks volumes for the satisfaction of our customers.

Andrew Dack
Director, Group Sales

When an expert from PTSG inspects a building with a view to undertaking a specific service, he/she often finds that other kinds of maintenance or repairs are needed to keep that building compliant, safe and performing efficiently. One of PTSG's great strengths is its bundled service provision. By delivering all of the services a building requires saves the client the time and effort of finding multiple providers – not to mention a considerable amount of money.

Andrew Dack's successful track record in the support services, building and construction industries has equipped him with the multi-disciplinary skills that enable him to lead his team in identifying all of the products or services that can optimise the performance and safe operation of a building. By explaining the benefits and demonstrating the long-term savings that bundled services bring, Andrew puts into practice PTSG's mantra: a truly connected business.

Paul Evans
Director, Access & Safety division

From fall arrest systems to safety testing services, no other company can claim such strength in the area of access testing; and Paul Evans is well qualified to direct the division on a daily basis. Paul has many years of structural engineering experience and a mastery of the ever-evolving rules and regulations regarding building safety and working at heights.

His managerial qualities enable him to plan, organise and direct the work of a large and multi-disciplined team in installation and testing. Paul's also highly adept at developing and formulating divisional policies and procedures, and dealing effectively with all kinds of issues from employees and the public. His directorial flair is crucial in helping this important division to stay at the forefront of the industry.

Craig Finney
Director, Electrical Services division

Craig Finney's strengths lie both in his excellent leadership skills and his encyclopaedic knowledge of electrical services on behalf of PTSG. He is an integral part of the team, having worked his way up and gaining valuable hands-on experience as an lightning protection engineer. His people skills marked him out as a candidate for directorship of the division from an early stage and upon taking the position, this core area of PTSG's provision has prospered.

Many of our electrical services are of a hazardous nature, and in particular his core area of strength in lightning protection and Craig's great experience and expertise – gained in a multitude of applications – make him the ideal man to see each project through to its successful conclusion. He truly is a 'safe pair of hands'.

Danny Hardman
Director, Fire Solutions division

Danny Hardman's role as a director within our Fire Solutions business is both exciting and highly responsible. His background is with UK Dry Risers, which was acquired by PTSG in June 2016 and successfully integrated into the Group in the following months. As the installation and maintenance of dry risers is a core part of the Fire Solutions provision, Danny – with his flair for leadership and track record of success on projects such as Wembley Stadium and Liverpool Football club – was the natural choice to head up this area within the division.

Demand for services continues to grow, so Danny's team is kept extremely busy providing vital and potentially life-saving services for buildings across the UK. Although Fire Solutions is only just off the ground as a discrete division, early potential for growth is very encouraging indeed.

Mark Perfect
Director, Building Access Specialists

Mark Perfect has the ideal background to make our Building Access Specialists division go from strength to strength. He was Managing Director of Pendrich Height Services before it became part of the PTSG group of companies, where his skilled workforce has scaled the heights of a wide variety of structures from the UK's tallest industrial chimney at Drax Power Station to Edinburgh's Scott Monument.

Mark's expertise in selecting the most effective method of access to a building in order to carry out maintenance, repairs or cleaning is employed to the full at PTSG. We have an extensive high-level cleaning portfolio within London, whilst our steeplejack services can take us anywhere from our home county of Yorkshire to the Middle East – at a moment's notice.

Unity amongst an increasingly diverse business

We are proud to have the same sense of unity and team spirit amongst our 641-strong team as when we were a small, tight-knit unit back in 2007. We have always had strong values, vision and a business strategy and it is important to us and our colleagues that this is expressed clearly in our brand.

Everyone who joins PTSG, whether as a new employee or through one of our strategic business acquisitions, is inducted into the company via the same process, with exemplary customer service our number one priority. It's what has helped us to grow year on year, it's the reason behind our high contract renewal rate and it's also central to everyone's own sense of satisfaction.

1. Attracting talent

Finding people who want to work for PTSG isn't difficult. Finding people who will make our company better, however, can sometimes be more challenging. That is why we have taken a fresh approach to attracting talent – one that boosts our productivity, invigorates our workforce and helps PTSG to deliver on its promise. With the appointment of a new HR team, we have focused heavily on attracting the kind of people that will help us to continually drive the business forward.

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2. Developing talent

We continue to develop talented people by investing in training and development tailored to their needs and by building on their strengths. Through our approach to ongoing development, our business leaders learn how to motivate team members to perform at their best. Our career paths are flexible and adaptable to meet the future needs of our business and the strengths and aspirations of our people. To us, developing talent is about building experience and capability and is not defined solely by promotion and advancement.

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3. Retaining talent

There can be major commercial benefits for PTSG and our customers from retaining those people who make a positive difference. That is why we try hard to give them a good reason to stay with us. We advocate proactive efforts by our leadership and management teams to establish a culture that builds strong relationships with our people - the kind that encourages lengthy commitments to the business. A long-term commitment requires effort in both directions and this is something that we discuss with our people at their performance reviews where we agree career plans and personal/professional incentive schemes.

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4. Employee engagement

Our people play a vital part in our success and they create value by helping us to grow PTSG responsibly and sustainably. We aim to provide a workplace environment where people are inspired to be the best they can be. We believe that engaged, motivated employees, working to their full capability and able to realise their personal career aspirations, are a critical part of PTSG's long-term success. At the same time, we work hard to make sure that every person who works for PTSG understands their role in the business and how their individual effort makes a direct contribution to our wider success. Effective employee engagement is, therefore, an essential part of what we do.

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5. Health and Safety

We know that there is always the possibility of an accident or damage to someone's health in any work environment. All work exposes people to hazards, but with our work taking place mostly at height, this adds in an additional risk dimension. It is for these reasons that our full time health and safety team take this matter so seriously. For us, attention to health and safety is not just a tick in the box exercise – it is our number one priority and it has been since day one. We believe this makes good business sense and we regard it equally as important as the achievement of any other key business objective. Our aim is simple: everyone must arrive home safely… every day!

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Safety is at the core of everything that we do. We will never compromise. We are one of only a few organisations in the specialist services industry to employ a full-time Health, Safety, Quality and Environment Team. **If it can't be done safely, we don't do it.**

1. Attracting talent

People want to work for dynamic, prospering companies that offer real opportunities for growth and development. The acquisition of UK Sprinklers Ltd (UKS) in September 2017 is the perfect demonstration of success breeding success.

UKS gave PTSG a fully rounded Fire Solutions division, specialising in the prevention and suppression of fire in public and private buildings. Upon being integrated into PTSG, the company benefited from the adoption of the practices and principles that have driven growth for ten years in a row, as well as being part of a much wider offering to the support services industry – and with it the great potential for cross selling.

This kind of potential for limitless growth and profitability is extremely attractive to potential employees at all levels, who naturally want to be part of the success that UKS has enjoyed, as well as having the opportunity to influence further success. Of course acquisitive growth is only one half of the equation, alongside organic growth, but we are only too pleased to take advantage of the new interest from industry professionals that comes as part of the process.

Measuring success

Our aim is to attract the most experienced candidates to work across all of our businesses. We sometimes use industry leading recruitment specialists to support us as well as utilising the skills of our in-house HR team to recruit and select the very best people to work within our business and across our sectors. Linked to this, our leadership development programmes, our management graduate initiatives and our apprenticeship schemes ensure that we continue to nurture talent from within. We are widely recognised as being the best in our business – employing the best people for the work we do. We know that being a great place to work will help us to consistently be a great place to do business with. It is for these reasons that we have worked very hard to create an environment that attracts the very top talent.

2. Developing talent

We want every one of the 641 industry professionals at PTSG to have every opportunity for developing their wide and varied talents. It directly benefits them as individuals and us as a company, and creates a far more content, stable and sustainable workforce.

As Group Renewals Manager working at our headquarters in Castleford, Sarah Wood has benefited significantly from PTSG's learning and development opportunities. Sarah has worked her way up the PTSG career ladder and, having developed her skills and capabilities working alongside other leading industry professionals within the company, she plays a pivotal role in making sure that we meet our customers' wants, needs and expectations. Sarah, and the fantastic work she delivers, is a testament to PTSG's talent management activities.

Our HR team is responsible for making sure that our people receive the training and development they need to stay at the forefront of the markets in which they work. By doing this, we will continue to deliver our trademark customer service and we will maintain our high contract renewal rate of 88% – a sure sign of satisfaction among our growing customer base.

Sarah is very important in maintaining relationships with our customers, which contributes positively to our organic business growth.

Measuring success

We know that in order to sustain and improve our service offering we must continue to evolve and that if our people always operate safely and deliver consistently well we will grow and prosper. Having already invested significantly in a new training and development centre, through which we deliver a wide range of personally and professionally tailored training courses, our aim is to continually innovate and add value to the people we serve. In 2017, we offered 64 different training courses within our training centre. Through our four in-house trainers – three of which are CITB certified – we are able to deliver 35 training courses that are relevant to the sectors in which we operate. These courses are available for our own staff and, where it is appropriate to do so, to support our customers. Our award-winning apprenticeship scheme is also catered for through the professional in-house training and development initiatives that we deliver. Our talent development activities have given us opportunities for improvement and helped us to gain the knowledge and tools we need to deliver well for our customers.


PTSG

3. Retaining talent

Having been with the company since it began in 2007, Performance and Integrations Director Sally Bedford is absolutely key to retaining talent and creating a sustainable workforce for PTSG.

A sustainable workforce equates to a valuable base of experience and a thorough engagement with the company's strategy. As a key part of that strategy is to make carefully targeted business acquisitions, Sally is able to ensure each new business that joins the PTSG Group is fully integrated and that its people are inducted into PTSG's methods and practices. In doing so, she ensures they are able to do continue to use their vital industry skills to their full potential – and crucially, that they are satisfied working within their new parent company.

Continuous professional development figures largely in our calendar, and our dedicated team, working under Sally, ensures that skills are nurtured at every level and in every area, whether in the office or out in the field. Furthermore, giving our employees every opportunity to grow and develop their careers leads to greater job satisfaction, which in turn leads to a better performance. We also make PTSG a great place to work through bonus-related performance, and truly memorable team building days out, such as national racing days – including at our local race course in Pontefract.

Measuring success

Our staff retention rates in key areas of the business stand up against the very best. Our people development and reward and recognition systems help us to retain the people who add the greatest value to our business. Our leadership and management development training programmes ensure our people have a clear line of sight on progression opportunities. Our involvement of the whole team in professional and social events offers variety with the vast majority of PTSG's people describing the organisation as 'a great place to work.' We care for our people and believe that this sends a powerful message that people in our organisation are valued and motivated. We work hard to understand how our people honestly feel about their work and we use this information to make PTSG a better place.

4. Employee engagement

PTSG is driven by some of the most passionate and talented individuals in the business. CEO Paul Teasdale leads by example and his array of industry awards bear testament to his ability.

His drive to be the best is infectious and our employees naturally engage with that kind of driving force from the top of the business. However, we take a structured and conscientious approach to employee engagement, recognising individual and team performances at every opportunity.

As we acquire more businesses in our aim to be the complete provider of niche specialist services to the support services, building and construction industries, our workforce grows and the harder we must work to create a real team spirit.

Measuring success

We know that when our people are truly engaged, they're happier, more productive and more invested in PTSG's success. That is why, through our management groups, we ask for their opinions on key decisions. Through our monthly cascade briefing systems we ensure our people understand what success looks like and how their individual and collective roles, responsibilities and their actions can and do add value. Information is also shared through the PTSG Portal and our regular staff magazine, PTSG People, keeps everyone up-to-date with the latest news, views and happenings across the business. Through our employee engagement efforts, we are supporting our people to become happier and more productive.

5. Health and Safety

Safety is the foundation of all the services we provide. We never have and never will compromise and we live by the maxim: 'If we can't do it safely, we don't do it'.

Answering the industry's demand for a higher standard

Since 2007 we have steadily pursued our aim of becoming the industry's leading supplier of fall arrest equipment, electrical services, specialist building access and fire solutions. One of the key reasons we have been successful in our aim is that we have always made the safety the core of every project. Much of our work is performed at height or in hazardous environments and is considered high-risk; this dictates our safe approach to working.

In 2017, health, safety and well-being was brought into sharp focus following a number of major building and infrastructure incidents. New working practices and compliance legislation were swiftly recommended at a national level as a consequence. PTSG was ready to take this new focus on board. It didn't require a great cultural shift in the way we work but it made us look at what we do well and see how we can do it better. PTSG was already the only company in our industry with a dedicated and full-time Health, Safety and Environment team.

But with the formation – and immediate success of our Fire Solutions division – we now have both a great responsibility and a great opportunity to show how we can lead the way on the principles and practices of safe working.

We are proud to have achieved a RoSPA Gold Award for the last six years, and our relentless pursuit of excellence in workplace health and safety has also seen us receive six consecutive international safety awards from the British Safety Council. We are one of only a small number of organisations in the UK to have been awarded a RoSPA Gold Medal for our ongoing safety culture and performance.

We hold over 130 accreditations from a host of organisations, covering all matters of health and safety, staff engagement, employability and sustainability. We pride ourselves on adherence to stringent health and safety guidelines and continue to work to implement best practice in all aspects of our business.

Measuring success

Our work can be very high risk from a health and safety perspective. We cannot afford to get it wrong and that is why we invest so much time and effort in getting it right. Our internal mantra is that if we can't do the work safely, we don't do it. Our incredibly low RIDDOR and accident frequency rate is a testament to he hard work that the entire business invests in the health, safety and well-being of our people, our supply chain partners, our customers and our customers' customers. A RoSPA Gold Medal and consistent awards through the British Safety Council demonstrate ongoing success, but we are not complacent and recognise that we must continue to assess and manage risks if we are to deliver safely and consistently deliver well.

RoSPA Gold Award winners 2010-2017

Our position as a leading niche building services provider means that we are best-placed to pass on the highest level of expertise to trainees.

Terry Wilcock
Health, Safety and Environment Director

Acquisition of UK Sprinklers Limited

On 12 September 2017, PTSG announced that it has extended its fire safety solutions offer to encompass the installation and maintenance of sprinkler systems through the acquisition UK Sprinklers Ltd (UKS). Based in Bury, UKS is a specialist in the installation of sprinkler systems.

> We warmly welcome UKS to the PTSG Group. The organisation is well established and respected in the UK and their addition to the Group expands our service offering in our newly formed Fire Solutions business. We look forward to working with Mike and Steven and our new colleagues on growing the business and expanding the Group's activities in these key areas."

Since then, the UKS team has now been fully integrated into PTSG's new Fire Solutions business with previous company owners, Mike Charlton and Steven Griffiths, remaining with the Group and working with PTSG's leadership team to grow and expand the acquired business.

Paul Teasdale, PTSG's CEO, said: "We warmly welcome UKS to the PTSG Group. The organisation is well established and respected in the UK and their addition to the Group expands our service offering in our newly formed Fire Solutions business. We look forward to working with Mike and Steven and our new colleagues on growing the business and expanding the Group's activities in these key areas."

PTSG's fire solutions offer has seen strong growth and a solid operating performance following the introduction of wet and dry riser installation and maintenance services in July 2016.

Key UKS figures

- UKS was acquired for a total consideration of up to **£2.5m**
- Unaudited revenue of UKS for the year ended 31 January 2017 was **£3.5m**
- UKS delivered an unaudited profit before tax of **£0.8m** for the year ended 31 January 2017

> The acquisition brings multiple cross-selling opportunities though enhanced exposure to existing clients, bringing new clients to the Group and through an increased service offering."

£3.5m
Revenue*

£0.8m
Profit before tax*

23%
Margin*

*For the year ended 31 January 2017 (unaudited)

Strong financial growth

"In 2017, we generated revenue of £52.9m (2016: £39.2m), an increase of 35%."

Mark Watford
Finance Director

Key performance indicators

There are many financial and operating performance indicators regularly monitored by the Group; the primary financial performance indicators are:

Operating profit before adjusting items *

£10.6m
↑35%

2017 **£10.6m**
2016 £7.9m

Revenue (£)

£52.9m
↑35%

2017 **£52.9m**
2016 £39.2m

Profit before tax before adjusting items*

£10.2m
↑36%

2017 **£10.2m**
2016 £7.5m

Gross profit (£)

£27.1m
↑33%

2017 **£27.1m**
2016 £20.3m

Adjusted earnings per share

9.73p
↑28%

2017 **9.73p**
2016 7.63p

Summary

2017 was another significant year for PTSG with continued substantial earnings and revenue growth. The acquisition of Nimbus and BEST extended our market dominance in our Electrical Services Division and the acquisition of UK Sprinklers Ltd enhances our offering in the Fire Solutions division. To provide additional financial flexibility we increased the Revolving Credit Facility to £12m and our overdraft to £8m.

Another year of strong earnings and revenue growth

Revenue grew by 35% in 2017 to £52.9m (2016: £39.2m) with 24% from the acquisitions and 11% from pure organic growth. Access and Safety returned another strong performance, with continued growth in revenue and adjusted operating profits. Electrical Services continued to grow well, aided by the acquisitions made in the year, with 14% pure organic growth. Building Access Specialists declined by 6%, but is well positioned for the future. Fire Solutions performed strongly with substantial increases in both revenue and profits. We expect to see the full benefit, from Sprinklers being added to this division's offering, in 2018.

Gross profit increased by 33% to £27.1m (2016: £20.3). The major factor affecting the Group's gross margin performance is the relative mix between installation sales (which have substantially higher material costs) to testing and repair sales. Installation sales were very strong in 2017, especially in Cradle installations, causing the gross margin to fall slightly to 51.2% (2016: 51.9%).

Operating profit before adjusting items grew by 35% to £10.6m (2016: £7.9m). The adjusted operating profit margin was consistent at 20.1% (2016: 20.1%) with overhead leverage and strong cost control mitigating the slight gross margin reduction. The statutory operating profit was £2.4m (2016: £3.1m).

*before adjusting items of £8.3m (2016: £4.7m) resulting in a statutory operating profit of £2.4m (2016: £3.1m), profit before tax of £1.8m (2016: £2.6m) and EPS of 1.37p (2016: 2.61p).

Profit before tax was £1.8m (2016: £2.6m) and is stated after £8.4m (2016: £4.8m) of adjusting items. Adjusting items are either non-recurring or non-trading in nature and comprised £3.0m (2016: £1.9m) in relation to share option costs granted to Directors and employees, contingent payments of £3.6m (2016: £1.9m) associated with acquisitions in accordance with IFRS 3, of which £2.0m related to the acquisition of BEST, amortisation of acquired intangible assets of £0.4m (2016: £0.5m) and restructuring costs of £1.4m (2016: £0.5m). The interest charge and other financing costs were £0.6m (2016: £0.5m). This increase was due to planned increased borrowing levels principally as a result of the cash payments for acquisitions and an increase in finance lease charges in relation to the Group's larger vehicle fleet.

Adjusted earnings per share increased by 28% to 9.73p (2016: 7.63p). £1.5m of dividends were paid during the year and the Board is proposing a final dividend of 0.8p per share. This represents a 14% increase on the 2016 dividends and is in line with our progressive dividend policy. Statutory earnings per share was 1.37p (2016: 2.61p).

Net debt

Net debt at 31 December 2017 was £18.3m (2016: £13.6m). The increase in the reported number followed £4.4m of acquisition related costs, £0.7m property mortgage inherited as part of the BEST acquisition and an increase in working capital due to the substantial increase in the size of the Group. As anticipated the year end figure was negatively impacted by very high installations in the fourth quarter. We have already seen a substantial correction in 2018 and expect to continue making further improvements to net debt and free cash flow throughout the year. Our banking facilities provide the flexibility to manage this volatility.

Trade and other receivables increased by £11.3m to £30.4m with the three acquisitions adding £4.8m. Year end receivables were elevated due to the strong Q4 trading performance. The Carillion liquidation and their outstanding net debt of £0.3m has been fully provided for in the 2017 balance sheet.

We have a long term relationship with our bankers, HSBC, having been a customer for over ten years which enables us to develop our facilities in line with our increasing profitability. The Revolving Credit Facility, taken out in 2015, was increased to £12m during the year to give us additional flexibility for the future, the terms and interest rates remaining unchanged. We continue to trade well within our banking covenants with head room remaining for future growth.

Acquisitions

We acquired two lightning protection businesses in 2017, Nimbus and BEST, for a total consideration of £21m, £6m of which was deferred and is contingent on the continued employment of the vendors for a minimum 18 month period. We also acquired UK Sprinklers Ltd in September for a total consideration of £2.5m, £1.2m of which was deferred and is contingent on the continued employment of the vendors and the achievement of stretching milestone targets.

These acquisitions were funded in accordance with our financial strategy with the Nimbus and Sprinklers acquisitions being funded from our own resources, where as the sizeable acquisition, BEST, was funded by a placing of 12.5m shares at a purchase price of £1.20.

These acquisitions had a significant impact on the closing balance sheet adding £13.8m to goodwill, £1.1m to fixed assets, £1.0m to net current assets and £0.7m to debt.

Outlook

We believe that 2018 will be another year of earnings and revenue growth. We are a well financed group and expect to make improvements to operating cash flow and net debt throughout the year. We believe that the Group remains well placed to deliver on our strategic priorities.

Mark Watford
Finance Director

21 March 2018

Pre-empting, assessing and managing risk is an important part of the work that we do at PTSG

Our leadership team has intricately assessed and established an effective command and control structure that drives processes and procedures that are designed to reduce risks that could conceivably occur within the organisation and across our supply chain partnerships.

Delivery plans are aligned to our business strategy and they are designed to reduce any potential risks whether they are safety-related, financial or operational.

For each risk identified, an effective system of internal control has been implemented to reduce any potential threat to the business.

We assess risks by pre-empting them and managing them out and we employ a full time Health & Safety team whose role is to prevent issues from arising; prevention is better than cure.

Risk	Description	Mitigation
Failure of product or system could result in litigation, damage to the Group's reputation and potentially the loss of customers.	The Group is obliged to comply with Health & Safety and Environmental regulations. Although the Group performs internal health & safety audits, as well as being externally audited at regular intervals by quality accreditation bodies and large blue chip customers, there is no guarantee that it will be able to comply with these regulations. The Group carries out inspections of equipment and there is the possibility that human error will result in equipment that is unsafe to use being utilised by employees or third parties to whom the Group has a duty of care. This could result in personal injury and litigation proceedings against the Group in respect of health & safety matters, criminal prosecution and/or a civil claim. There can be no assurance that claimants in any litigation proceedings will not be able to devote substantially greater financial resources to any litigation proceedings or that the Group will prevail in any such litigation. Any litigation, whether or not determined in the Group's favour or settled by the Group, may be costly and may divert the efforts and attention of the Group's management and other personnel from normal business operations. If the Group is unsuccessful in its defence it could result in a loss of reputation and decreased sales, along with either a large settlement or an increase in the Group's insurance premiums should the litigation claim be covered by the Group's insurance policy. The Group's insurance cover may also not be sufficient to cover fully any liability. Even if the Group was successful in defending a claim, the Group's reputation could be damaged, by such an incident, potentially resulting in the loss of customers. Although the Group will benefit from the PTSG branding for marketing purposes, should an incident occur, this loss of reputation could impact other areas of business to a greater extent than if they had their own individual branding. An incident involving personal injury could also result in an official investigation or enquiry in respect of health & safety issues concerning the Group's operations. These investigations may result in a loss of the Group's health & safety certifications and a loss of contracts where these certifications are a requirement.	The Group has strong risk management policies, procedures and management systems throughout the organisation. They have been assessed as compliant to regulatory requirements by our stakeholders and internal Health and Safety team. The Group has been assessed, approved and registered as certified holders of the ISO 9001:2015, BS OHSAS 18001:2007 and ISO 14001:2015 standards.
Ability to attract, retain and develop a sufficiently skilled and experienced workforce to meet the targets set by the Group and its customers.	Our employees are critical in delivering our objectives, not having employees with appropriate skills and experience could lead to poor delivery of service which could impact on the performance of the business. The Group is managed by certain key personnel including Executive Directors and senior management, who have significant experience within the Group and the wider sector who may be difficult to replace.	The Group has invested in staff training programmes, competitive rewards compensation packages, management incentive schemes and succession planning. In addition the Group has invested in apprenticeship programmes to provide a supply of qualified staff from within the Group. The Group has entered into contractual arrangements including long term incentive structures with key personnel to secure their services. Additionally a strong management structure has been developed, which would enable the Group to continue to operate effectively in the event of the departure of a member of the senior management team.

Risk	Description	Mitigation
The Group's IT systems could fail due to a severe IT fault or cyber crime resulting in a loss of business and/or sensitive data.	The Group is reliant on a number of systems to manage the entire process from creating orders in the system through to payment. The systems used are dependent on each other to be able to complete their processes. Therefore, a failure of any of the core IT systems may result in failures of other IT systems as well, which in turn could result in interruption to the efficient operation of the Group's services. The Group relies to a significant degree on the efficient and uninterrupted operation of its computer and communications systems and those of third parties, including the internet. Customer access to the customer portal and the speed with which customers and suppliers navigate and interact with the procurement process in their portal affects the sales of the Group and the attractiveness of its services. Any failure of the internet generally or any failure of current or new computer and communication systems could impair the value of projects, the processing and storage of data and the day-to-day management of the Group's business.	The Group maintains tight access controls over its data and IT systems and continually monitors performance. The Group's internal IT team ensure all performance issues are resolved promptly. The Group has disaster recovery and business continuity contingency plans. If a serious disaster affecting the business systems or operations occurred, the recovery plan aims to enable the Group to recommence trading without loss of business.
Commercial construction market and general economic conditions.	A general downturn in the construction industry in the UK could affect the Group given the reliance, to an extent, of the installation activities of Access and Safety and Electrical Services on construction projects. A general economic downturn could lead to a decline on the volume of the Group's sales.	The Board believes that a general downturn should not adversely affect the business of the Group as its business is not concentrated in one single area of construction, with involvement in public sector projects, as well as commercial and retail sectors. Also, the Group benefits from a significant proportion of its revenues being generated from ongoing contracts for maintenance, driven by regulatory requirements, rather than solely installations which are largely driven by the rate of new build completions.
Acquisitions.	The Directors will seek to target acquisitions in line with the Group's strategic objectives. However, there is a risk that some of the expected benefits of such acquisitions will fail to materialise or that significant expense may be incurred with the integration. In addition, there can be no guarantee that there will be any suitable acquisition opportunities available.	The Group has already identified several businesses which the Board will consider acquiring in 2018. In addition the Board continually identifies new potential acquisitions and maintains ongoing dialogue with these, which would enable these acquisitions to be brought forward if any of the current acquisition targets do not complete. The Group has a successful track record of acquiring and integrating businesses and conducts extensive due diligence before any purchase which will help mitigate any issues surrounding integration.
There can be no assurance that the Group will achieve increased market penetration and competition could increase.	The Board believes that the Group can achieve greater market share across the four divisions. However, there can be no guarantee that this will be achieved. Also, competitive pressures could increase, including through new entrants to the market, which could detrimentally impact the Group's performance.	The Group has a strong track record of organic growth and has invested in its staff, systems and procedures to ensure that it delivers exceptional services to its customers. Such service will help retain existing customers and attract new customers. Complementary acquisitions will aid market penetration.
Third parties and retained sub-contractors.	Third parties or sub-contractors retained by the Group may be involved in improper activities which result in penalties or loss of reputation.	The majority of work undertaken by the Group is undertaken by its own employees. In those cases when third parties or sub-contractors are used a rigorous vetting procedure is undertaken to ensure their capability and suitability, and once appointed, receive site rules.
Force majeure.	A fire, explosion, flood, earthquake or hurricane at a major site could result in the inability to meet customer orders.	The Group has disaster recovery and business continuity contingency plans. If a serious disaster affecting the business, systems or operations occurred the recovery plan aims to enable the Group to recommence trading without loss of business.

Strategic report.
The Strategic Report was approved by the Board of Directors on 21 March 2018 and signed on its behalf by:

Paul Teasdale
Chief Executive

Board of Directors

The Board and its committees have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their responsibilities effectively.

They contain a diverse range of skills, backgrounds and experiences to enable a broad evaluation of all matters considered and to contribute to a positive culture of mutual respect and constructive challenge.

Collectively the Board is recognised as being extremely experienced, highly energetic, incredibly forward thinking and they have a proven track record of innovating to stay ahead. In building the leadership team, careful consideration has been given to matching jobs to people's strengths, ensuring that each person adds value and drives profitable growth.

1. John Foley
Chairman

Appointment
Co-founder

Experience
John is a co-founder of the Group and was chief executive of MacLellan Group plc (MacLellan), a facilities services company, from 1994 until it was acquired by Interserve plc for an enterprise value of £130m in June 2006. At the time of John's appointment, MacLellan was loss making, with a turnover of circa £5m and 50 employees. When it was sold to Interserve, MacLellan had a turnover of circa £250m and a profit before tax of circa £9m, with 13,500 employees. MacLellan grew through a series of acquisitions and organic growth. John is a Chartered Accountant and barrister.

2. Paul Teasdale
Chief Executive Officer

Appointment
Co-founder

Experience
Paul is a co-founder of the Group and has significant experience and expertise in the access and safety sector, having founded TASS Europe Limited (TASS), whose activities included the installation, repair and maintenance of safety eyebolt systems, cradle and safety ladder tie systems, in 1999. TASS was sold to MacLellan in 2004 for £6m and Paul joined MacLellan as managing director of TASS.

3. Roger Teasdale
Managing Director

Appointment
November 2014

Experience
Roger was previously president of the advanced wound management division (divisional revenue of $1.4bn, with 4,000 employees) of Smith & Nephew Plc. Roger was employed by Smith & Nephew Plc for 25 years and held a number of key roles including president of their North American business, president of their extruded films division and senior vice president of advanced wound care.

Roger is a qualified Chartered Accountant and holds a BA in Accounting and Management Control.

4. Mark Watford
Finance Director

Appointment
September 2014

Experience
Mark was a vice president of finance at Smith & Nephew Plc and a member of the global executive management team of its advanced wound management division. Prior to Smith & Nephew Plc, Mark was finance director and managing director of a regional firm of building contractors. Mark is a Chartered Accountant.

5. Alan Howarth
Non-executive Director

Appointment
February 2015

Experience
Alan joined the Board on Admission. He is Chairman of Cerillion plc, Tern plc and Essential Ltd plus a number of other companies, nationally and internationally. He was previously a senior partner with Ernst Young.

6. Michael Higgins
Non-executive Director

Appointment
January 2018

Experience
Michael joined the Board in January 2018. He is currently the chairman or non-executive director of three listed companies, namely Ebiquity plc, Plant Heath Care plc and Progility plc and has further non-executive interests in a range of private companies. Michael previously was Chairman of the Quoted Companies Alliance ("QCA"). After reading economics and politics at Cambridge, Michael qualified as an accountant at Price Waterhouse. Following international banking experience with Saudi International Bank he joined Charterhouse, the merchant bank, in 1984. Michael became a KPMG Partner from 1996 to 2006, remaining a senior adviser for a further five years.

Committees

A Audit Committee Member

R Remuneration Committee Member

Denotes Committee Chair

Corporate governance

Governance framework

Good governance of PTSG continues to be a high priority.

BOARD

The Board is responsible for the overall management of the Group including the formulation and approval of the Group's long term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of the Group's strategy, policies and plans.

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems, and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

REMUNERATION COMMITTEE

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of Board members and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-executive Directors is a matter for the Chairman and the executive members of the Board. No Director will be involved in any decision as to his or her own remuneration.

The Board recognises the value and importance of high standards of corporate governance. Accordingly, whilst the UK Corporate Governance Code does not apply to AIM companies, the Board intends to observe the requirements of the Corporate Governance Code for Small and Mid-Size Companies ("the Code") published by the Quoted Companies Alliance to the extent they consider appropriate in the light of the Group's size, stage of development and resources.

Board

The Board is responsible for the overall management of the Group including the formulation and approval of the Group's long term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of the Group's strategy, policies and plans.

Whilst the Board may delegate specific responsibilities, there is a formal schedule of matters specifically reserved for decision by the Board; such reserved matters includes, amongst other things, approval of significant capital expenditure, material business contracts and major corporate transactions. The Board formally meets 10 times annually to review performance.

The Board has an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities.

Each of the Directors is subject to either an executive service agreement or letter of appointment. The Company's Articles of Association require one third of Directors to retire at every Annual General meeting.

Audit Committee

The Audit Committee is responsible for monitoring the integrity of the Company's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the Company's internal control and risk management systems, and overseeing the relationship with the external auditors (including advising on their appointment, agreeing the scope of the audit and reviewing the audit findings).

The Audit Committee comprises John Foley, Michael Higgins and Alan Howarth and is chaired by John Foley. The Audit Committee meets at least three times a year at appropriate times in the reporting and audit cycle and otherwise as required. The Audit Committee also meets regularly with the Company's external auditors.

Remuneration Committee

The Remuneration Committee is responsible for determining and agreeing with the Board the framework for the remuneration of Board members and other designated senior executives and, within the terms of the agreed framework, determining the total individual remuneration packages of such persons including, where appropriate, bonuses, incentive payments and share options or other share awards. The remuneration of Non-executive Directors is a matter for the Chairman and the executive members of the Board. No Director is involved in any decision as to his or her own remuneration.

The Remuneration Committee comprises John Foley, Michael Higgins and Alan Howarth and is chaired by John Foley. The Remuneration Committee meets at least twice a year and otherwise as required.

Board balance and independence

The Code recommends a balance between Executive and Non-executive Directors. The Company has two Non-executive Directors in addition to the Chairman and three Executive Directors, thus providing balance within the Board.

The Directors consider all Non-executive Directors to be independent.

Share dealing code

The Company has adopted a share dealing code for the Directors and applicable employees of the Group for the purpose of ensuring compliance by such persons with the provisions of the AIM Rules relating to dealings in the Company's securities (including, in particular, Rule 21 of the AIM Rules). The Directors consider that this share dealing code is appropriate for a company whose shares are admitted to trading on AIM.

The Company has taken proper steps to ensure compliance by the Directors and applicable employees with the terms of the share dealing code and the relevant provisions of the AIM Rules (including Rule 21).

Information, meetings and attendance

The Board met regularly in 2017 and has a full programme of Board meetings planned for 2018. The Board receives a comprehensive pack and has a clearly defined agenda which covers all areas of the business. The pack provides a full trading analysis against budget and includes detailed financial data and analysis.

The Company has external advisors on which it can call for expert advice on particular areas.

Control procedures

The Board approves the annual budget each year. This process allows the Board to identify key performance targets and risks expected during the upcoming year. The Board also considers the agreed budget when reviewing trading updates and considering expenditures throughout the year. Progress against budget is monitored via monthly reporting of actual financial performance against budget and prior year actual results.

The Group has clear authority limits deriving from the list of matters reserved for decision by the Board including capital expenditure approval procedures.

There is no internal audit function due to the size of the Group and the close involvement of senior management over the Group's accounting systems; however, this will be reviewed annually by the Audit Committee.

Relations with shareholders

The Board recognises and understands that it has a fiduciary responsibility to the shareholders. The Chairman's Statement and Chief Executive's review include detailed analysis of the Group's performance and future expectations. The Group's website (www.ptsg.co.uk) allows shareholders access to information, including contact details and the current share price, as well as a link to "About us" which provided information on the business and the services offered by the divisions of the Group.

The Chief Executive is responsible for on-going dialogue and relationships with shareholders, alongside the Finance Director and Chairman.

Additionally, the Annual General Meeting provides a platform for the Board to communicate with shareholders and the Board welcomes the attendance and participation of all shareholders.

By order of the Board

Adam Coates
Company Secretary

21 March 2018

Directors' report

The Directors present their report and the audited Consolidated Financial Statements for the year ended 31 December 2017.

Premier Technical Services Group plc ('the Company') is a public limited company incorporated and domiciled in the United Kingdom and under the Companies Act 2006.

The address of the Company's registered office is 13 Flemming Court, Whistler Drive, Castleford WF10 5HW.

Business review and development

Further information on the activities of the business, the Group strategy and an indication of the outlook for the business are presented in the Chairman's Statement and Chief Executive Officer's Review.

Financial results

Details of the Group's financial results are set out in the Consolidated statement of comprehensive income, other primary statements and in the Notes to the consolidated Financial Statements on pages 42 to 66.

Dividends

Following admission the Board has adopted a progressive dividend policy that will take account of the long term earnings trend of the Group, the availability of cash and distributable reserves and allow the Group to maintain a dividend cover of four times. Details of dividends paid in the year are given in note 22 of the Consolidated Financial Statements.

Going concern

After completing a full review, the Directors have a reasonable expectation that the Group has adequate resources to fund its operations for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

Directors

The Directors who served on the Board and on Board Committees during the year and up to the date of the financial statements are set out on pages 32 and 33. R. McDowell retired as a Director of the Company on 31 July 2017.

Under the Articles of Association of the Company, one third of the Directors are subject to retirement by rotation at the forthcoming Annual General Meeting, notice of which accompanies this Annual Report and Accounts. Michael Higgins and Alan Howarth will seek re-election. In relation to the re-elections of each of the Directors the Board is satisfied that each of these Directors continues to be effective and to demonstrate commitment to the Company.

Directors' shareholdings

Directors' beneficial interests in the shares of the Company, including family interests, at 31 December were as below.

	31 December 2017		31 December 2016	
	Number of shares	**% of issued share capital**	Number of shares	% of issued share capital
John Foley	**19,253,791**	**18.4%**	19,253,791	21.6%
Paul Teasdale	**20,253,791**	**19.4%**	20,253,791	22.7%
Roger Teasdale	**3,466,617**	**3.3%**	2,294,827	2.6%
Mark Watford	**57,692**	**0.1%**	57,692	0.1%
Michael Higgins	**–**	**–**	–	–
Alan Howarth	**–**	**–**	–	–

None of the Directors had any interests in the share capital of subsidiaries apart from Paul Teasdale who holds one share in PTSG Access and Safety Ltd.

Substantial shareholdings and share capital

The Company has one class of share in issue, being Ordinary Shares with a nominal value of 1 pence each. During the year 16,119,126 Ordinary Shares were issued with a nominal value of £161,191.26. As at 31 December 2017 there were 104,521,660 shares in issue. Further details of the shares issued are given in note 20 of the Financial Statements.

As at 20 March 2018, being the latest practicable date prior to the publication of this document, the Company has been advised of the following shareholdings of 3% or more in the issued share capital of Premier Technical services Group plc:

	Number of shares	% of issued shares
John Foley	18,503,791	17.7%
Paul Teasdale	19,503,791	18.7%
First Pacific Advisors LLC	17,529,978	16.8%
Hawk Investment Holdings Ltd	12,089,450	11.6%
Didner & Gerge	3,550,000	3.4%
Roger Teasdale	3,466,617	3.3%

Payment of suppliers

It is the Group's policy to pay suppliers in accordance with the terms and conditions agreed in advance, providing all trading terms and conditions have been met. All payments are made in the ordinary course of business and the Group expects to pay all supplier debts as they become due.

Research and development

During the year the Group incurred £0.2m (2016: £0.2m) of expenditure on research activity.

Financial risk management

Due to the nature of the financial instruments used by the Group comprising bank balances, trade creditors, trade debtors and finance lease agreements, there is no exposure to price risk. The liquidity risk on the above areas is regularly monitored by the Directors.

The Group monitors credit risk closely and considers that its current policies meet its objectives of managing exposure to the risk. The Group has no significant concentration of credit risk.

Employment policy

It is the policy of the Group to operate a fair employment policy. No employee or job applicant is less favourably treated than another on the grounds of their sex, sexual orientation, age, marital status, religion, race, nationality, ethnic or national origin, colour or disability and all appointments and promotions are determined solely on merit. The Directors encourage employees to be aware of all issues affecting the Group and issues a quarterly newsletter to all employees informing them of all current developments within the business.

Environment
The Group adheres to all environmental regulations and has, where possible, utilised environmental-sustaining policies such as recycling and waste reduction.

Annual General Meeting
The Company's Annual General Meeting will be held at 13 Flemming Court, Whistler Drive, Castleford WF10 5HW on 18 June 2018. Details of the resolutions to be proposed are set out in a separate Notice of Meeting which accompanies this report.

Independent Auditor
A resolution to appoint PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting.

Statement of Directors' responsibilities in respect of the Financial Statements
The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Group Financial Statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under Company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed for the Group Financial Statements and United Kingdom Accounting Standards, comprising FRS 101, have been followed for the Company Financial Statements, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006 and, as regards the Group Financial Statements, Article 4 of the IAS Regulation.

The Directors are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group and Company's performance, business model and strategy.

Each of the Directors, whose names and functions are listed in the Directors' Report confirm that, to the best of their knowledge:

- the Company Financial Statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law), give a true and fair view of the assets, liabilities, financial position and loss of the Company;
- the Group Financial Statements, which have been prepared in accordance with IFRSs as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that it faces.

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditors are aware of that information.

Provision of information to auditor
Each of the persons who is a Director at the date of approval of this report confirm that there is no relevant audit information of which the Company's auditors are unaware. Each Director has taken the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' indemnities
As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

By order of the Board

Adam Coates
Company Secretary

21 March 2018

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

REPORT ON THE AUDIT OF THE GROUP FINANCIAL STATEMENTS
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 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2017 (the "Annual Report"), which comprise: the Consolidated balance sheet as at 31 December 2017; the Consolidated statement of comprehensive income, the Consolidated cash flow statement, and the Consolidated statement of changes in equity for the year then ended; and the notes to the Consolidated financial statements, which include a description of the significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach
Overview

Materiality	• Overall group materiality: £507,000 (2016: £371,000), based on 5% of adjusted profit before tax.
Audit scope	• The reporting units where we performed audit work accounted for 77% of the group's revenue, 99% of accrued income balances, 88% of trade receivables balances and 78% of adjusted profit. • We also performed audit work on all acquisitions in the year.
Key audit matters	• Acquisition accounting. • Trade receivable and accrued income recoverability.

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key matter
Acquisition accounting The acquisition of Brooke Edgley Specialist Technical Services Limited (BEST), UK Sprinklers Limited and Nimbus Lightning Protection Limited for consideration of £16.3m resulted in the Group recognising £14.2m of intangibles. We consider there to be a specific risk associated with the value ascribed to goodwill and intangible assets, as it is material, can be complex and is judgmental. These judgements impact the valuation of assets and liabilities acquired and the recognition of goodwill. The acquisition purchase price for BEST and UK Sprinklers included elements of deferred consideration related to future employment of key management.	Our audit procedures focused on understanding the basis for management's calculation of fair value acquisition adjustments, assessment of acquired intangibles and in particular the assumptions and judgements made by management. We have performed the following substantive procedures: • Obtained management's calculations of goodwill and intangible assets for each acquisition. For the largest acquisition, BEST, management used a third party valuation specialist; we have obtained and considered their report. • Evaluated management's assumptions behind the treatment of consideration and fair value of intangibles. • Agreed total consideration to share purchase agreements and reviewed contracts to understand the terms setting out consideration payments. Specifically in relation to BEST and UK Sprinklers, ensured that the remuneration element was correctly treated as expense rather than purchase price. • Recalculated management's models for each acquisition. • Used our internal valuation specialists to assist with the audit of the identification and valuation of the assets and liabilities acquired. Based upon the procedures performed we considered management's recognition of goodwill, intangibles and fair value adjustments and disclosures to be appropriate. We also consider the accounting treatment of deferred consideration related to future employment of key management is appropriate.
Trade receivable and accrued income recoverability The Group's trade receivable balance at the year end of £21.2m includes £5.4m of balances over 120 days old that are not impaired. In addition there is a year end accrued income balance of £9.8m. We consider there to be a specific risk associated with the value of these balances given their size and nature. We have focused on the judgements taken by management when estimating the year end provision for impairment of trade receivables and the timing of recognition and recoverability of accrued income. This is a particular area of focus of our audit given the challenges in the industry, the significant judgements involved in determining provisions, and the length of the group's working capital cycle on many projects from when work is performed to when cash is ultimately collected.	Our audit procedures included understanding and evaluating the controls and systems related to the accrued income and trade receivables process and, where appropriate, obtaining audit evidence through substantive audit procedures. The substantive procedures include: • Reviewed customer correspondence for indicators of impairment. • Enquired of credit control over systems, processes and potential impairment. • Reviewed board minutes. • Reviewed correspondence with debt collection agencies. • Obtained evidence of existence of both trade receivables and accrued income by reviewing proof of work completion, application for payments, payment certificates and contracts. • Reviewed management's judgements in calculating the provision for impairment. • Confirmed settlements of trade receivables to post year end cash receipts and remittance advice. • Confirmed conversion of accrued income into trade receivable invoices post year end. • Checked the mathematical accuracy of the calculation for the provision for impairment of receivables. • Recalculated the ageing of the trade debtors and accrued income detailed listings, and the matching of cash receipts to specific invoices. Based upon the procedures performed we considered management's provisions, impairments and disclosures to be appropriate.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group, the accounting processes and controls, and the industry in which it operates.

The group is organised into four main operating divisions being Access and Safety, Electrical Services, Building Access Specialists and Fire Solutions.

The group financial statements are a consolidation of the 16 reporting entities within these four operating divisions. Of the group's 16 reporting entities, we identified 6 (Premier Technical Services Group plc, PTSG Access and Safety Limited, PTSG Electrical Services Limited, Brooke Edgley Specialist Technical Services Limited, Dry Risers UK Limited, and Integral Cradles Limited) which, in our view, required an audit of their complete financial information, either due to their size or their risk characteristics.

We have also audited specific balances within other reporting entities to give adequate coverage of the Group financial statements.

This, together with additional procedures performed on the group's centralised functions, gave us the evidence we needed for our opinion on the group financial statements as a whole.

All work was performed by the group audit team.

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

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£507,000 (2016: £371,000).
How we determined it	5% of adjusted profit before tax.
Rationale for benchmark applied	The key objective of the group is to deliver underlying profitable growth to increase long-term shareholder value. As a result, we believe adjusted profit before tax is the primary measure used by the shareholders in assessing the performance of the group and is therefore the appropriate benchmark to use in setting materiality.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between £67,000 and £227,000. Certain components were audited to a local statutory audit materiality that was also less than our overall group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £25,300 (2016: £20,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit
Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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
- certain disclosures of directors' remuneration specified by law are not made.

We have no exceptions to report arising from this responsibility.

OTHER MATTER

We have reported separately on the company financial statements of Premier Technical Services Group Plc for the year ended 31 December 2017.

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

21 March 2018

Consolidated statement of comprehensive income
for the year ended 31 December 2017

	Note	Year ended 31 December 2017 Before adjusting items £	Adjusting items (note 6) £	Total £	Year ended 31 December 2016 Before adjusting items £	Adjusting items (note 6) £	Total £
Revenue	4	**52,939,183**	**–**	**52,939,183**	39,194,766	–	39,194,766
Cost of sales		**(25,860,206)**	**–**	**(25,860,206)**	(18,863,527)	–	(18,863,527)
Gross profit		**27,078,977**	**–**	**27,078,977**	20,331,239	–	20,331,239
Net operating costs	6	**(16,435,955)**	**(8,286,404)**	**(24,722,359)**	(12,474,374)	(4,739,988)	(17,214,362)
Total operating profit		**10,643,022**	**(8,286,404)**	**2,356,618**	7,856,865	(4,739,988)	3,116,877
Finance costs	7	**(491,885)**	**(71,357)**	**(563,242)**	(405,076)	(97,402)	(502,478)
Profit before taxation		**10,151,137**	**(8,357,761)**	**1,793,376**	7,451,789	(4,837,390)	2,614,399
Taxation	9	**(733,233)**	**270,542**	**(462,691)**	(730,370)	415,544	(314,826)
Profit attributable to owners of the parent		**9,417,904**	**(8,087,219)**	**1,330,685**	6,721,419	(4,421,846)	2,299,573
Total comprehensive income/(expense) for the year attributable to owners of the parent		**9,417,904**	**(8,087,219)**	**1,330,685**	6,721,419	(4,421,846)	2,299,573
Earnings per share (pence):							
Basic and diluted earnings per share	10			**1.37**			2.61

The notes on pages 46 to 66 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2017

	Note	Share capital £	Capital redemption reserve £	Share Premium Account £	Retained earnings £	Total £	Non-controlling interest £	Total equity £
		Attributable to owners of the parent						
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		7,578	–	548,418	(400,000)	155,996	–	155,996
Share based payments charge	13	–	–	–	1,643,841	1,643,841	–	1,643,841
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**
Profit for the year		–	–	–	1,330,685	1,330,685	–	1,330,685
Total comprehensive income		**–**	**–**	**–**	**1,330,685**	**1,330,685**	**–**	**1,330,685**
Transactions with owners								
Issue of share capital	20,21	161,192	–	16,806,567	(1,160,631)	15,807,128	–	15,807,128
Share based payments charge	13	–	–	–	2,444,433	2,444,433	–	2,444,433
Share based deferred consideration		–	–	–	923,000	923,000	–	923,000
Tax charge relating to share based payments		–	–	–	1,363,109	1,363,109	–	1,363,109
Ordinary dividends paid	22	–	–	–	(1,476,752)	(1,476,752)	–	(1,476,752)
Transactions with owners		**161,192**	**–**	**16,806,567**	**2,093,159**	**19,060,918**	**–**	**19,060,918**
Balance at 31 December 2017		**1,045,217**	**128,573**	**17,354,985**	**13,906,541**	**32,435,316**	**179**	**32,435,495**

The notes on pages 46 to 66 are an integral part of these consolidated financial statements.

Consolidated balance sheet
as at 31 December 2017

	Note	2017 £	2016 £
Assets			
Non-current assets			
Intangible assets	11	**26,212,021**	12,365,481
Property, plant and equipment	12	**4,310,058**	3,195,880
Deferred tax asset	19	**1,567,611**	417,336
Total non-current assets		**32,089,690**	15,978,697
Current assets			
Inventories	14	**1,219,165**	503,307
Trade and other receivables	15	**32,531,384**	20,303,115
Cash at bank and in hand		**7,002,025**	6,543,749
Total current assets		**40,752,574**	27,350,171
Liabilities			
Current liabilities			
Trade and other payables	16	**9,030,829**	7,231,346
Bank overdraft		**12,662,910**	8,560,270
Finance leases	17	**736,069**	767,303
Borrowings	17	**52,167**	25,033
Deferred consideration	18	**1,335,432**	1,053,070
Current tax liabilities		**839,982**	296,003
Total current liabilities		**24,657,389**	17,933,025
Net current assets		**16,095,185**	9,417,146
Non-current liabilities			
Borrowings	17	**12,661,742**	10,010,155
Loan notes	18	**2,667,563**	2,596,206
Finance leases	17	**420,075**	745,590
Total non-current liabilities		**15,749,380**	13,351,951
Net assets		**32,435,495**	12,043,892
Equity attributable to the owners of the parent			
Share capital	20	**1,045,217**	884,025
Capital redemption reserve	21	**128,573**	128,573
Share premium account	21	**17,354,985**	548,418
Retained earnings	21	**13,906,541**	10,482,697
		32,435,316	12,043,713
Non-controlling interests		**179**	179
Total equity		**32,435,495**	12,043,892

The consolidated financial statements on pages 42 to 66 were approved by the Board of Directors on 21 March 2018 and were signed on its behalf by:

Paul Teasdale
Chief Executive Officer

Consolidated cash flow statement
for the year ended 31 December 2017

	Note	2017 £	2016 £
Cash flows from operating activities			
Profit after taxation		**1,330,685**	2,299,573
Adjustments for:			
Income tax charge	9	**462,691**	314,826
Depreciation	12	**1,683,633**	1,164,362
Amortisation of intangible assets	11	**370,623**	499,233
Profit on disposal of property, plant and equipment	8	**(319,299)**	(316,134)
Finance costs	7	**563,242**	502,478
Share based payments	13	**2,998,813**	1,243,841
		7,090,388	5,708,179
Changes in working capital:			
Increase in inventories		**(243,705)**	(86,399)
Increase in trade and other receivables		**(7,462,133)**	(6,092,755)
(Decrease)/increase in trade and other payables		**(195,864)**	1,038,646
Cash (used in)/generated from operations		**(811,314)**	567,671
Interest paid	7	**(491,885)**	(433,272)
Tax paid		**(790,890)**	(796,812)
Net cash outflow from operating activities		**(2,094,089)**	(662,413)
Cash flows from investing activities			
Acquisition of businesses	25	**(14,993,975)**	(1,757,702)
Purchase of property, plant and equipment		**(1,368,289)**	(766,304)
Payment of deferred consideration	18	**(1,060,000)**	(905,159)
Net proceeds from sale of property, plant and equipment		**626,002**	354,849
Net cash outflow from investing activities		**(16,796,262)**	(3,074,316)
Cash flows from financing activities			
Proceeds from borrowings		**1,944,124**	4,016,347
Capital element of finance lease payments		**(1,028,513)**	(1,042,197)
Issue of shares		**15,807,128**	155,996
Dividends paid	22	**(1,476,752)**	(1,092,472)
Net cash inflow from financing activities		**15,245,987**	2,037,674
Net (decrease)/increase in cash and cash equivalents		**(3,644,364)**	(1,699,055)
Cash and cash equivalents at 1 January		**(2,016,521)**	(317,466)
Cash and cash equivalents at 31 December*		**(5,660,885)**	(2,016,521)

The notes on pages 46 to 66 are an integral part of these consolidated financial statements.

* cash and cash equivalents comprises cash at bank in hand of £7,002,025 (2016: £6,543,749) less bank overdraft of £12,662,910 (2016: £8,560,270).

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 and limited by shares. 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 and fire solutions.

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 IFRS 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 consolidated 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 2017 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 2017, 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 has assessed the impact of the IFRS 9 and IFRS 15 and believe that there will be no material impact.

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 and customer relationships recognised following the acquisition of Brooke Edgley (Industrial Chimneys) Ltd. 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 and customer relationships 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;
- Tender list – 3 years; and
- Customer relationships – 5 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, but are shown separately on the Balance Sheet.

2. ACCOUNTING POLICIES continued

(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.

(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, 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 or 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 Group 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.

Notes to the consolidated financial statements
continued

2. ACCOUNTING POLICIES continued

(r) Income tax continued

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.

(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 or accrued income 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. Further disclosures in respect of the impairment of trade and other receivables are provided in note 15.

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 four main types of business generating revenue; Access and Safety, Electrical Services, Building Access Specialists and Fire Solutions.

Following significant growth in the safe access/steeplejack and fire services sectors, two divisions were renamed, Building Access Specialists formerly High Level Cleaning and Fire Solutions formerly Training Solutions, with certain service lines moving divisions to better reflect how the Group operates and is managed. The prior year figures have been restated.

Principally, all revenue originates in the UK.

Notes to the consolidated financial statements
continued

4. SEGMENTAL REPORTING continued

	Access and Safety £	Electrical Services £	Building Access Specialists £	Fire Solutions £	Group £	2017 Total £
Revenue						
Total revenue	20,200,519	20,163,991	5,445,543	7,129,130	–	52,939,183
Total revenue from external customers	**20,200,519**	**20,163,991**	**5,445,543**	**7,129,130**	**–**	**52,939,183**
Operating profit before adjusting items	**3,184,034**	**4,682,742**	**1,227,390**	**1,580,356**	**(31,500)**	**10,643,022**
Restructuring costs	(566,648)	(741,074)	(28,601)	(48,790)	(6,493)	(1,391,606)
Share options granted to Directors and employees	(2,998,813)	–	–	–	–	(2,998,813)
Amortisation of intangible asset acquired	(52,333)	(293,290)	(25,000)	–	–	(370,623)
Contingent payments in relation to acquisitions	(100,000)	(3,425,362)	–	–	–	(3,525,362)
Segment operating profit	**(533,760)**	**223,016**	**1,173,789**	**1,531,566**	**(37,993)**	**2,356,618**
Net finance cost	(89,433)	(75,482)	(15,951)	(15,780)	(366,596)	(563,242)
Profit before taxation	**(623,193)**	**147,534**	**1,157,838**	**1,515,786**	**(404,589)**	**1,793,376**
Other segmental items						
Segment assets	22,713,713	15,590,383	7,419,880	6,450,468	20,667,820	72,842,264
Segment liabilities	(4,801,727)	(11,230,228)	(2,058,857)	(1,887,288)	(20,428,669)	(40,406,769)
Capital expenditure	906,201	791,942	163,308	172,406	–	2,033,857
Depreciation	575,648	820,212	175,399	112,374	–	1,683,633

Segmental operating profit

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

	Access and Safety £	Electrical Services £	Building Access Specialists £	Fire Solutions £	Group £	Total £
Adjusted EBITDA	3,759,682	5,502,954	1,402,789	1,692,730	(31,500)	12,326,655
Depreciation	(575,648)	(820,212)	(175,399)	(112,374)	–	(1,683,633)
Operating profit before adjusting items	3,184,034	4,682,742	1,227,390	1,580,356	(31,500)	10,643,022
Restructuring costs	(566,648)	(741,074)	(28,601)	(48,790)	(6,493)	(1,391,606)
Share options granted to Directors and employees	(2,998,813)	–	–	–	–	(2,998,813)
Amortisation of intangible asset acquired	(52,333)	(293,290)	(25,000)	–	–	(370,623)
Contingent payments in relation to acquisitions	(100,000)	(3,425,362)	–	–	–	(3,525,362)
Statutory operating profit	**(533,760)**	**223,016**	**1,173,789**	**1,531,566**	**(37,993)**	**2,356,618**

4. SEGMENTAL REPORTING continued

2016 (Restated)

	Access and Safety £	Electrical Services £	Building Access Specialists £	Fire Solutions £	Group £	Total £
Revenue						
Total revenue	18,869,742	12,092,661	5,824,652	2,407,711	–	39,194,766
Total revenue from external customers	**18,869,742**	**12,092,661**	**5,824,652**	**2,407,711**	**–**	**39,194,766**
Operating profit before adjusting items	**3,110,949**	**2,910,574**	**1,333,724**	**502,525**	**(907)**	**7,856,865**
Restructuring costs	(235,288)	(178,141)	(78,883)	–	–	(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)	(360,537)	(840,506)	(560,000)	–	(1,861,043)
Segment operating profit	**401,528**	**2,371,896**	**401,835**	**(57,475)**	**(907)**	**3,116,877**
Net finance cost	(92,244)	(53,880)	(3,529)	(6,532)	(346,293)	(502,478)
Profit before taxation	**309,284**	**2,318,016**	**398,306**	**(64,007)**	**(347,200)**	**2,614,399**
Other segmental items						
Segment assets	13,156,447	3,733,618	2,432,267	3,290,354	20,716,182	43,328,868
Segment liabilities	(5,565,181)	(4,462,652)	(2,454,833)	(1,799,085)	(17,003,225)	(31,284,976)
Capital expenditure	752,623	914,809	114,219	60,815	–	1,842,466
Depreciation	453,821	501,810	155,375	53,356	–	1,164,362

Segmental operating profit

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

	Access and Safety £	Electrical Services £	Building Access Specialists £	Fire Solutions £	Group £	Total £
Adjusted EBITDA	3,564,770	3,412,384	1,489,099	555,881	(907)	9,021,227
Depreciation	(453,821)	(501,810)	(155,375)	(53,356)	–	(1,164,362)
Operating profit before adjusting items	3,110,949	2,910,574	1,333,724	502,525	(907)	7,856,865
Restructuring costs	(235,288)	(178,141)	(78,883)	–	–	(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)	(360,537)	(840,506)	(560,000)	–	(1,861,043)
Statutory operating profit	**401,528**	**2,371,896**	**401,835**	**(57,475)**	**(907)**	**3,116,877**

Notes to the consolidated financial statements
continued

5. EMPLOYEES AND DIRECTORS
(a) Staff costs for the Group during the year:

	2017 £	2016 £
Wages and salaries	**15,424,130**	12,245,818
Defined contribution pension cost (note 5d)	**174,304**	112,623
Share options granted to Directors and employees (note 13)	**2,860,710**	1,887,400
Social security costs	**2,189,439**	1,352,781
	20,648,583	15,598,622

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

	2017 Number	2016 (Restated) Number
By reportable segment		
Access and Safety	**157**	146
Electrical Services	**205**	181
Building Access Specialists	**58**	59
Fire Solutions	**37**	15
	457	401

Prior year numbers have been restated to match the new divisional structure, see note 4.

(b) Key Management
Key management includes Directors and others. The compensation paid or payable to key management for employee services is shown below.

	2017 £	2016 £
Aggregate emoluments	**2,215,744**	1,693,621
Pension contributions	**48,479**	7,137
	2,264,223	1,700,758

(c) Directors' emoluments
The following costs are paid by PTSG Access and Safety Limited.

	2017 £	2016 £
Aggregate emoluments	**1,261,634**	823,889
Pension contributions	**1,425**	1,200
	1,263,059	825,089

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

Directors Aggregate emoluments

	2017 £	2016 £
Paul Teasdale	**124,361**	124,231
John Foley	**103,077**	101,816
Mark Watford	**159,759**	134,601
Roger Teasdale	**828,362**	404,441
Roger McDowell	**17,500**	30,000
Alan Howarth	**30,000**	30,000
	1,263,059	825,089

Mark Watford's emoluments include pension contributions of £1,425.

5. EMPLOYEES AND DIRECTORS continued
(c) Directors' emoluments continued
Highest Paid Director

	2017 £	2016 £
Aggregate emoluments	**828,362**	404,441
Pension contributions	**–**	–
	828,362	404,441

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

(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 £174,304 (2016: £112,623).

6. NET OPERATING COSTS

	2017 £	2016 £
Distribution costs	**928,030**	620,720
Administration costs	**24,113,628**	16,909,776
Other operating income	**(319,299)**	(316,134)
	24,722,359	17,214,362

The following adjusting items have been included in administration costs.

	2017 £	2016 £
Restructuring costs	**1,391,606**	492,312
Share options granted to Directors and employees (note 13)	**2,998,813**	1,887,400
Amortisation of intangible asset acquired (note 11)	**370,623**	499,233
Contingent amounts payable in relation to acquisitions	**3,525,362**	1,861,043
	8,286,404	4,739,988

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 (either paid in year or payable in subsequent periods) or shares granted to the vendors of the businesses acquired in accordance with the terms of each Sale and Purchase Agreement and are 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 £2,451,606 (2016: £1,812,654).

7. FINANCE COSTS

	2017 £	2016 £
Interest costs:		
Interest payable on borrowings	**295,239**	248,891
Interest arising from finance leases	**196,646**	156,185
	491,885	405,076
Adjusting items:		
Costs associated with acquisition financing	**71,357**	97,402
	563,242	502,478

Notes to the consolidated financial statements
continued

8. PROFIT BEFORE TAXATION – ANALYSIS BY FUNCTION

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

	2017 £	2016 £
Net operating costs		
– Distribution costs	**928,030**	620,720
– Administrative costs	**24,113,628**	16,909,776
– Other operating income	**(319,299)**	(316,134)
Employment benefit expense	**20,648,583**	15,598,622
Depreciation of property, plant and equipment – leased (note 12)	**1,462,740**	1,037,678
Depreciation of property, plant and equipment – owned (note 12)	**220,893**	126,684
Amortisation of intangible assets	**370,623**	499,233
Profit on the sale of property, plant and equipment	**(319,299)**	(316,134)
Operating lease rentals		
– Land and building	**366,270**	303,231

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

	2017 £	2016 £
Fees payable to Company's auditor for the audit of the parent company and consolidated financial statements	**12,000**	11,000
Fees payable to Company's auditor for other services:		
– The audit of Company's subsidiaries	**148,000**	119,000
– Other services	**–**	15,000
– Tax compliance	**29,400**	29,300
	189,400	174,300

9. TAXATION

Analysis of charge in year	2017 £	2016 £
Current tax on profits for the year	**1,077,315**	680,722
Adjustments in respect of prior years	**(242,153)**	(402,579)
Total current tax	**835,162**	278,143
Origination and reversal of temporary differences	**(377,356)**	36,683
Adjustments in respect of prior years	**4,885**	–
Total deferred tax (note 19)	**(372,471)**	36,683
Income tax charge	**462,691**	314,826

The tax charge for the year differs from the standard rate of corporation tax in the UK of 19.25% (2016: 20.0%).

The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	**1,793,376**	2,614,399
Profit on ordinary activities multiplied by the rate of corporation tax in the UK	**345,225**	522,880
Effects of:		
Other expenses not deductible	**979,949**	333,317
Other adjustments	**(625,214)**	(138,792)
Adjustment in respect of prior years	**(237,269)**	(402,579)
Total taxation charge	**462,691**	314,826

The prior year adjustment in both years relates to R&D tax credits and tax credits due following the issuing of shares to Roger Teasdale now that a number of his EBITDA milestones have been reached. Included within the other adjustments in 2017 is £223,944 relating to share based payments.

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 2017 was based on the profit attributable to ordinary shareholders of £1,330,685 (year ended 31 December 2016: £2,299,573).

	2017 £	2016 £
Profit for the year attributable to owners of the parent	**1,330,685**	2,299,573
Weighted average number of Ordinary Shares in issue for the basic earnings per share	**96,809,578**	88,101,562
Basic and diluted earnings per share (in pence per share)	**1.37**	2.61

The calculation of adjusted earnings per share for the year ended 31 December 2017 was based on the profit before adjusting items of £9,417,904 (year ended 31 December 2016: £6,721,419).

	2017 £	2016 £
Adjusted earnings	**9,417,904**	6,721,419
Weighted average number of shares	**96,809,578**	88,101,562
Adjusted earnings per share (pence)	**9.73**	7.63

11. INTANGIBLE ASSETS

	Goodwill £	Tender list and order book £	Total £
Cost			
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**
Additions	11,284,263	2,932,900	14,217,163
At 31 December 2017	**23,746,634**	**3,707,900**	**27,454,534**
Accumulated amortisation			
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**
Charge for the year	–	370,623	370,623
At 31 December 2017	**264,057**	**978,456**	**1,242,513**
Net book amount			
At 31 December 2017	**23,482,577**	**2,729,444**	**26,212,021**
At 31 December 2016	12,198,314	167,167	12,365,481

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:

	2017 £	2016 (Restated) £
Access and Safety	**5,946,855**	5,946,855
Electrical Services	**14,273,663**	3,511,309
Building Access Specialists	**751,487**	751,487
Fire Solutions	**2,510,572**	1,988,663
Total goodwill	**23,482,577**	12,198,314

Prior year numbers have been restated to match the new divisional structure, see note 4.

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 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**
Acquisitions	1,007,316	13,757	1,068,678	235,586	232,428	2,557,765
Additions	–	108,222	1,260,226	190,035	475,374	2,033,857
Disposals	(250,000)	–	(894,966)	(60,217)	(18,511)	(1,223,694)
At 31 December 2017	**1,007,316**	**196,696**	**5,378,136**	**1,086,430**	**1,915,265**	**9,583,843**
Accumulated depreciation						
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**
Acquisitions	369,907	8,085	768,527	152,581	188,006	1,487,106
Charge for the year	–	3,202	1,462,740	113,790	103,901	1,683,633
On disposals	–	–	(822,347)	(60,217)	(34,425)	(916,989)
At 31 December 2017	**369,907**	**67,480**	**3,209,370**	**664,542**	**962,486**	**5,273,785**
Net book amount						
At 31 December 2017	**637,409**	**129,216**	**2,168,766**	**421,888**	**952,779**	**4,310,058**
At 31 December 2016	250,000	18,524	2,143,748	262,638	520,970	3,195,880

Finance lease commitments

Included in motor vehicles are assets held under finance leases with a net book value of £2,168,766 (2016: £2,143,748) and accumulated depreciation of £3,209,370 (2016: £1,800,450).

13. SHARE-BASED PAYMENT

1. As at 31 December 2017 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 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 second and third of these milestones was met at the end of 2017. The Directors have fair valued the equity instruments, with the fair value being expensed so as to spread the expected charge over the period to vesting. The charge to the income statement for the year ended 31 December 2017 was £2,444,433 plus £554,380 of National Insurance making a total of £2,998,813 (2016: £1,643,841 plus £243,559 of National Insurance making a total of £1,887,400).

3. 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.

400,000 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 (2016: £nil) being charged to the 31 December 2017 statement of comprehensive income.

4. In accordance with the Sale and Purchase Agreement relating to the acquisition of Acescott, £400,000 of the deferred consideration was satisfied by the issue of 476,758 Ordinary Shares at 83.9p per share.

5. In accordance with the Sale and Purchase Agreement relating to the acquisition of UK Dry Risers, the deferred consideration of £860,000 was satisfied by the issue of 510,386 Ordinary Shares at 168.5p per share.

14. INVENTORIES

	2017	2016
	£	£
Finished goods	**1,219,165**	503,307

Notes to the consolidated financial statements
continued

15. TRADE AND OTHER RECEIVABLES

	2017 £	2016 £
Amounts falling due within one year:		
Trade receivables	**21,160,860**	11,766,670
Less: provision for impairment of trade receivables	**(987,374)**	(587,870)
Trade receivables – net	**20,173,486**	11,178,800
Accrued income	**9,828,040**	7,560,143
Other receivables	**371,000**	266,402
Prepayments	**2,158,858**	1,297,770
	32,531,384	20,303,115

Trade and other receivables are all due within one year 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.

£8,296,385 of accrued income is less than 120 days, £995,308 over 120 days and less than one year and £536,347 over one year. Data for 2016 is not available.

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

	2017 £	2016 £
Impaired		
Less than 1 year	**205,629**	–
Over 1 year	**781,745**	587,870
	987,374	587,870
Not impaired		
Less than 120 days	**14,821,428**	7,135,827
Over 120 days and less than 1 year	**2,932,675**	2,130,722
Over 1 year	**2,419,383**	1,912,251
	20,173,486	11,178,800

Balances not impaired over 120 days relate to retentions (2017: £939,000) and other amounts that management consider to be recoverable.

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

	2017 £	2016 £
At 1 January	**587,870**	376,298
Provision for receivables impairment	399,504	211,572
At 31 December	**987,374**	587,870

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

16. TRADE AND OTHER PAYABLES

	2017 £	2016 £
Trade payables	**3,783,112**	2,504,002
Other tax and social security payable	**2,937,764**	1,766,753
Accruals and other payables	**2,309,953**	2,960,591
	9,030,829	7,231,346

17. BORROWINGS

Book value	2017 £	2016 £
Non-current		
Bank borrowings	**12,661,742**	10,010,155
Finance lease liabilities	**420,075**	745,590
Total non-current	**13,081,817**	10,755,745
Current		
Bank borrowing	**52,167**	25,033
Finance lease liabilities	**736,069**	767,303
Total current	**788,236**	792,336
	13,870,053	11,548,081

The bank borrowings reflect the amount drawn down from the five year £12,000,000 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:

	2017		2016	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
Bank borrowings	**12,661,742**	**12,661,742**	10,010,155	10,010,155
Finance lease liabilities	**420,075**	**420,075**	745,590	745,590
	13,081,817	**13,081,817**	10,755,745	10,755,745

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:

	2017 £	2016 £
Less than 12 months	**788,236**	792,336
1–5 years	**13,081,817**	10,755,745
	13,870,053	11,548,081

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	2017 £	2016 £
Current	**1,335,432**	1,053,070
Non-current	**–**	–
	1,335,432	1,053,070

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 and UK Dry Risers part of the deferred consideration was satisfied by the issue of Ordinary Shares as detailed in note 13.

Notes to the consolidated financial statements
continued

18. DEFERRED CONSIDERATION AND LOAN NOTES continued

Analysis of deferred consideration	£
As at 31 December 2016	**1,053,070**
Settled in cash	(1,060,000)
Settled in equity	(860,000)
Charge in income statement	3,525,362
Credit to retained earnings	(1,323,000)
As at 31 December 2017	**1,335,432**

Loan notes	**2017 £**	2016 £
Current	**1,896,000**	–
Non-current	**771,563**	2,596,206
	2,667,563	2,596,206

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 2016	**784,061**
Charge to statement of comprehensive income	(36,683)
Charge to equity	(283,935)
Arising on acquisition	(46,107)
As at 31 December 2016	**417,336**
As at 1 January 2017	**417,336**
Credit to statement of comprehensive income	377,356
Credit to equity	1,363,109
Arising on acquisition	(585,305)
Adjustment in respect of prior years	(4,885)
As at 31 December 2017	**1,567,611**

Deferred tax is disclosed as a non-current asset in the Consolidated balance sheet.

Short term timing differences account for £1,662,562 (2016: £547,636) of the deferred tax amount. The balance comprises accelerated capital allowances of £94,951 (2016: £130,300).

20. CALLED UP SHARE CAPITAL

	2017 £	2016 £
Allotted, called up and fully paid		
104,521,660 (2016: 88,402,534) Ordinary Shares of 1p each	**1,045,217**	884,025
	1,045,217	884,025

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

On 3 February 2017 400,000 Ordinary Shares were issued to N+1 Singer, at 52p, as part of their share warrant detailed in note 13.

On 22 May 2017 2,231,982 shares were issued to Roger Teasdale, at 52p, as part of his service agreement detailed in note 13.

On 4 July 2017 12,500,000 shares were issued of £1.20 as the equity raise to cover the acquisition of Brooke Edgley (Industrial Chimneys) Ltd.

On 13 September 2017 510,386 shares were issued at £1.685 as payment of deferred consideration on the UK Dry Risers acquisition.

The issued ordinary share capital of the Company as at the date of this document, is 104,521,660 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 statement of comprehensive income.

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 £16,806,567.

22. DIVIDENDS

In the year, dividends of 1.5p per ordinary share (2016: 1.24p) were paid.

	2017 Pence per share	2016 Pence per share	**2017 £**	2016 £
Final dividends paid	**0.70**	0.70	**640,579**	475,754
Interim dividends paid	**0.80**	0.54	**836,173**	616,718
	1.50	1.24	**1,476,752**	1,092,472

23. COMMITMENTS AND CONTINGENCIES

(a) Operating lease commitments

The Group holds property and vehicle 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:

	2017 £	2016 £
Within 1 year	**389,219**	335,297
Later than 1 year and less than 5 years	**1,406,007**	1,308,890
After 5 years	**1,954,750**	2,259,750
	3,749,976	3,903,937

(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

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 2017, 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 £53,300 (2016: £30,500) 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.

Notes to the consolidated financial statements
continued

24. FINANCIAL INSTRUMENTS – RISK MANAGEMENT continued
(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 £8m (2016: £4m).

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

25. BUSINESS ACQUISITIONS
The Group carried out three 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.

Nimbus Lightning Protection Ltd
On 13 January 2017, 100% per cent of the ordinary share capital of Nimbus Lightning Protection Limited was purchased for a total cash consideration of £1.0m. This acquisition has been accounted for in the consolidated financial statements by the acquisition method of accounting.

Nimbus Lightning Protection Ltd undertakes the design, installation and maintenance of lightning protection and earthing systems and strengthens the Group's established and growing position in the lightning protection market sector.

The turnover and operating profit of Nimbus Lightning Protection Limited for the period from the date of acquisition to 31 December 2017 included in the consolidated financial statements was £1,359,770 and £293,567 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	–	–	–
Current assets			
Stock	11,988	–	11,988
Debtors	239,576	–	239,576
Cash	174,379	–	174,379
Total assets	**425,943**	**–**	**425,943**
Liabilities			
Trade creditors	27,095	–	27,095
Other creditors	390,736	–	390,736
Total liabilities	**417,831**	**–**	**417,831**
Net assets	**8,112**	**–**	**8,112**
Cash consideration			**1,005,003**
Goodwill			**996,891**
Cash paid to gain control net of cash acquired			**830,624**

25. BUSINESS ACQUISITIONS continued

Brooke Edgley (Industrial Chimneys) Ltd

On 4 July 2017, 100% of the ordinary share capital of Brooke Edgley (Industrial Chimneys) Ltd and Brooke Edgley Specialist Technical Services Ltd was purchased for a total cash consideration of £14m. This acquisition has been accounted for in the consolidated financial statements by the acquisition method of accounting.

Brooke Edgley Industrial Chimneys and Brooke Edgley Specialist Technical Services undertakes the testing, maintenance, repair and installation of lightning protection and surge systems as well as carrying out steeplejack works. This acquisition substantially enhances the Group's number one position in the lightning protection market whilst also providing complementary geographical coverage.

The turnover and operating profit of Brooke Edgley Specialist Technical Services and Brooke Edgley Industrial Chimneys for the period from the date of acquisition to 31 December 2017 included in the consolidated financial statements was £5,352,252 and £1,254,795 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	1,500,338	(422,994)	1,077,344
Intangible assets	–	2,932,900	2,932,900
Current assets			
Stock	274,575	–	274,575
Debtors	3,073,424	–	3,073,424
Cash	1,032,478	–	1,032,478
Total assets	**5,880,815**	**2,509,906**	**8,390,721**
Liabilities			
Trade creditors	835,226	–	835,226
Other creditors	2,763,662	557,300	3,320,962
Total liabilities	**3,598,888**	**557,300**	**4,156,188**
Net assets	**2,281,927**	**1,952,606**	**4,234,533**
Cash consideration			**14,000,000**
Goodwill			**9,765,467**
Cash paid to gain control net of cash acquired			**12,978,244**

The fair value adjustment shown above represents the adjustment required to align depreciation policies on all fixed assets and the recognition of an intangible asset in relation to customer relationships and associated tax balance.

There are three fixed deferred payments of £2m payable on the first three anniversaries of completion based on continuing employment and accounted for as employment costs.

UK Sprinklers Limited

On 12 September 2017, 100% of the ordinary share capital of UK Sprinklers Limited was purchased for a total cash consideration of £1.3m. This acquisition has been accounted for in the consolidated financial statements by the acquisition method of accounting.

UK Sprinklers Limited undertakes the design, installation and maintenance of sprinkler systems and enables the Group to extend its 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 Sprinklers Limited for the period from the date of acquisition to 31 December 2017 included in the consolidated financial statements was £1,946,696 and £435,704 respectively.

Notes to the consolidated financial statements
continued

25. BUSINESS ACQUISITIONS continued
UK Sprinklers Limited continued
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	5,909	–	5,909
Current assets			
Stock	185,589	–	185,589
Debtors	1,453,139	–	1,453,139
Cash	104,171	–	104,171
Total assets	**1,748,808**	**–**	**1,748,808**
Liabilities			
Trade creditors	603,097	–	603,097
Other creditors	367,620	–	367,620
Total liabilities	**970,717**	**–**	**970,717**
Net assets	**778,091**	**–**	**778,091**
Cash consideration			**1,300,000**
Goodwill			**521,909**
Cash paid to gain control net of cash acquired			**1,195,829**

There are two fixed deferred payments of £100,000 payable on each of the first two anniversaries and a maximum contingent deferred consideration of £1,000,000 payable over three years , subject to the business achieving stretching and escalating milestone profitability targets in each of those periods based on continuing employment and accounted for as employment costs.

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 £332,691 (2016: £177,054) was paid in the year to Ensco 835 Limited. Paul Teasdale and John Foley are directors of Ensco 835 Limited.

During the year Ensco 835 Limited acquired a freehold property from the Group at fair value. The fair value was determined upon the acquisition of J W Gray Lightning Protection in 2015.

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

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

At the year end there were four interest-free loans outstanding repayable on demand to key personnel of £425,000 (2016: £425,000) the fair value was determined upon the acquisition of J W Gray Lightning Protection Limited in 2015.

A full list of subsidiaries are detailed on page 73.

27. SUBSIDIARY GUARANTEE OF AUDIT EXEMPTION
The following subsidiaries are exempt from the requirements of the Act relating to the audit of accounts under section 479A of the Companies Act 2006 as the parent company Premier Technical Services Group PLC, has guaranteed all outstanding liabilities to which the subsidiary company is subject at 31 December 2017 until they are satisfied in full.

Access Contracting Limited, a company registered in England and Wales, is a wholly owned subsidiary of PTSG Access and Safety Limited.

Test Strike UK Limited, J W Gray Lightning Protection Limited, R Langston Jones & Company Limited, Nimbus Lightning Protection Limited, Brooke Edgley (Industrial Chimneys) Limited, companies registered in England and Wales and NATHS Limited, a company registered in Scotland, are wholly owned subsidiaries of PTSG Electrical Services Limited.

Acescott Specialist Services Limited, a company registered in England and Wales, is a wholly owned subsidiary of Premier Technical Services Group PLC.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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 2017;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2017 (the "Annual Report"), which comprise: the Company balance sheet as at 31 December 2017; the Company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview

Materiality	• Overall materiality: £227,000 (2016: £212,000), based on 1% of total assets.
Audit scope	• We performed full scope audit procedures over Premier Technical Services Group Plc (the parent company of the group).
Key audit matters	• We have no key audit matters to report.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. We determined that there were no key audit matters applicable to the company to communicate in our report.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We gained an understanding of the legal and regulatory framework applicable to the company and the industry in which it operates, and considered the risk of acts by the company which were contrary to applicable laws and regulations, including fraud. We designed audit procedures to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the company's financial statements, including, but not limited to, the risk of non-compliance related to financial conduct. Our tests included, but were not limited to, review of legal correspondence and discussion with management's experts. There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

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

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	£227,000 (2016: £212,000).
How we determined it	1% of total assets.
Rationale for benchmark applied	The key objective of the parent company is to hold investments in the various group companies. As a result, we believe total assets is the primary measure used by the shareholders in assessing the performance of the parent company and is therefore the appropriate benchmark to use in setting materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £11,300 (2016: £10,700) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern
We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

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

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information
The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Director' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit
Responsibilities of the directors for the financial statements
As explained more fully in the Statement of Directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

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
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

OTHER MATTER

We have reported separately on the group financial statements of Premier Technical Services Group Plc for the year ended 31 December 2017.

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

21 March 2018

Company balance sheet
as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	2	**14,464,154**	9,836,720
Current assets			
Debtors	3	**29,262,696**	13,442,756
Creditors – amounts falling due within one year	4	**(5,331,134)**	(4,248,336)
Net current assets		**23,931,562**	9,194,420
Total assets less current liabilities		**38,395,716**	19,031,140
Creditors – amounts falling due after one year	5	**(14,792,563)**	(12,721,206)
Net assets		**23,603,153**	6,309,934
Capital and reserves			
Called up share capital	6	**1,045,217**	884,025
Capital redemption reserve		**128,573**	128,573
Share premium account		**17,354,985**	548,418
Profit and loss account			
As at 1 January		4,748,918	4,613,973
Loss for the year attributable to owners		(404,591)	(395,738)
Other changes in retained earnings		730,051	530,683
	7	**5,074,378**	4,748,918
Total shareholders' funds	8	**23,603,153**	6,309,934

The financial statements on pages 70 to 76 were approved by the Board of Directors on 21 March 2018 and were signed on its behalf by:

Paul Teasdale
Chief Executive Officer

Registered number: 06005074

Company statement of changes in equity
for the year ended 31 December 2017

	Attributable to owners of the parent				
	Share capital £	Capital redemption reserve £	Share Premium Account £	Retained earnings £	Total £
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 expense	**–**	**–**	**–**	**(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)
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**
Loss for the year	–	–	–	(404,591)	(404,591)
Total comprehensive expense	**–**	**–**	**–**	**(404,591)**	**(404,591)**
Transactions with owners					
Issue of share capital	161,192	–	16,806,567	(1,160,631)	15,807,128
Share based payments in subsidiaries	–	–	–	3,367,434	3,367,434
Ordinary dividends paid	–	–	–	(1,476,752)	(1,476,752)
Transactions with owners	**161,192**	**–**	**16,806,567**	**730,051**	**17,697,810**
Balance at 31 December 2017	**1,045,217**	**128,573**	**17,354,985**	**5,074,378**	**23,603,153**

The notes on pages 72 to 76 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 2017 have been prepared in accordance with FRS 101 on the going concern basis and in accordance with the Companies Act 2006 as applicable to companies using FRS 101.

The accounts are prepared under the historical cost convention.

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 year ended 31 December 2017 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 limited by shares and, 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.

The Directors consider that the estimates and judgements relating to the carrying value of investments and share based payments are likely to have the most significant effect on the amounts recognised in the financial statement as detailed in notes 2 and 8 respectively.

2. INVESTMENTS

	£
Cost:	
At 1 January 2016	7,813,565
Additions	2,023,155
At 31 December 2016	**9,836,720**
Additions	4,627,434
Net book value:	
At 31 December 2017	**14,464,154**
At 31 December 2016	9,836,720

The additions relate to capital contributions for share based payments.

2. INVESTMENTS continued

The subsidiary undertakings at 31 December 2017 were:

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

	2017 £	2016 £
Amounts owed by group undertakings	**28,492,539**	12,716,821
Prepayments	**770,157**	725,935
	29,262,696	13,442,756

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

4. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £	2016 £
Overdrafts	**5,279,784**	4,040,290
Amounts owed to group undertakings	**7,150**	7,150
Other creditors	**–**	195,000
Accruals	**44,200**	5,896
	5,331,134	4,248,336

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

	2017 £	2016 £
Loan notes	**2,667,563**	2,596,206
Bank loan	**12,000,000**	10,000,000
Other creditors	**125,000**	125,000
	14,792,563	12,721,206

The bank borrowings reflect the amount drawn down from the £12,000,000 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

	2017 £	2016 £
Allotted and fully paid		
104,521,660 (2016: 88,402,534) Ordinary Shares of 1p each	**1,045,217**	884,025
	1,045,217	884,025

Details of shares issued can be found on page 62.

7. PROFIT AND LOSS ACCOUNT

	£
Balance as at 1 January 2017	4,748,918
Loss for the financial year	(404,591)
Share based payments in subsidiaries	2,206,803
Equity dividends	(1,476,752)
Balance as at 31 December 2017	**5,074,378**

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 £404,594 (2016: loss of £395,738). The audit fee in respect of the Company was £2,000 (2016: £2,000). Directors' remuneration and details on dividends are detailed in notes 5 and 22 of the Consolidated Financial Statements.

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2017 £	2016 £
Loss for the financial year	**(404,591)**	(395,738)
Shares issued	**15,807,128**	555,996
Share based payments in subsidiaries	**3,367,434**	1,623,155
Equity dividends	**(1,476,752)**	(1,092,472)
Net addition to shareholders' funds	**17,293,219**	690,941
Opening shareholders' funds as at 1 January	**6,309,934**	5,618,993
Closing shareholders' funds as at 31 December	**23,603,153**	6,309,934

Share based payments

1. As at 31 December 2017 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.

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS continued

2. 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 2017. The Directors have fair valued the equity instruments, with the fair value being expensed so as 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 2017 was £2,444,433 plus £554,380 of National Insurance making a total of £2,998,813 (2016: £1,643,841 plus £243,559 of National Insurance making a total of £1,887,400). This has been treated in the financial statements of the Company as a capital contribution to PTSG Access & Safety.

3. 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.

The final 400,000 of these warrants were exercised during the year.

Company information

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