PTSG
PREMIER TECHNICAL SERVICES GROUP PLC
Niche Specialist Service Provider

CONNECTED WORKPLACE

PAGE 14
Access & Safety
A leading supplier of specialist services and equipment for safety at height, fall arrest and façade access. Safety underpins everything we do.

PAGE 18
Electrical Services
The UK's market leader in the design, testing and installation of lightning protection and earthing systems, and a leading supplier of fixed wire testing and portable appliance testing (PAT).

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Fire Solutions
We continue to experience unprecedented demand for our services for the prevention and suppression of fire. Our vital work protects lives in buildings of all kinds.

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Building Access Specialists
Industry specialists in delivering a wide range of at-height services including high-level installations, reparations, cleaning and steeplejack services.

A Connected workplace that drives innovation
Annual Report and Accounts 2018

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OUR BUSINESS...

HOW WE MANAGE IT...

AND HOW IT PERFORMS...

Go online to find out more
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Our purpose

To create lasting customer relations through the provision of multiple niche services, which meet all operational requirements.

To innovate through harnessing the latest technology and to continually evolve our business to meet the changing needs in the industry. To put safety first, above all else.

Our business divisions

Access & Safety

Electrical Services

Building Access Specialists

Fire Solutions

For an overview of our business
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2018 was the year of the 'workplace'

2018 was the year of the 'workplace'. It saw the British Institute of Facilities Management (BIFM) change its name to the Institute of Workplace and Facilities Management (IWFM), emphasising the way in which FM can make a real contribution to the performance of organisations, creating value rather than cost. PTSG, as the UK leader in many of its chosen markets, is a vital part of that.

Our specialists are dedicated to making the workplace safe, compliant and efficient for our customers. Fire Solutions is rapidly becoming the largest contributor to our turnover after Electrical Services, less than two years after its formation. This is through the application of our business model, combining strong organic growth and carefully targeted acquisitions. Fire Solutions requires a very particular and uncompromising adherence to safety standards. Safety is the foundation on which PTSG operates, which is why we continue to excel in this area.

As we continue to achieve year-on-year growth, PTSG will continue to innovate and look for opportunities to cross-sell our services, which has proved highly successful up to now. In fact, it has helped us to carve out a reputation as the go-to name for high-quality, affordable niche specialist services in the UK.

Paul Teasdale
Chief Executive

Revenue

£69.1m

↑31%

2018 £69.1m
2017 £52.9m

Adjusted operating profit*

£14.9m

↑40%

2018 £14.9m
2017 £10.6m

Dividend per ordinary share paid and proposed

1.8p

↑13%

2018 1.8p
2017 1.6p

Gross profit

£35.0m

↑29%

2018 £35.0m
2017 £27.1m

Adjusted earnings per share (EPS)*

11.86p

↑22%

2018 11.86p
2017 9.73p

*before adjusting items of £10.5m (2017: £8.3m) resulting in a statutory operating profit of £4.4m (2017: £2.4m) and an EPS of 2.77p (2017: 1.37p).

A connected workplace that drives innovation...

PTSG is unlike almost every other niche service provider due to its provision of multiple services and products. Site surveys by our industry experts often highlight the need for other remedial work to keep buildings operating at optimum efficiency. Many of our 20,000 customers have benefited from the convenience and affordability of receiving multi-disciplinary works from our complementary business divisions. We are proud to lead the UK market in all four areas.

Access & Safety

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

Access & Safety is our original business division, supplying 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.

Turnover
£17.3m
2017: £20.2m

Electrical Services

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

Our largest division and the market leader, we have teams all over the UK who save lives through the expert services they provide. They include everything from installing, testing and maintaining lightning protection systems to testing portable appliances and fixed wire circuits.

Turnover
£30.9m
2017: £20.2m

Our business today

Total group revenue
£69.1m
2017: £52.9m

Fire Solutions

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

Fire Solutions is fast becoming our area of highest demand and our division has been strengthened considerably in 2018. From initial design and feasibility, through to installation, testing, replacement, maintenance and certification, we provide a complete fire protection solution to ensure that our clients' facilities remain safe and compliant.

Turnover
£15.3m
2017: £7.1m

Building Access Specialists

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

Our highly-trained operatives are amongst the UK elite when it comes to working at height. Their skills encompass a wide range of cleaning and refurbishment services for both the inside and outside of any building or structure.

Turnover
£5.6m
2017: £5.4m

...across a multitude of market sectors...

We work with a broad spread of sectors with limited customer concentration, which provides PTSG with a diverse reach and less risk.

1. Aerospace – Heathrow
2. Banks – HSBC
3. Culture – barbican
4. Education – University of Birmingham
5. Emergency services – Police Scotland
6. Energy – drax
7. Government – Ministry of Justice
8. Hotels – Hilton
9. Hospitals – NHS
10. Housing – The Crown Estate
11. Infrastructure – Underground
12. Local government – Birmingham City Council
13. Retail – Tesco
14. Shopping centres – Meadowhall
15. Sport – Emirates Stadium
16. Student accommodation – Student Roost

...throughout the UK

With over 850 industry experts based at 21 UK offices, PTSG can respond to jobs of all kinds, wherever they arise. Our four business divisions are complementary, enabling us to deliver any combination of services and products to meet customers' requirements.

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
Thorncliffe
Kidderminster
Milton Keynes
Gloucester
Witham (Essex)
Chelmsford
Maidstone
Gatwick

London offices
South HQ
South
City office

A year of innovation and strength

John Foley
Chairman

Guardian significantly increased our already strong presence in the electrical safety services market and possesses in "TraQ-It" a proprietary software platform which provides customer and staff with a unique, interactive on line portal.

2018 – a summary

The first half of 2018 saw the Group successfully integrate the three acquisitions made in 2017 and deliver healthy levels of profitable growth within its new divisionalised structure.

The second half of 2018 saw the Group make two further acquisitions, raise fresh equity proceeds of £20m (before expenses) from a successful placing of 12,698,414 new ordinary shares at a price of 157.5 pence per ordinary share with institutional investors and continue to deliver further healthy levels of organic turnover and profit growth. As a result of all these factors, I am pleased to report that record levels of turnover, gross profit, adjusted EBITDA and adjusted earnings per share were achieved in the year ended 31 December 2018. Subsequent to the year end we purchased the entire issued share capital of Trinity Fire and Security Systems Limited and have recently announced the negotiation of £40m of committed banking facilities with HSBC UK Bank plc. The Group is very well placed to continue its 12 year history of delivering year on year profitable growth.

Acquisitions

Two acquisitions were completed in 2018.

The acquisition of the entire issued share capital of M&P Fire Protection Limited ("M&P") was completed in July 2018 for a total consideration of up to a maximum of £3.5m, comprising an initial cash payment of £1.0m and deferred payments of up to £2.5m payable over five years subject to the business achieving stretching and escalating profit targets in each of those periods. M&P significantly enhances the scale and geographic coverage of the Group's sprinkler and dry risers operations and has performed well since it joined the Group.

The acquisition of the entire issued share capital of Guardian Electrical Compliance Limited ("Guardian") was completed in October 2018 for a total consideration of up to a maximum of £16.0m comprising an initial cash payment of £12.0m and deferred payments of up to £4.0m payable over three years, subject to the business achieving stretching profit targets. Guardian significantly increased our already strong presence in the electrical safety services market and possesses in "TraQ-It" a proprietary software platform which provides customer and staff with a unique , interactive online portal. "TraQ-it" will be combined with PTSG Clarity, the Group's existing proprietary operating system, to strengthen the service offering to PTSG Group's customers. Guardian has also performed strongly since joining PTSG.

The acquisition of the entire issued share capital of Trinity Fire and Security Systems Ltd. was completed in January 2019 for a total consideration up to a maximum of £15.8m, comprising an initial cash payment of £10.8m and deferred payments of up to £5.0m payable over two years. Trinity is seen by us as a transformational transaction since it greatly increases the size and offering of our Fire Solutions division, making it the largest division in the Group and enabling us to provide a full suite of fire protection services. Again, Trinity has performed encouragingly well since joining PTSG.

As is our policy with all deferred payments to which Premier Technical Services Group Plc is a party, such payments can be satisfied in cash or shares at our option.

Financial overview of results

Turnover increased by 31% to £69.1m (2017: £52.9m). Gross profit increased by 29% to £35.0m (2017: £27.1m). Adjusted EBITDA increased by 39% to £17.1m (2017: £12.3m). Underlying profit before taxation (before adjusting items of £10.5m) increased by 40% to £14.3m (2017: £10.2m, before adjusting items of £8.3m). Adjusting items were principally one-off and non-trading items including £1.5m of restructuring costs, £2.4m of share option costs and £5.8m of contingent consideration payment in relation to acquisitions. Adjusted earnings per share increased by 22% to 11.9p (2017: 9.7p). The Board has recommended a final dividend of 0.9p per share, which together with the interim dividend of 0.9p is a 13% increase on the dividends paid in respect of 2017. Net bank debt at 31 December 2018 was £11.9m (2017: £18.3m). Underlying trading cash conversion improved to 72% (2017: 65%), despite the working capital impact of underlying organic turnover growth during 2018 of 19%. 2018 saw applications and accrued income levels principally associated with the Group's installation activities reduce to £8.4m at 31 December 2018 (2017: £9.8m) despite the substantial increase in the Group's turnover. Debtor days on invoiced sales equated to 88 days at 31 December 2018 (2017: 97 days) and further improvements in the Group's working capital position have been targeted for 2019.

Operational highlights

Underlying organic turnover growth of 19% is regarded by the Board as healthy and the performances of our Fire Solutions and Electrical Services divisions were especially pleasing. Turnover from recurring compliance and maintenance activities increased to 51% of total Group turnover during 2018 (2017: 48%), with the associated gross profit of £22.8m amounting to 62% of total Group gross profit (2017: 58%), and we expect that the full year effect of the Trinity acquisition will naturally increase this percentage in 2019. Gross profit margins remained strong at 51%, showing continuing sustainability in all areas, which reflects the strength of the Group's established operating model. We pride ourselves on the fact that our operating model is best in class in the markets in which we operate; the contract renewal rates in our core maintenance divisions were at 88% in 2018 and once again we believe that this is an industry-leading contract renewal rate. The Group's major accounts sales team was grown in size in 2018 and had a successful year; the cross-selling of the Group's service offering to our large customer base continues to gather positive momentum and continues to provide further organic growth opportunities. The Chief Executive's Review provides further detail on the initiatives currently underway in the key areas of efficiency, innovation and scalability, which will continue to improve the range and quality of our multi-disciplinary service offerings.

Strategy and intent

We operate only in those areas where we believe that our established operating model can work effectively. We have grown both organically and as a result of completing 26 acquisitions since the Group's creation in 2007. Our turnover and underlying levels of EBITDA have more than trebled since our IPO in February 2015. The successful placing which raised £20 million of fresh equity proceeds in October 2018 together with the Group's strong underlying operational cash flow and newly announced expanded committed banking facilities provide us with plenty of headroom to continue to develop our established growth plans.

People

I would like to thank the 850 employees, based in 21 locations across the UK, for their continuing commitment. The Group continues to win awards for its performance at Institute of Workplace Facilities Management "IWFM" and Premises and Facilities Management "PFM" annual ceremonies because of their hard work.

Outlook

2019 has started well as we continue to deliver against our strategy to seek sector dominance in the markets we serve, which are underpinned by compliance demand. The Board is both confident and enthusiastic about the Group's prospects and performance.

John Foley
Chairman

26 March 2019

CORPORATE GOVERNANCE

Introduction

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.

Read more about our governance principles on page 38

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 to 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.

Major trends impacting our markets

The way in which employers and employees view and do work is being revolutionised. Technology and the desire of workers and businesses to experience the benefits of flexible working are accelerating the demand for change. Today is all about the workplace in its many and varied forms. Here's how PTSG is interpreting the change.

Shift in demand from single service to a one-stop shop

PTSG is still out on its own in offering a range of specialist services under one roof. It has helped to define the Group as offering something extra, compared to its single-service competitors. While many contracts begin with the provision of a single specialist service or product, PTSG is often able to identify further services which are either essential to the safe operation of a building, or that would bring further benefits – for a substantially lower cost than finding and contracting a number of different companies to provide those specialist services.

Flexible workplace solutions

The workplace is changing for all sorts of businesses. Technology has changed our concept of the office and as a consequence, the way in which buildings are used is changing too. PTSG has always anticipated the needs of its clients and endeavoured to meet their changing requirements. Sometimes, a change in compliance laws takes place or what is necessary for keeping building users safe is redefined. PTSG is agile enough to realign itself to meet the changing needs of the workplace – and its business goes from strength to strength as a consequence.

Leaner working environments

Technology-led solutions are driving efficiency in the workplace. Fewer people are required to physically carry out the same tasks. However, a greater use of – and reliance on – technology places different kinds of demands on buildings. One example is building maintenance units, which are becoming ever more sophisticated. PTSG designs and installs bespoke systems for some of the highest-profile buildings in the country, as well as innovative methods for their concealment and storage.

Many clients demand trade body membership

PTSG is a member of a number of trade body organisations including ATLAS, which represents the leading players in the lightning protection and specialist access sector since 1946; SAEMA, which is the only trade association dedicated to raising standards for the UK permanent and temporary access industry; and NICEIC, which regulates the training and work of electrical enterprises in the UK. The Group holds 148 accreditations, underlining its authority and quality of work in the different disciplines in which it operates.

Excellent customer service

Above all else, PTSG aims to deliver outstanding customer service. For the past few years, the Group's contract renewal rate has been above 88%, speaking of the satisfaction amongst clients, who are happy to keep returning to PTSG for the same high standard of service. Clarity, PTSG's unique proprietary software system, has raised the level of service even further since it began to be rolled out. Engineers are able to generate worksheets, certificates and invoices in seconds, so that as soon as their work is finished, customers can carry on with theirs.

24/7, 365 days a year service

Having always pursued a business model which combines organic growth and strategic acquisitions, PTSG has grown to employ over 850 people at 21 office locations. This gives the Group a major edge in being able to mobilise its engineers to answer virtually any customer request, wherever in the UK it is. Whether the call is for emergency repairs to stone masonry (such as to the Balmoral Hotel in Edinburgh in 2018) or a 40-year contract to provide multiple specialist services (such as for Newcastle Council, via first-tier contractor Engie), PTSG is ideally placed to answer it.

How we are responding

PTSG is well positioned to meet the demands of a changing market. It continues to acquire and integrate companies which extend the quality and depth of its offering in the sectors in which it operates. It has in place a number of partnerships with leading high-street names and first-tier contractors; and it continues to successfully cross-sell its specialist services, adding value to a great number of new and existing contracts.

Strategic partnering with customers

- PTSG has partnered with Mark & Spencer, the NHS, Engie, Skanska and Mitie
- Strategic partnering leads to a great deal of repeat business
- Collaboration with partner companies consistently enhances the quality of work

www.ptsg.co.uk/1

Acquisitions creating value

- Recently, the acquisitions of M&P Fire Protection and Guardian have significantly boosted our Fire Solutions and Electrical Services divisions
- As well as enhancing our skill set, acquisitions serve to greatly increase our geographical coverage

www.ptsg.co.uk/2

Testing and compliance

- Over 60% of PTSG's gross profit is generated by compliance business
- Compliant buildings operate more efficiently
- Safe, efficient buildings make financial sense

www.ptsg.co.uk/3

Cross-selling

- Cross-selling saves clients the time and effort of having to find multiple service providers to meet their varied requirements
- We recognise that we must continue to be as proactive as possible in this area, maximising returns for our shareholders

www.ptsg.co.uk/4

Embracing innovation to maintain our competitive advantage

- Clarity is the largest investment in technology ever made by the Group
- Documentation is generated automatically and instantly
- Clarity keeps customers closer to the work undertaken on their behalf

www.ptsg.co.uk/5

Training and development of our people

- Training solutions are carried out for clients as well as PTSG's own staff
- In-house training provides engineers with skills required to effectively perform the work
- Well-trained staff feel more highly valued and are likely to stay with the company

www.ptsg.co.uk/6

An evolving market

The call for a more robust approach to fire safety and the growing emphasis of the workplace environment, and its importance on the performance of organisations, have influenced the market for niche specialist services and it is those companies that embrace and adapt to change that thrive in the sectors in which they operate. We continue to experience growing demand for services from our four discrete but complementary divisions.

REGULATIONS

Working at height is, according to the Health and Safety Executive, one of the biggest causes of fatalities and major injuries in the workplace. The Work at Height Regulations 2005 were created to reduce the risk of death and injury caused by a fall from height. As a significant part of PTSG's work is performed at height, the safety of our workers and everyone involved in our projects has always been our first consideration.

- Our HSEQ team is called upon to guide, advise and deliver work for those organisations that have the requirement for working-at-height skills but don't have an in-house capability.
- PTSG is unique in providing highly-sought-after working-at-height skills alongside a range of other specialist capabilities.

Our operatives are highly trained and experienced in working at height

Market position

PTSG has experienced year-on-year growth since its founding year of 2007 through the application of its unique business model, which combines strategic acquisitions and organic growth, unrivalled value for money and a market-leading ability to cross-sell services to its wide customer base. Its competitive advantage can be explained as follows.

Competitive advantage

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

Read more on how we are embracing the change in business dynamics on page 17

Our fleet of vehicles and 21 offices gives us UK-wide coverage

COMPETITIVE ENVIRONMENT

PTSG started with the vision of meeting an industry need for a single provider of multiple niche specialist services. The Group has since become the market leader in its chosen areas of operation: access and safety, electrical services, building access and fire solutions. With long-term partnerships in place with many leading brands and first-tier contractors, PTSG is now the go-to name for organisations in the services and construction sectors.

By meeting all service needs, we help to simplify our customers' supply chains; we bundle all specialist services into one package and in doing so, save them the time and expense of finding a number of different suppliers of niche building products and services. PTSG is proven to meet all requirements at the most competitive prices. As demand continues to grow, so does the Group, its range of services and geographical coverage.

Multiple service offering

PTSG is usually contracted to provide a single service at a client's building or buildings. This contract is often extended to include multiple services, each of which improves the safety and efficiency for the building users. Major organisations that have benefited from the Group's multiple service offering are M&S, Mitie and Engie – all of which have added electrical testing and building access to the original access and safety contract. We maintain a portfolio of case studies, demonstrating our multi-disciplinary service to clients.

There is great potential within our principal markets for further growth, as we still have less than 10% market share. Through further carefully selected acquisitions we can continue to expand both our service offering and UK coverage thereby meeting growing demand and increasing our share of our chosen markets.

UK coverage

While maintaining our headquarters in Castleford, West Yorkshire, PTSG now has 21 offices and over 850 people countrywide. This gives us a real edge in being able to answer virtually any call for our services, whatever the urgency and wherever the location.

Margin sustainability

- Industry-leading contract renewal rates of 88%+
- Largest UK repair and maintenance contract base in access and safety, lightning protection and dry risers
- Ten-year track record of generating £1 repair to £1 maintenance
- Efficiency of model works in all sectors
- Award-winning services create further FM supply agreements

What sets us apart

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.

20,000+
Customer base

c.5,000
3-5 year contracts

20%
PTSG has delivered an adjusted operating margin in excess of 20% in every financial year since admission to AIM

3%
No customer accounts for more than 3% of revenue

Market leader in attractive niche markets

Strong track record of growth, both organic and acquisitive

Industry-leading operating profits driven by a differentiated operating model and significant barriers to entry

Significant latent potential of growth drivers (market penetration, cross-selling)

A track record of successfully integrating acquisitions and delivering strong value

High level of recurring value and strong customer retention (88%+)

Highly experienced and ambitious management team

Highly attractive financial characteristics (high margins, low capex, high returns, good underlying cash generation, progressive dividend policy)

Our business model designed for growth

Our year-on-year growth and high contract renewal rate bear testimony to the success of our business model. As we invest increasing amounts of time and money into our people and the service they deliver, we continue to experience demand and growth in equal measure.

Our growth drivers

Organic growth

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

Acquisition

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

Marketplace

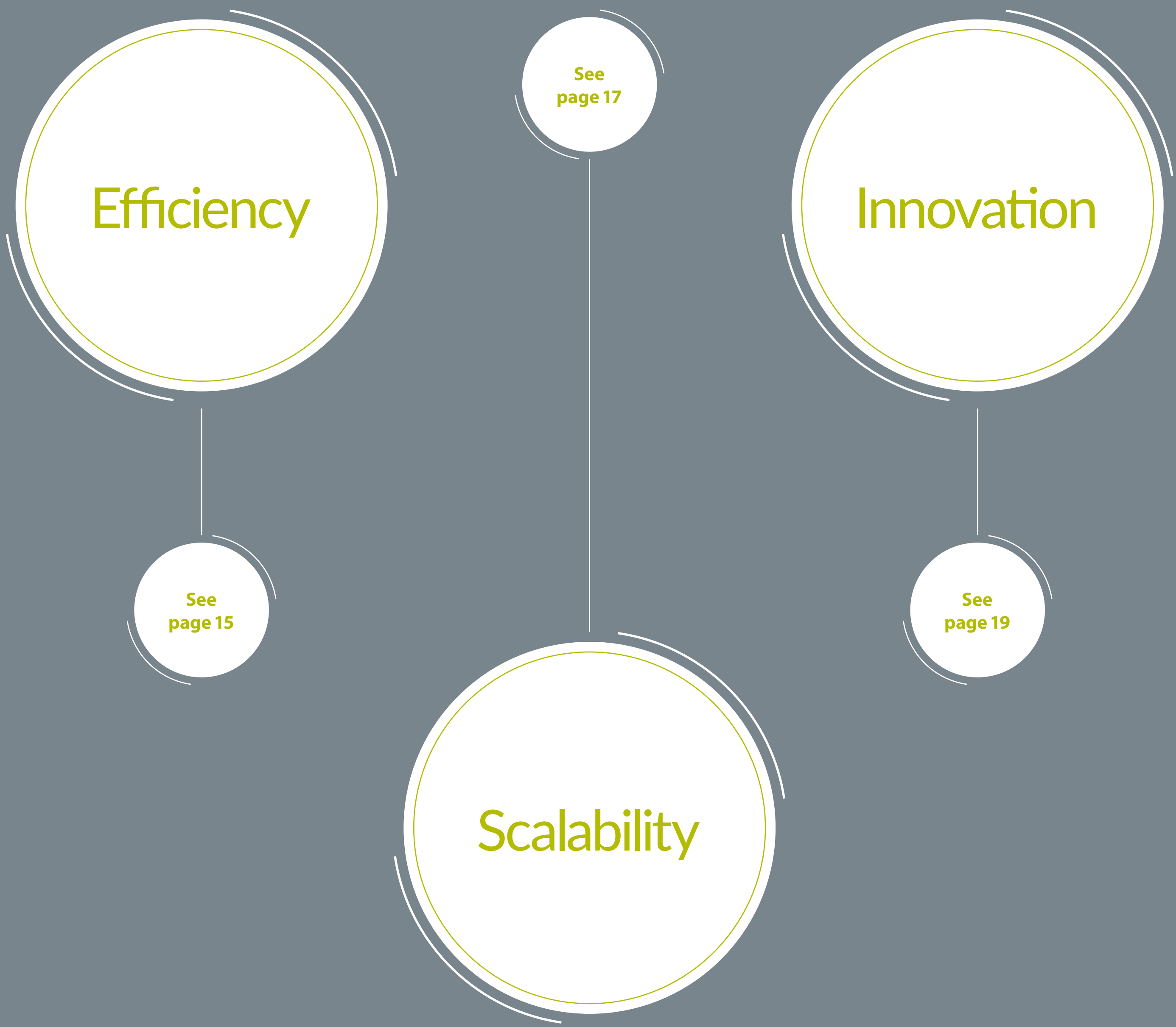
- £1bn addressable market with 5-10% market share
- New sector expansion, such as Fire Solutions

Demand

- Construction
- Regulation

Making progress against our strategic priorities

In today's dynamic, competitive and increasingly evolving markets we need to show we are ahead and able to deliver. To make sure that we remain well placed to optimise these opportunities and deliver improved financial performance, we are focused on three strategic priorities.



BNP Paribas
Head offices, London

6AM

PTSG's specialist Access & Safety operatives are suspended from the head offices of BNP Paribas in Harewood Avenue, London. They have been contracted to install 34 specialist glass panes in the office atrium. The work is being carried out by specialist rope access teams utilising one of the safest and most cost-effective access methods available.

Due to the live environment at the retail banking company, engineers will only visit the site at the weekend to carry out the critical works. PTSG has lots of experience in this sector, having previously worked closely with other multi-national banking groups including RBS and Lloyds Banking Group.

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.

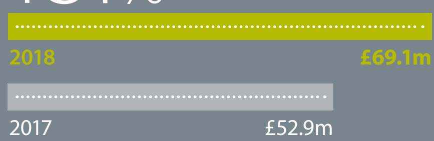
88%
renewal rates, together with a number of new significant contract wins reinforce confidence in our organic growth plans

19%
organic growth on prior year

26
meticulously planned business acquisitions to date

Revenue

£69.1m
↑31%



DLR
East London
1PM

Engineers from PTSG Fire Solutions Ltd. are working on a contract to install fire protection systems to Devons Road railway station in East London.

Devons Road is a Docklands Light Railway (DLR) station situated in Bromley-by-Bow in the East End. The station was one of the original 15 stations on the DLR when it opened in 1991 on a disused section of freight line. The station was formerly the site of British Railways' first all-diesel maintenance depot.

The Group's engineers visit the site to install commercial and residential sprinkler systems, as well as wet risers. All sprinkler system installations for commercial and residential buildings are in accordance with the BS9251 standard and wet risers are installed to the current BS9990 2015 standard.

In most cases, just one sprinkler is capable of extinguishing a fire as it starts, greatly reducing the risk of injury or fatality to those on site, as well as damage to the building itself.

Scalability

PTSG has been meticulously created to enable the business to adapt to internal and external changes and market forces over time.

As our business grows, our main objective is to continue to meet, and where possible, exceed market demands. This means being adaptable with the ability to change what we are doing to fill the needs and wants customers have in the moment.

PTSG Fire Solutions Ltd. is a perfect example of scalability in action. Over the last few years, a call for a more stringent approach to fire safety standards in buildings has seen a huge increase in demand for specialist fire prevention and suppression services.

PTSG has made a number of strategic acquisitions to meet demand from customers in all sectors. These acquisitions have enabled PTSG to offer a comprehensive range of services in fire solutions across the length and breadth of the UK. Each of these businesses has experienced tremendous growth since its integration into the Group, with UK Dry Risers Maintenance Ltd. growing by 37% in the first six months following acquisition.

We recognise the need to be scalable on one or more levels in order to hold onto and build market share as we continue to grow and that is why our approach to system design, equipment purchase and recruitment and selection are all future proofed.

We have developed a business that has the ability to adapt, particularly in regard to growth and increased demand. This level of scalability is essential in that it contributes to our competitiveness, efficiency, reputation and quality – maximising our ongoing return.

22%
contribution from Fire Solutions to Group turnover

37%
growth in UK Dry Risers Maintenance Ltd. in the first 6 months following acquisition

4
acquisitions in Fire Solutions

Oxford
Brookes University
Oxford

7PM

OXFORD
BROOKES
UNIVERSITY

Following PTSG 's acquisition of Guardian, the Group's commitment to keeping clients compliant has been strengthened significantly. Guardian has worked closely with Oxford Brookes University to meet the compliance requirements of BS7671 and Electricity at Work Regulations 1989, and to ensure Dutyholder responsibility was discharged.

Having already worked with over 25 universities, Guardian's team was able to identify a plan for the smooth running of the project and undertake the following agreed programme of works:

- Electrical Network Drawings – to comply with Reg12 EaWR
- 100% Inspection and Testing – main, sub-main and final circuit testing
- Corrective Action on Dangerous Electrical Non-compliances
- Electronic Records – TraQ-it

"We are delighted with Guardian's openness to new ideas and willingness to change processes. These have led to an expansion in TraQ-it™ and we regularly discuss how to improve the service at our contract meetings. Such has been the success of TraQ-it™ that others in the University are looking to use the system for their compliance issues."

Steve Holtom, Oxford Brookes University
Electrical Services Manager

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.

£1
of testing and inspection typically generates £1 of repairs

72%*
of PTSG's gross profit is generated by compliance business

Read more about how we are creating a culture of compliance on page 28

Acquisition of Guardian Electrical Compliance Ltd.

In October 2018 PTSG announced that it had further extended the provision and coverage of its electrical services division with the acquisition of Guardian, a market leading electrical testing and compliance company. Based in Sheffield, Guardian has just completed its eighth year of uninterrupted growth and profitability, with a team approaching 160.

Starting out in 2010, and with over 100 years' service collectively, the four directors came together to start Guardian Electrical Compliance Ltd. after working together for 12 years, with a vision to become the UK's most respected electrical testing company, by implementing a 'sales by education philosophy'.

Guardian brings with it its proprietary 'TraQ-It' software, an interactive online portal, a unique and clearly differentiated product in the market. Its combination with PTSG's Clarity platform will produce a compelling proposition for PTSG's existing and new customers.

Paul Teasdale, Group CEO, said: **"Guardian has an exceptional growth track record, management team and large blue-chip customer base. Critically it fits our clear acquisition model by presenting significant opportunities for cross-selling additional PTSG services as well as margin improvement whilst supporting our long-term goal of sector dominance."**

* proforma 2019 following the acquisition of Trinity Fire Ltd. in January 2019.

Safely securing continued growth

Paul Teasdale
Chief Executive

> We perform our niche specialist services to the highest standards, delighting our clients and safeguarding their buildings and users.

After 12 years as Chief Executive of PTSG, I have never felt greater pride in the work we do, the positive effect we have on building users and the workplace environment, and the benefits this brings to everyone involved with the company – directly and indirectly.

PTSG is unique in the way it provides building owners and managers with the niche specialist services they need to operate at optimum efficiency. We have never strayed from our original vision of meeting a market requirement for a single provider of multiple expert services to the services and construction sectors. As we continue to pursue our business model, which combines acquisitive growth and organic growth, while delivering our unique bundled service provision, we enjoy year-on-year growth.

Absolutely fundamental to this growth and success is our approach to customer service. Its importance for any business can't be overstated, but for PTSG it's the destination to which all other roads lead. In every job we do, we want to delight our customers through our high standards of workmanship. We look for ways to innovate, to offer cost-effectiveness, to offer services beyond the original contract and to ensure our operatives undertake every action safely. This approach guarantees the best possible result and has led to a contract renewal rate of 88%. This is an endorsement that we do "get it right" and is something we aim to maintain and build on even further.

Acquisitions unlock further market potential

Having mentioned acquisitions as one of the bedrocks of our success, in 2018 we made two carefully targeted and highly strategic business acquisitions that have bolstered our Fire Solutions and Electrical Services divisions – which I expect to be the two most prolific areas of the Group in 2019. M&P Fire Protection Ltd. (M&P) was acquired in July 2018. The team provides a range of services in the installation, maintenance and testing of dry and wet riser systems and commercial and domestic sprinkler systems. Based in Maidstone, Kent, this gives us a substantial presence in the south of England.

In October 2018, we acquired Guardian Electrical Compliance Ltd, based in Sheffield, to enhance our strong presence in the electrical safety services market. The company complements our existing compliance and testing operating model and product coverage extremely well. Furthermore, its proprietary "TraQ-It" software platform enhances our existing disciplines. Guardian, therefore, is far from just a commodity; it is a managed testing service – and 72% of PTSG's proforma 2019 gross profit is generated by compliance businesses.

It is worth noting that we have made 26 business acquisitions to date. A substantial number of these were in the areas of lightning protection and electrical testing and maintenance, which has seen PTSG Electrical Services Ltd. become the largest of our four business divisions, making a significant Group turnover contribution. I am confident that Fire Solutions will follow a similar path, aided by the ongoing high demand for services in this area.

2018 OPERATIONAL HIGHLIGHTS

- Installing two of the world's largest cradles at the Scalpel in London and the collaborative award we won with Skanska
- Meticulous building access and maintenance/reparation work with Historic Scotland on some of the UK's oldest buildings
- Installing a huge structural lightning protection catenary wire system at ABB's Spittal Substation
- The incredible number of contracts secured by the lightning protection testing, inspection and repairs team
- The complete shutdown, testing and reboot of electrical circuits with zero impact upon the 24/7 critical operation at Birmingham's Queen Elizabeth Hospital
- Complex planning issues for Fall Arrest Testing installations at Standard Life's HQ in Edinburgh
- Designing and installing a new sprinkler system at a new hotel in London's Trocadero
- The delivery of electrical services and fire solutions at 800 sites on behalf of a London housing organisation

Grenfell – the beginning of a more robust approach to fire safety

Although nearly two years have passed since the Grenfell tragedy, its effects are still resonating throughout the industry, with a call for a rigorous approach to compliance and testing within buildings. The fire was allegedly caused by an electrical fault within one of the apartments, which soon got out of control largely because of the building's flammable cladding. However, as M&P Fire Protection's Paul Atkins told BBC London: "If they'd had a sprinkler system the fire would have been deluged before it got to the cladding. People would've had plenty of time to leave the building. To date no-one has ever died in a fire with a sprinkler system in the household."

The disaster triggered a huge demand for fire safety and suppression systems to be installed within buildings, with several councils in London alone committing to sprinkler systems in all of their housing blocks of a certain height. The world's first modern recognisable sprinkler system was installed in the Theatre Royal, Drury Lane in the United Kingdom in 1812 by its architect, William Congreve, and was patented the same year. It's an innovation which has been saving lives for over two centuries and has the potential to save countless more.

Of course, innovation is about much more than technology. As a multi-disciplinary service provider, it is about being open to change with the ability to adapt quickly and effectively to meet the evolving needs of the business leaders in our industry.

In 2017, this saw us reorganise our business as a result of the call for stringent adherence to the highest standards of safety regarding fire solutions in buildings.

Our approach in creating a discrete Fire Solutions business division in answer to an industry and governmental need has had the dual effect of safeguarding a substantial and growing number of buildings from the risk and effects of fire, while growing our business. As demand continues to grow, we will remain extremely vigilant in upholding these standards of fire safety and will look for areas to further strengthen our services in this area – and our coverage of the UK.

It could be said that as far as PTSG is concerned, the revolution took place in 2007, the year the company was formed, and the evolution is ongoing. We achieve continuous growth by delivering niche specialist services to the highest possible standard – work which improves the day-to-day lives of building users in many different sectors. Safe working is an original and integral part of our ethos; rather than doing what is necessary to be safe, we have always tried to set the standard for safe working within the industry. It's a way of working that has seen our HSEQ team actively featured heavily in trade publications such as PFM magazine, and in 2018 we received our eighth RoSPA Gold award and our second Gold medal.

November saw a significant change in the FM industry as the British Institute of Facilities Management (BIFM) changed its name to the Institute of Workplace and Facilities Management (IWFM). It's a change that PTSG fully endorses; giving special significance to the term 'workplace' resonates with the approach we take to working in multiple areas of the services and construction sectors. We have always held the view that the niche specialist services undertaken as part of facilities management contribute to the performance of organisations of all kinds. In fact, the design of this annual report was based upon the theme: 'Connected workplace that drives innovation'.

Preston's first independent living scheme on Dovedale Avenue, Ingol

PTSG MAKES PRESTON'S FIRST INDEPENDENT LIVING SCHEME FIRE-SAFE

PTSG's fire services engineers are to install sprinkler systems at an exciting new residential scheme in Preston, Lancashire.

Work began on Preston's first independent living scheme on Dovedale Avenue, Ingol, early in 2018. The scheme consists of 60 fully wheelchair-accessible one-and two-bedroomed apartments, all with private outdoor space. There is also a bistro, hairdresser, treatment/consultation and activity rooms.

Engineers from PTSG Fire Solutions Ltd. continue to experience an extremely high demand for their specialist services.

As well as designing, installing, testing and maintaining fire prevention and suppression systems including sprinklers and dry risers, PTSG also increases the safety of buildings for users with emergency lighting and fire alarms. The recent acquisition of leading fire solutions business, Trinity Fire and Security Systems, now means that PTSG can offer more services including: Fire Detection & Life Safety Systems, Fire Detection & Alarm Systems, Public Address/Voice Alarms (PA/VA), Emergency Voice Communication Systems (EVCS), Fire Suppression, Kitchen Suppression, Portable Fire Extinguishers, CCTV, Access Control, Intruder Alarm and Door Entry Systems.

Divisional results

I am delighted to report another year of exceptional growth – Group turnover is up substantially on last year's figure. All four divisions have performed well but special mention must be made of Fire Solutions which, at the time that the Interim Report 2018 was published, was already making a contribution of 21% while only in its second year of operation. As ever, our growth is down to the talent and hard work of all 850+ team members.

Access & Safety

Safety Testing and Installation, Cradle Maintenance and Installation. As the UK's leading supplier of fall arrest systems and safety testing services. In 2018 we achieved a turnover of £17.3m (2017: £20.2m) with growth across all segments apart from Cradles where installation work is lumpy in nature. Adjusted operating profits were £3.0m (2017: £3.2m) however, the margin increased to 17.0% (2017: 15.8%).

Electrical Services

Lightning Protection, Fixed Wire and PAT Testing, (design, install and maintenance). Turnover grew strongly to £30.9m (2017: £20.2m) as it became the largest division with the Group. Adjusted operating profits increased by 49% to £7.0m (2017: £4.7m). We saw growth in all services with the acquisitions made in 2017 and 2018 making 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 2018 we achieved an increase in turnover to £5.6m (2017: £5.4m). Adjusted operating profits rose to £1.4m (2017: £1.2m).

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 rapidly to £15.3m (2017: £7.1m) benefiting from strong organic growth coupled with a good contribution from M&P Fire Protection Ltd which was acquired in July 2018. Adjusted operating profits increased to £3.5m (2017: £1.6m).

Predicting volume and demand whilst increasing efficiency

PTSG has in place a strong pipeline of acquisitions, and our ongoing work to make sure our infrastructure is scalable will support further significant additions to the Group. This bodes extremely well for our investors; PTSG is the leader in the market sectors in which it elects to operate. We have achieved this position through acquisitive growth, balanced by organic growth.

While it is predicted that Fire Solutions will make the largest contribution to Group turnover in 2019, followed by Electrical Services, I am also extremely optimistic of further growth in Access & Safety and Building Access, with plans for further expansion and geographical coverage in these areas. We must, as a business, be equally vigilant regarding efficiency as we are with company growth and any areas for improvement must be addressed.

For example, we will continue to identify opportunities for upskilling our staff and retaining the talent within our workforce; we will continue to look for ways to innovate, either through technology and software or the way we operate as an organisation; and we will play to our strengths and maximise opportunities for cross-selling. All of this will help to drive up our already high contract renewal rate, as the improvements within our specialist teams are felt by our clients.

I look forward to 2019 with great confidence and the expectation of consolidating our position as leader in our chosen market sectors. We are now focused on facilitating a connected workforce that drives innovation. Every action within all of our projects must be undertaken safely, for the overall safe and efficient operation of buildings in all of the sectors in which we work. In doing so, we will delight a growing diversity of customers.

Paul Teasdale
Chief Executive

26 March 2019

“I look forward to 2019 with great confidence and the expectation of consolidating our position as leader in our chosen market sectors. We are now focused on facilitating a connected workforce that drives innovation.

Our people are our greatest strength

One of the most special things about working at PTSG is our people. Everyone in the business is encouraged to voice their opinions, ask questions and suggest solutions – being actively encouraged to contribute to the overall success of the company. Our aim is to employ the best in the business and we are always pleased to be the organisation of choice for those who are at the top of their game across all of our sectors. Our aim is simple: to be a great place to work, employing the best people, so that we always are a great place to do business with. Here are just some of the people who make a positive difference to our clients day in, day out.

Alice McGarry
Renewals Administrator

Adam Dexter
Group IT Coordinator

Amanda Johnson
Fall Arrest Testing Sales Coordinator

Andrew Dack
Group Sales Director

Angela Meeson
Credit Controller

Adam Coates, Group Acquisitions Director
Working alongside the company's CEO, Paul Teasdale, Adam has helped to establish the organisation's structure and secure its impressive growth over the last eight years. Adam has played an important role in the company's ongoing growth through its acquisitive strategy and organic growth.

Caroline Rushworth
Health & Safety Administrator

Mark Perfect
Managing Director Pendrich

Charlotte Padgett
Credit Controller

Gavin Evans
Fall Arrest Testing Supervisor

Helen Aukland, Group HR Director
Helen joined PTSG as Group HR Director in 2016, bringing a wealth of experience with blue-chip companies. Helen's expertise has proved invaluable as the Group has quadrupled in size since she joined, with her remit extending to over 1,200 team members.

Jack Hincliffe
Electrical Estimator

Elaina Crawford
Lightning Protection Renewals Administrator

Karl Bell
Portable Appliance Testing (PAT) Labour Controller

Alex Markham (SIIRSM), Managing Director, Access Testing

Alex is a specialist in the testing and maintenance of all types of fall protection, fall arrest and suspended access equipment. As Height Safety Product & Training Manager and Senior Height Safety Instructor at JSP Ltd, his skills and expertise in all aspects of working safely at height are an invaluable asset for PTSG.

Eleanor Whitfield
Electrical Services Renewals Administrator

Liam Scrancher
EIT Labour Controller

Georgina Peters
Key Accounts Adminstator

Mark Brackenbury
Group Safety Health and Environment (SHE) Advisor

Georgina Dixon
Group Renewals Administrator

Mark Whittaker
Operations Director Fall Arrest Installs

Jacque Hogan
Administrator/Receptionist

Paul Millard
Cradles North Labour Controller

Jenny Davey
Credit Controller

Mark Davison, Maintenance Director, Cradles Access

The importance of cradle maintenance and its role in keeping engineers safe cannot be overstated. Mark Davison, as Maintenance Director, has overall responsibility. With over 20 years as an engineering manager and membership of SAEMA, his experience and expertise are unparalleled.

Jenna Clarkson
Group HR Advisor

Paul Evans
Fall Arrest Testing Divisional Director

Karen Orchard
Fall Arrest Testing Administrator

Kathy Ray
Credit Controller

Wayne Adams, Sales Director, Fall Arrest Installs

Wayne manages six business development managers across the UK, helping them to achieve their targets, as well as creating new opportunities for the Group by negotiating supply chain agreements. Working together, Wayne has helped to create the largest new installations division in the UK.

Leona Towell
Portable Appliance Testing (PAT) Labour Controller

Phil Patterson
IT Manager

Kim Brady
Electrical Administrator

Lorna Williams
Fall Arrest Testing Coordinator

Sarah Steel, Associate Operations Director, Fall Arrest Testing
Sarah has been with the Group since its founding year of 2007. Her hard work, experience and expertise gained during her years with PTSG made her the natural choice for Associate Operations Director. Sarah is a team player who is adept at using her own initiative – ideal for PTSG.

Sam Rogers
Credit Controller

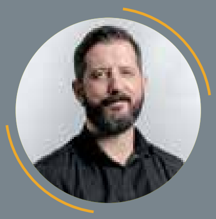
Lorraine Hearns
Electrical Impedance Tomography (EIT) Labour Controller

Darren Stapleton
Operations Director, Lightning Protection

Paul Atkins
Director of M&P

Rita Kitchen
Administrator

John Gilday
Operations Director (West Midlands)



Paul Thorpe
Operations Director (North West/North East)

Vida Watchorn
Credit Controller

Oliver Mackenzie
Group Financial Controller

Chelsea Tomlinson
Electrical Estimator

Stewart Thomson
Operations Director Pendrich

Claire Spencer-Hardman
Director of UK Dry Risers Maintenance Ltd.

Terry Wilcock, Group Health & Safety Director
PTSG is renowned for its industry-leading safety standards. The work of its HSEQ team, led by Terry Wilcock, saw the Group winning a RosPA Gold Medal in 2018. Terry believes in keeping procedures straightforward, getting the job done efficiently and effectively, with safety the priority at all times.

Jean Hill
Business Development Manager

Terry Dunn
Group Fleet Manager

Steve Grundy
EIT Qualified Supervisor

Elijah Howell, Operations Director – Acescott
Experienced Director of Operations, demonstrating a history of working in the at-height and rope access industry. Elijah's wide skills set encompasses management, customer service, sales, strategic planning, and business development – giving him an important edge over competitors.

Steven Taylor
Contracts Supervisor Fall Arrest Installs

Simon Greenwood
Director of Specialist Earthing and Surge

Carl Smith
Electrical Estimator

Craig Finney
Test & Inspection Director

Stacey Dixon
Fall Arrest Testing
Sales Coordinator

Davie Mitchell
Operations Director
(Scotland)

Kevin Walton, Managing Director of Integral Cradles
A chartered engineer by trade, Kevin is a strong business leader with great project management experience. Under his guidance, Integral Cradles has become a leading supplier of permanent suspended access equipment, creating bespoke solutions for some of the UK's most iconic buildings.

Danny Hardman, Managing Director of UK Dry Risers Maintenance Ltd.
Danny is responsible for the running of PTSG's dry risers maintenance business, which is well established and respected in the industry. His teams have worked on some truly prestigious sites including Wembley Stadium and Liverpool Football Club. Danny is integral to the success of the business, which continues to be in great demand.

John Warren
Operations Director
of Test Strike

Sixtine Collinge
Lightning Protection
Renewals Administrator

Mark Meakin
Operations Manager
– Test Strike

Liam Riley
Estimating Director
(Eastern)

Gerard Finley
Operations Director
(London/South East)

Sofia Abbas
Key Accounts
Manager

Michael Thackray
Director of M&P

Phil Campion, Divisional Director, Electrical Testing
Phil is responsible for the delivery of electrical compliance testing services throughout the UK. With over 30 years' experience in the electrical industry, his extensive knowledge is invaluable in this key part of PTSG's service delivery.

Sarah Wood, Renewals Manager
As Group Renewals Manager, Sarah plays a pivotal role in making sure that we meet our customers' wants, needs and expectations. Sarah, through the fantastic work she delivers, is a testament to PTSG's talent management activities.

Keith Walker
Purchasing Manager,
UK Dry Risers

Mike Charlton
Director of UK
Dry Risers

Barry Ahearn
Business Development & Operations
Manager of Acescott

Creating a culture of compliance

The importance of compliance in all aspects of facilities management – for organisations in all industries – cannot be overstated. Legislation is regularly reviewed to keep buildings and their users safe at all times and the penalties for non-compliance can be damaging to a company's brand as well as its bottom line.

Compliance business has always been central to our core services at PTSG and now accounts for over 72% of the Group's gross profit. The work we do continues to benefit our 20,000 customers in multiple ways:

Ethically
Compliance maximises the safety of buildings and their users

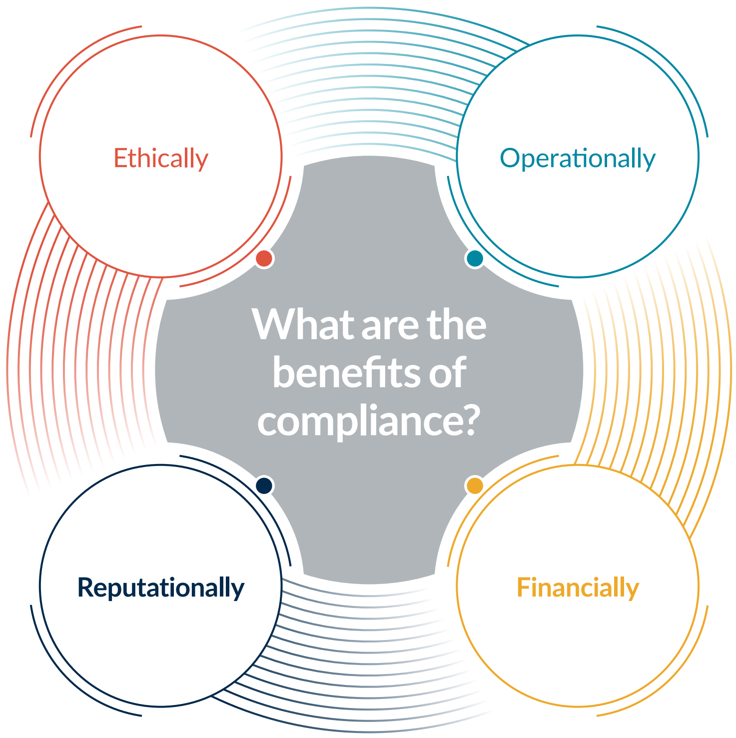
Operationally
Compliant buildings operate more efficiently

Financially
Safe buildings that are efficient make financial sense

Reputationally
Compliant businesses are protected from penalties

20,000
customers benefit from the work we do in multiple ways

26
meticulously planned business acquisitions to date



Compliance – the route to safety
Premier Technical Services Group PLC (PTSG) was established to meet a market requirement for delivering multiple niche specialist services under the same roof. As a large proportion of the Group's work includes compliance activity, we have a thorough knowledge and understanding of the many and varied issues involved with protecting people, property and places. We ensure organisations adhere to the latest regulations so their buildings operate at optimal efficiency, from the intrinsic electrical wiring to fire suppression systems and access systems for safe and efficient building maintenance – and a multitude of other systems and equipment in between.

We also offer legislative and technical support in addition to specialist services and equipment, helping to ensure strict compliance in all areas.

Compliance and safety go hand in hand, and PTSG's practices have been recognised by the British Safety Council. Our commitment to the highest standards of safety is clearly evident through the employment of a full-time, dedicated Health, Safety and Environment team – the only company of our kind to do so. As a result, PTSG received its eighth consecutive RoSPA Gold Award in 2018 and its second Gold Medal. We now hold more than 148 individual accreditations (nine of them from SSIP forum members) and hold the Quality ISO 9001, Environment ISO 14001 and H&S BS OHSAS 18001 ISO certificates.

Growing our company through compliance business
PTSG has always had ambitions to be the UK's leading provider of multiple niche specialist services, applying a business model which combines acquisitive and organic growth. Having now made 26 meticulously planned business acquisitions, this enables us to enter a market with one product or service and eventually become the service provider of choice across more areas.

PTSG Fire Solutions Ltd. is the newest of our four business divisions. Established in 2017, it continues to experience unprecedented demand for its services in the design, installation and maintenance of fire prevention and suppression systems, dry risers and emergency lighting. Key to this demand is the requirement for organisations to ensure their buildings are compliant with the latest regulations.

Queen Elizabeth Hospital, Birmingham: Electrical works to carry out planned and reactive fixed wire testing.

COMPLIANCE IN ACTION: PTSG'S PARTNERSHIP WITH ENGIE

PTSG has a long history of partnering with other organisations, working collaboratively to supply one or more specialist service and ensure full compliance. We have created long-standing relationships with well-known high street brands including Marks & Spencer and Jaguar Land Rover as well as large first-tier providers of services to the construction and FM sectors such as Skanska, Mitie and Engie. This has resulted in a number of PFM partnership awards, including two wins in 2018 for Partners in Corporate (Private Sector) and Achievement in Facilities Technology (for its proprietary software system Clarity) – underlining our success in partnering.

PTSG's partnership with Engie goes back to 2014, when we united with the global energy and services group and the operators of Queen Elizabeth Hospital in Birmingham to establish a unique collaborative culture for the delivery of routine fixed wire testing throughout the site.

Following a rigorous, competitive process, PTSG was awarded the entirety of the electrical works to carry out planned and reactive fixed wire testing. The project included:

- testing in 17 individual areas from car parks through to critical care departments;
- the comprehensive electrical testing of around 15,000 electrical circuits in compliance with BS7631; and
- the deployment of testing teams ranging from one to nine engineers (with a minimum requirement of two in mental health facilities on the site).

Our specialists had to identify innovative ways of testing the infrastructure, which is conventionally completed using a range of live and dead load testing. In areas of the hospital administering critical care, dead load testing was not an option without substantial and unthinkable consequences and the PTSG and Engie teams worked with the stakeholder group to identify, plan and undertake compliant live load testing of infrastructure as an alternative.

> The relationship is seamless in delivering the works in a difficult, controlled and busy environment. I am incredibly proud of its work and would like to thank PTSG for its meticulous planning, in-depth understanding and quality of delivery.

At the time, Terry Venables, head of FM at Engie, summarised the partnership as: "a team which has developed a strategy in accordance with the ultimate client and its customers. The relationship is seamless in delivering the works in a difficult, controlled and busy environment. I am incredibly proud of its work and would like to thank PTSG for its meticulous planning, in-depth understanding and quality of delivery."

Subsequent projects in which PTSG has partnered with Engie are:

- The Imperial College Healthcare NHS Trust, covering St. Mary's Hospital in Paddington, as well as Charing Cross Hospital and Hammersmith Hospital. PTSG provided a wide range of specialist services including fixed-wire testing, lightning protection services, portable appliance testing and fall arrest testing to ensure the safety of all site users, whether these be staff, patients or maintenance teams.
- Liverpool Central Library, where PTSG supplied specialist access maintenance work on site in March 2018.
- Emergency services sites in Wales, including fixed wire testing (valid for five years to comply with regulations) and emergency light testing (required every 12 months) at two hospitals and a police station.
- Newcastle Council – a major 40-year contract. Beginning in 2018, PTSG will continue to carry out a range of specialist services to ensure all sites comply with regulations.

Significant Success

PTSG has delivered 12 consecutive years of successful growth. Our leadership team has a proven track record in turning great ideas into large, fast-growing companies.

In our formative years we worked alongside our customers and business prospects to communicate and clarify our service benefits. Since then, we have built on our proof points – driving revenue through organic growth and our acquisitive objectives.

Having developed four strong and symbiotic business streams, our aim is to repeat growth predictably, becoming the service provider of choice across our sectors and making us even stronger than we are today.

Shaping PTSG

Since we were formed, the PTSG business model has continued to evolve from a conventional modelling exercise to a way of rethinking the entirety of what the organisation proposes and creates and how it adds value. Today, we use a mix of traditional approaches, spurred on by technology (including our own propriety software system – Clarity), different ways of thinking, new market opportunities and more routes to reach and delight our customers. Our people and our unique operating model are essential to our ongoing success.

Team Effectiveness
At PTSG, we believe that a high performing team is non-negotiable if we are to continue to succeed. We actively encourage our people to learn from their past and prepare for their future, by having conversations with colleagues and customers which will improve their ongoing performance.

Our approach to teamwork is tailored to assess how teams like to work together and, from a capability perspective, how effectively they work together.

Among other things, we look at how our people communicate, how they prioritise, what motivates them and what the blockers are to their performance.

We work closely with our people to create individual and team action plans helping them to stay on track and motivated to drive forward – positively grasping the forces, driving change.

We know that great people are the engine room of PTSG. That is why we continue to invest heavily in them.

Operating Model
We constantly analyse our operating model and key business processes to produce practical process-improvement solutions aligned with our strategy and goals.

There are a host of factors that affect our operating environment – from customer preferences and technology to a constantly changing competitive landscape. It is for these reasons that we benefit from reviewing process effectiveness regularly.

Our management team evaluates our operating model through process mapping and operational feedback. We then combine this insight with our experience across many different types of process improvements to eliminate manual activities and shift resources to higher-value tasks. We integrate systems and processes and make faster, better business decisions. We all have clear roles and responsibilities to improve process transparency. We continually remove any constraints that could impact negatively on us achieving our business objectives and we build competitive advantage through the use of leading practices.

> “At PTSG, we believe that a high performing team is non-negotiable if we are to continue to succeed. We actively encourage our people to learn from their past and prepare for their future, by having conversations with colleagues and customers which will improve their ongoing performance.

Strong financial growth

Mark Watford
Finance Director

Summary

2018 was another significant year for PTSG with continued substantial earnings and revenue growth.

The acquisition of Guardian Electrical Compliance Limited extended our market dominance in our Electrical Services division and the acquisition of M&P Fire Protection Limited enhances our offering in the Fire Solutions division. To provide additional financial flexibility and help fund the acquisitions £20m (pre expenses) was raised via the successful placement of new, ordinary shares.

Another year of strong earnings and revenue growth

Revenue grew by 31% in 2018 to £69.1m (2017 £52.9m) with 21% from acquisitions and a reported 10% from pure organic growth. We have previously explained that the revenue in the Cradle Installation division is lumpy in nature, with most of the turnover on these long-term contracts being recognised when the cradle is delivered and installed on site. This lumpy nature resulted in an abnormally high turnover for this division in 2017 and a more normalised turnover in 2018. Excluding the impact of these installations shows that the underlying organic growth rate of the Group was 19%.

Access and Safety's turnover was affected by this and as such reported a 14% year on year reduction; with the remainder of the Access and Safety division (excluding Cradle Installations) growing by 14%. Despite the lower turnover, the operating margin grew to 17% (2017: 15.8%).

Electrical Services' revenue grew by 53% to £30.8m and is now the largest division accounting for 45% of the Group's revenue. The revenue growth was aided by the Guardian acquisition and 17% pure organic growth – driven by strong growth in the Lightning Protection Testing and Electrical Testing divisions. The operating margin for this division was accretive to the Group at 23%.

Following the refocusing of the Building Access Specialist division in 2017, it returned to growth in 2018 with revenue up 4%. Operating margins increased from 22% to 24%.

Key performance indicators

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

Revenue

£69.1m

↑31%

2018	**£69.1m**
2017	£52.9m

Gross profit

£35.0m

↑29%

2018	**£35.0m**
2017	£27.1m

*before adjusting items of £10.5m (2017: £8.3m) resulting in a statutory operating profit of £4.4m (2017: £2.4m) and an EPS of 2.77p (2017: 1.37p).

Revenue in the Fire Solutions division grew by 114% to £15.3m, with organic growth at 65% predominantly due to the explosive growth in UK Sprinklers. Operating margin increased by 1 percentage point to 23%.

Turnover from recurring compliance and maintenance activities accounted for 51% of the total Group turnover (2017: 48%).

Gross profit increased by 29% to £35.0m (2017: £27.1m) with the gross margin, continuing to exceed 50%, at 50.6% (2017: 51.2%). The slight reduction against the prior year margin was due to mix and in particular the strong growth in the Fire Solutions division, which has a GP lower than some of the other divisions but whose operating margin is accretive for the Group. Gross profit from recurring compliance and maintenance activities accounted for 62% of the total Group gross profit (2017: 58%).

Operating profit before adjusting items grew by 40% to £14.9m (2017: £10.6m). The adjusted operating profit margin grew by 147bps to 21.6% (2017: 20.1%) with overhead leverage and strong cost control mitigating the slight gross margin reduction. The statutory operating profit was £4.4m (2017: £2.4m) 83% ahead of last year.

Profit before tax was £3.7m (2017: £1.8m) and incorporated £10.5m (2017: £8.4m) of adjusting items. These adjusting items were either not expected to recur or non-trading in nature and were mainly associated with share option costs granted to Directors and employees of £2.4m (2017:£3.0m), £5.8m of contingent consideration payments in relation to acquisitions (£2017: £3.5m), £0.8m amortisation of acquired intangible assets (2017: £0.4m); and £1.5m of restructuring costs associated with the recent acquisitions (2017 : £1.4m). It should be noted that in 2018 the Group achieved the final share options milestone and as a result these costs will not be incurred in future years. The contingent payments on acquisition are in accordance with our acquisition strategy in which we look to reduce risk by keeping initial consideration payments low and paying deferred consideration in future years against stretching profit targets, meaning these deferred payments are effectively self-financing. The current levels are expected to continue in the near future and will cover deferred consideration from the recent Trinity acquisition.

The interest charge and other financing costs were £0.7m (2017: £0.6m). This increase was driven by an increase in finance lease charges in line with the continued expansion in our employee and engineer base.

Adjusted earnings per share increased by 22 % to 11.86p (2017: 9.73p). £1.9m of dividends were paid during the year and the Board is proposing a final dividend of 0.9p per share. This represents a 13% increase on the 2017 dividends and is in line with our progressive dividend policy. Statutory earnings per share was 2.77p (2017: 1.37p).

Net debt

Net debt, excluding finance leases, had reduced to £11.9m as of the 31 December 2018 (2017: £18.3m), which, together with the 39% increase in EBITDA, meant that net debt had reduced to only 69% of EBITDA. The reduction in net debt was predominantly driven by a surplus from the share placing £7.2m and an improved underlying operating cash conversion of 72%. This was offset by deferred consideration payments of £1.8m, and enabled the Group to spend £1.9m on dividends, £1.6m on capital expenditure and increase its working capital in line with the substantial increase in the size of the Group.

Trade and other receivables increased by £5.4m to £35.8m with the two acquisitions adding £2.4m. The acquisitions adversely affect a number of the debtors' ratios because we acquired the full debtor book but only took a proportion of the year's turnover. That said, trade receivables and accrued income, at the reported level, only increased by 13% despite turnover increasing by 31%. Accrued income reduced by 14% to £8.4m with virtually all the 2017 balance collected in the year. Trade receivables increased by £5.2m, due to a strong Q4 trading performance, with all the increase in the less than 120 days category. The level of debt in the 120+day category (from date of invoice and not due date) fell by 590bps to 20.6% due to improved cash collection.

We have a long-term relationship with our bankers, HSBC, having been a customer for over ten years. HSBC has been very supportive of the Group enabling us to develop our facilities in line with our increasing profitability. Post year end, we announced an extension to our banking facilities with the Revolving Credit Facility, taken out in 2015, increasing to £30m and a £10m term loan, repayable over four years, being taken out. Both these new facilities will give us additional flexibility for the future and are provided with the same covenant testing, but improved interest margins, as the previous facilities.

Acquisitions

We acquired M&P Fire Protection Limited and Guardian Electrical Compliance Limited during the year for a total consideration of £19.5m, £6.5m of which was deferred and is contingent on the continued employment of the vendors and the achievement of stretching milestone targets.

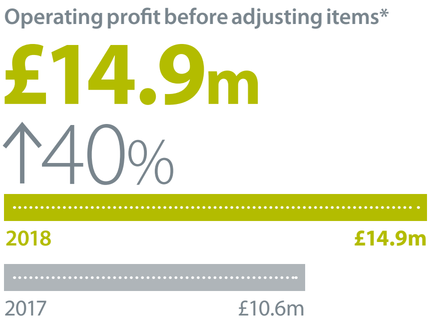
These acquisitions had a significant impact on the closing balance sheet adding £8.6m to goodwill, £6.2m to intangibles and £0.2m to fixed asset.

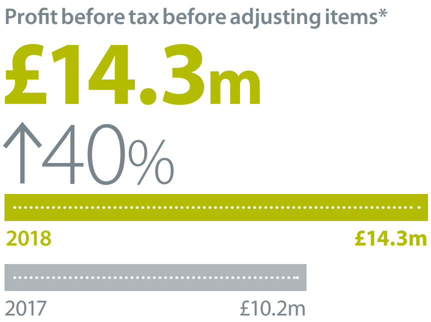
Outlook

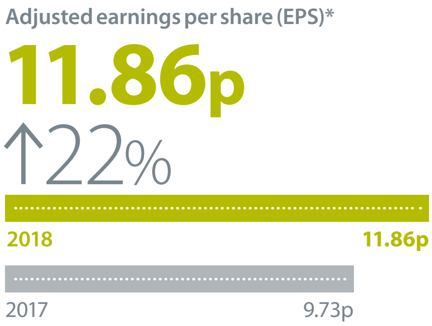
We believe that 2019 will be another year of substantial earnings and revenue growth driven by both organic and acquisitive growth. We are a well financed group and expect to make improvements to operating cash flow and net debt throughout the year. We believe that the Group remains well placed to deliver on our strategic priorities.

Mark Watford
Finance Director

26 March 2019







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.

Risk	Description	Mitigation
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.
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 ensures 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 2019. 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.

Our strong leadership team

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.

Skills brought to the Board
Significant sector experience as co-founder of PTSG and previous experience in the sector through MacLellan. John is a Chartered Accountant and barrister bringing his skills to the fore during PTSG's acquisitions and has extensive experience of working within listed companies.

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.

Skills brought to the Board
Significant sector experience as co-founder of PTSG and previous experience in the sector through 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.

Skills brought to the Board
Roger is a qualified Chartered Accountant and holds a BA in Accounting and Management Control. Significant PLC experience.

Committees

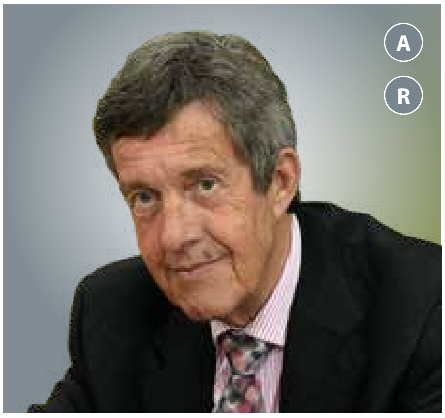
- **A** Audit Committee Member
- **R** Remuneration Committee Member
- Denotes Committee Chair

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.

Skills brought to the Board
Mark is a Chartered Accountant bringing financial expertise to the Company.

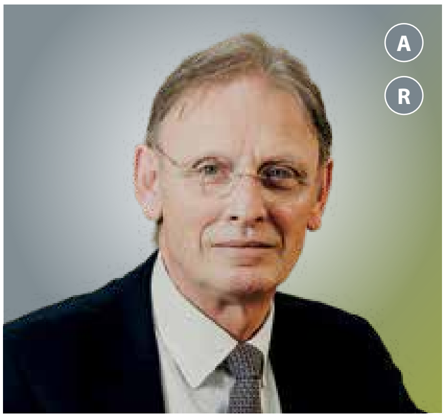


5. Alan Howarth
Non-executive Director

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.

Skills brought to the Board
Finance, communications and business development skills.



6. Michael Higgins
Non-executive Director

Appointment
January 2018

Experience
Michael joined the Board in January 2018. Michael is senior independent director of AIM quoted Plant Health care plc, a non executive director of Progility Limited, the Non-executive Chairman of IPSX UK Limited, a recognised investment exchange, a non-executive director of the Quoted Companies Alliance ("QCA") and an alternate member of the Panel on Takeovers and Mergers on behalf of the QCA. He has interests in other private businesses in both software development and specialist on-line publishing and events. 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.

Skills brought to the Board
Finance, business development and corporate governance skills.

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 and observes the requirements of The Corporate Governance Code published by the Quoted Companies Alliance ("QCA").

Compliance

The Company complies with all the provisions of the QCA with the exception of the following:

- Nomination Committee – the company does not have a separate Nomination Committee as the Board is small and relatively stable. Any appointments are for the matter of the Board as a whole.
- Audit Committee Report will be included in the future.
- Board evaluation – there has been no formal evaluation of the Board. It is anticipated that this will occur in the future.

Principle 1: Establish a strategy and business model which promote long-term value for shareholders

Premier Technical Services Group PLC ("PTSG") is the UK's leading provider of façade access and fall arrest equipment services, lightning protection and electrical testing, steeplejack and rope access services and fire solutions. PTSG aims to maintain and expand its position in its chosen markets through the company's:

- competitive advantage and operational efficiency;
- scalability of the business model to support organic growth and complementary acquisitions;
- innovations as illustrated by the introduction of PTSG Clarity, our PDA-based software programme;
- cross selling and services to our extensive customer base.

Principle 2: Seek to understand and meet shareholder needs and expectations
PTSG is committed to listening and communicating with its shareholders to ensure that its strategy, business model and performance are clearly understood.

Copies of our annual report (which includes the notice of AGM) and the interim report are sent to all shareholders and copies can be downloaded from the investor relations section of our website, www.ptsg.co.uk along with company presentations – alternatively, they are available on request by writing to the Company Secretary at 13 Flemming Court, Whistler Drive, Castleford WF10 5HW.

We have an on-going programme of individual meetings with institutional shareholders and analysts following the full-year and half-year results. Additional meetings with institutional investors and/or analysts are arranged from time to time. Board members receive copies of feedback reports from the City presentations and meetings, thus keeping them in touch with shareholder opinion.

The board supports the use of the AGM to communicate, in particular with private investors and all directors are present at the AGM to answer any questions raised by shareholders. For each vote, the number of proxy votes received for, against and withheld is announced at the meeting. The results of the AGM are announced by a Regulatory News Service ("RNS") and are detailed on the website.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long term success
In addition to our shareholders, suppliers, customers and employees are our most important stakeholder Groups.

All new employees receive a full induction into the business and are kept regularly updated via a quarterly newsletter which is sent to all employees. Due to the niche specialist services which PTSG offer, we have a comprehensive training and skill matrix to ensure all employees have the necessary skills to perform their job safely. In addition there is a full suite of policies that can be downloaded from our website.

PTSG undertakes regular reviews and meetings with both suppliers and customers to ensure that our combined responsibilities are understood and adhered to. This is supplemented by a regular customer newsletter.

Principle 4: Embed effective risk management, considering both opportunities and threats throughout the organisation
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.

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 amongst other things: capital expenditure approval procedures, material business contracts and major corporate transactions.

Principal risks and uncertainties
Pre-empting, assessing and managing risk is an important part of what 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.

Disclosure of the principal risks and uncertainties together with mitigation factors can be found on page 34.

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 is reviewed annually by the Audit Committee.

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).

Principle 5: Maintaining the Board as a well-functioning, balanced team led by the Chair
The Code recommends a balance between Executive and Non-executive Directors and that there should be a minimum of two independent Non-executive Directors. The Company has two Non-executive Directors: Alan Howarth and Michael Higgins, 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. 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.

The Board is satisfied that it has an appropriate balance between independence on one hand and knowledge of the business on the other.

The company had 10 Board meetings in the last 12 months with Board members attending all meetings they were invited to.

Principle 6: Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities
Details and biographies on the Directors can be found on page 36. The Board has a diverse range of skill, backgrounds and expertise to enable a broad evaluation of all matters considered and to contribute to a positive culture of mutual respect and constructive challenge.

The executive directors are expected to devote the whole of their time, attention and ability to their duties, whereas, as one would expect, the Non-executives have a lesser time commitment. Training is available on request, where appropriate. The Board is kept up to date with legal, regulatory and governance matters by the Company Secretary. The Non-executive directors also have other external appointments which help keep their skillset up to date.

Independent advice
In addition to being able to take independent professional advice, the directors also have direct access to the advice and services of the Company Secretary.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement
John Foley as Chairman assesses the individual contributions of the team; however, no formal evaluation has taken place. It is anticipated that this will occur in the future.

Succession planning both at Board level and within our senior management team is vital to the stability and continued growth of PTSG. PTSG has its own training academy which enables staff to progress within the business and fill roles that are created or as they become available. All employees have a contract of employment which has notice periods commensurate with their seniority to ensure sufficient time to recruit and ensure a smooth hand over. Vendors of acquired businesses who remain in the business are tied to earn-out periods, which ensures continuity of the business.

Principle 8: Promote a culture that is based on ethical values and behaviours
There are formalised policies covering areas such as anti-bribery and corruption, ethical sourcing and whistleblowing amongst others to assess the state of the Company's culture. The Board aims to lead by example and do what is in the best interest of the Company and regularly meets with staff in our open plan head office or at formal staff meetings or events.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board
The role of the Chairman is to oversee the Board, fielding all concerns regarding the effective management of the Group and for ensuring appropriate strategic focus and direction. The role of the Chief Executive Officer is to formulate the strategic focus to the Board and to implement it in conjunction with the other executive Directors and the senior management team.

Information, meetings and attendance
The Board meets at least 10 times each year and has a full programme of Board meetings. 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.

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

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.

Nomination Committee
The Company does not have a separate Nomination Committee as the Board is small and relatively stable. Any appointments are for the matter of the Board as a whole.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders
The Board recognises and understands that it has a fiduciary responsibility to the shareholders and other stakeholders. The Chairman's Statement and Chief Executive's Statement in the Annual Report and Accounts include detailed analysis of the Group's strategy, 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 Group also releases RNS statements which highlight important matters such as acquisitions, Board changes, results announcements and trading update, voting results as a result of shareholder meetings, new banking facilities and significant shareholder details amongst others.

The Chief Executive is responsible for on-going dialogue and relationships with shareholders, alongside the Finance Director and Chairman. They can be contacted via our website www.ptsg.co.uk by telephone 01977 668 771 or in writing to Premier Technical Services Group plc, 11-14 Flemming Court, Whistler Drive, Castleford WF10 5HW.

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.

The Board received updates on the view of shareholders from the Executive Directors, Company's brokers: Numis Securities Ltd and our Corporate and Financial PR provider; Hudson Sandler.

By order of the Board

Adam Coates
Company Secretary

26 March 2019

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.

The 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. No Director is involved in any decision as to his or her own remuneration.

Non-executive directors

The remuneration of Non-executive Directors is a matter for the Chairman and the executive members of the Board.

Executive Directors

- **Basic salary and bonus arrangements**
  Each director receives an annual salary for their services. These salaries are reviewed annually by the Remuneration Committee and take into account the financial performance of the Group and market conditions. The group operates a bonus scheme with the Committee entitled to decide whether any bonuses are payable, and if so, what amounts should be granted to Executive Directors.
- **Pensions and benefits in kind**
  All staff, Executive Directors and senior management are entitled to participate in the Group's pension scheme. Benefits are provided to certain Executive Directors including fully expensed car or car/fuel allowance and private medical insurance.
- **Share based payment**
  Under the terms of his service agreement, the Company shall issue to Roger Teasdale additional equity calculated on the then issued share capital of the Company on the achievement of certain milestone targets. Full details are given in Note 13 to the Financial Statements.

On behalf on the Remuneration Committee

J Foley
Chairman of the Remuneration Committee

26 March 2019

Directors' remuneration

Directors' remuneration for the year ended 31 December 2018 is set out below:

	Basic salary £'000	Benefits in kind £'000	Total 2018 £'000	Total 2017 £'000
John Foley	100	2	102	103
Paul Teasdale	120	5	125	124
Roger Teasdale	400	17	417	828
Mark Watford	150	17	167	160
Alan Howarth	30	–	30	30
Michael Higgins	29	–	29	0
	829	41	870	1,245

Directors' interests

Director's beneficial interests in the shares of the Company, including family interests, at 31 December were as below:

	31 December 2018	
	Number of shares	% of issued share capital
John Foley	18,503,791	15.0%
Paul Teasdale	19,503,791	15.8%
Roger Teasdale	6,210,311	5.0%
Mark Watford	57,692	0.1%
Michael Higgins	–	–
Alan Howarth	–	–

The Directors present their report and the audited financial statements for the year ended 31 December 2018.

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 48 to 72.

Dividends
Following admission the Board has adopted a progressive dividend policy that will take accounts 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 are set out on pages 36 and 37.

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 Report and Accounts. John Foley and Mark Watford 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 2018		31 December 2017	
	Number of shares	**% of issued share capital**	Number of shares	% of issued share capital
John Foley	**18,503,791**	**15.0%**	19,253,791	18.4%
Paul Teasdale	**19,503,791**	**15.8%**	20,253,791	19.4%
Roger Teasdale	**6,210,311**	**5.0%**	3,466,617	3.3%
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 18,665,282 ordinary shares were issued with a nominal value of £186,652.82. As at 31 December 2018 there were 123,186,942 shares in issue. Further details of the shares issued are given in note 20 of the financial statements.

As at 25 March 2019, 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	15.0%
Paul Teasdale	19,503,791	15.8%
First Pacific Advisors LLC	14,275,204	11.6%
Hawk Investment Holdings Ltd	12,089,450	9.8%
Roger Teasdale	6,210,311	5.0%
Danske Bank	5,720,006	4.6%
BlackRock Inc	5,630,846	4.6%
Didner & Gerge	3,550,000	2.9%

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 (2017: £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.

Strategic report | Governance | Financial statements

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

Post balance sheet events
During the year ended 31 December 2018, PTSG provided consultancy services to Trinity Fire and Security Systems Limited which was subsequently acquired in a separate transaction and is now a subsidiary of the Group, see note 3. On 21 January 2019 the Company acquired Trinity Fire and Security Systems Protection Ltd, a well-established, high quality specialist in the testing, maintenance and installation of fire and security systems, based in Exeter, with 10 offices throughout the UK. Initial consideration was a cash payment of £10.8m with deferred consideration of up to £5.0m payable over two years, subject to Trinity achieving stretching and escalating milestone profitability targets which are self-financing in each of those periods. The deferred consideration can be paid in cash or shares at the option of PTSG.

In March 2019 the group refinanced its banking facilities with HSBC. Further details are provided in the Financial Review on page 33.

Annual General Meeting
The Company's Annual General Meeting will be held at 13 Flemming Court, Whistler Drive, Castleford WF10 5HW on 17 June 2019. 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 reappoint PricewaterhouseCoopers LLP will be proposed at the Annual General Meeting.

Statement of Directors' responsibilities
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). 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 the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group 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.

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

26 March 2019

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 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Accounts 2018 (the "Annual Report"), which comprise: the consolidated balance sheet as at 31 December 2018; 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 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: £712,000 (2017: £507,000), based on 5% of adjusted profit before tax.
Audit scope	• The reporting units where we performed audit work accounted for 81% of the group's revenue, 85% of accrued income balances, 85% of trade receivables balances and 79% of adjusted profit. • We also performed audit work on all acquisitions during the year.
Key audit matters	• Acquisition accounting. • Trade receivables and accrued income recoverability. • Recognition of other operating income.

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 acquisitions of Guardian Electrical Compliance Limited (Guardian) and M&P Fire Protection Limited (M&P) for consideration of £14.1m resulted in the group recognising £14.7m 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 judgemental. These judgements impact the valuation of assets and liabilities acquired and the recognition of goodwill. The acquisition purchase price for Guardian and M&P include 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, Guardian, 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. We 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 receivables and accrued income recoverability The Group's trade receivables balance at the year end of £26.6m includes £5.2m of balances over 120 days old that are not impaired. In addition there is a year-end accrued income balance of £8.4m. 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 receivables invoices post year end. • Checked the mathematical accuracy of the calculation for the provision for impairment of receivables. • Recalculated the ageing of the trade receivables 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.
Recognition of other operating income During the year ended 31 December 2018, PTSG provided consultancy services to Trinity Fire and Security Systems Limited (Trinity) which was subsequently acquired post year end and is now a subsidiary of the Group. We consider there to be a specific risk associated with the consultancy services given Trinity was subsequently acquired post year end. We have focused on the judgements taken by management in recognising the consultancy services income of £1.6m as other operating income in the current year rather than accounting for the two transactions as linked transactions (by reducing the purchase price by the amount of the consultancy income).	Our audit procedures including understanding the nature, timing and extent of the consultancy services, the basis of the contractual arrangements and the assumptions and judgements made by management. We have performed the following substantive procedures: • Obtained Board minutes detailing the services performed and agreement of the £1.6m charge by Trinity. • Obtained Completion Accounts showing the recognition of the £1.6m consultancy charge by Trinity. • Reviewed Trinity management accounts showing the profit improvement as a result of the consultancy services. • Obtained the supporting documentation in respect of the acquisition including signed Heads of Terms and Sale and Purchase Agreement to consider if there was any contingent element of the deal/linkage with the consultancy services. • Reviewed management's assumptions and judgements in calculating the consultancy services income. • Confirmed part settlement of Other receivable balance to post year end cash receipt. Based upon the procedures performed we considered management's judgement that the transactions are separate and therefore the recognition of the consultancy services as other operating income in the current year to be appropriate.

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

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 & Safety, Electrical Services, Building Access Specialists and Fire Solutions.

The group financial statements are a consolidation of the 18 reporting entities within these four operating divisions. Of the group's 18 reporting entities, we identified 7 (Premier Technical Services Group PLC, PTSG Access & Safety Limited, PTSG Electrical Services Limited, Brooke Edgley Specialist Technical Services Limited, Guardian Electrical Compliance Limited, UK Sprinklers Limited, and Integral Cradles Limited) which, in our view, required an audit of their complete financial information either due to their size or 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.

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	£712,000 (2017: £507,000).
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 assessing 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 £241,000. 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 £35,600 (2017: £25,300) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern
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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

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 2018 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 set out on page 43, 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 2018.

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

26 March 2019

Consolidated statement of comprehensive income
for the year ended 31 December 2018

	Note	Year ended 31 December 2018			Year ended 31 December 2017		
		Before adjusting items £	Adjusting items (note 6) £	Total £	Before adjusting items £	Adjusting items (note 6) £	Total £
Revenue	4	**69,097,155**	–	**69,097,155**	52,939,183	–	52,939,183
Cost of sales		**(34,134,303)**	–	**(34,134,303)**	(25,860,206)	–	(25,860,206)
Gross profit		**34,962,852**	–	**34,962,852**	27,078,977	–	27,078,977
Operating costs	6	**(22,280,539)**	**(10,457,975)**	**(32,738,514)**	(16,755,254)	(8,286,404)	(25,041,568)
Other operating income	6	**2,221,144**	–	**2,221,144**	319,299	–	319,299
Total operating profit		**14,903,457**	**(10,457,975)**	**4,445,482**	10,643,022	(8,286,404)	2,356,618
Finance costs	7	**(648,743)**	**(73,319)**	**(722,062)**	(491,885)	(71,357)	(563,242)
Profit before taxation		**14,254,714**	**(10,531,294)**	**3,723,420**	10,151,137	(8,357,761)	1,793,376
Taxation	9	**(1,172,508)**	**499,341**	**(673,167)**	(733,233)	270,542	(462,691)
Profit attributable to owners of the parent		**13,082,206**	**(10,031,953)**	**3,050,253**	9,417,904	(8,087,219)	1,330,685
Total comprehensive income/(expense) for the year attributable to owners of the parent		**13,082,206**	**(10,031,953)**	**3,050,253**	9,417,904	(8,087,219)	1,330,685
Earnings per share (pence):							
Basic and diluted earnings per share	10			**2.77**			1.37

The notes on pages 52 to 72 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2018

	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 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 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**
Profit for the year		–	–	–	3,050,253	3,050,253	–	3,050,253
Total comprehensive income		**–**	**–**	**–**	**3,050,253**	**3,050,253**	**–**	**3,050,253**
Transactions with owners								
Issue of share capital	20,21	186,652	–	23,123,374	(2,717,563)	20,592,463	–	20,592,463
Share based payments charge	13	–	–	–	1,302,498	1,302,498	–	1,302,498
Share based deferred consideration		–	–	–	1,323,000	1,323,000	–	1,323,000
Tax relating to share based payments		–	–	–	(1,032,697)	(1,032,697)	–	(1,032,697)
Ordinary dividends paid	22	–	–	–	(1,872,379)	(1,872,379)	–	(1,872,379)
Transactions with owners		**186,652**	**–**	**23,123,374**	**(2,997,141)**	**20,312,885**	**–**	**20,312,885**
Balance at 31 December 2018		**1,231,869**	**128,573**	**40,478,359**	**13,959,653**	**55,798,454**	**179**	**55,798,633**

The notes on pages 52 to 72 are an integral part of these consolidated financial statements.

Consolidated balance sheet
as at 31 December 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Intangible assets	11	**40,130,047**	26,212,021
Property, plant and equipment	12	**5,645,423**	4,310,058
Deferred tax asset	19	**–**	1,567,611
Total non-current assets		**45,775,470**	32,089,690
Current assets			
Inventories	14	**1,370,306**	1,219,165
Trade and other receivables	15	**39,501,417**	32,531,384
Cash at bank and in hand		**10,525,955**	7,002,025
Total current assets		**51,397,678**	40,752,574
Liabilities			
Current liabilities			
Trade and other payables	16	**9,830,569**	9,030,829
Bank overdraft		**10,402,258**	12,662,910
Finance leases	17	**1,123,782**	736,069
Borrowings	17	**–**	52,167
Loan notes	18	**1,680,000**	–
Deferred consideration	18	**1,935,679**	1,335,432
Current tax liabilities		**571,980**	839,982
Total current liabilities		**25,544,268**	24,657,389
Net current assets		**25,853,410**	16,095,185
Non-current liabilities			
Borrowings	17	**12,000,000**	12,661,742
Loan notes	18	**1,060,881**	2,667,563
Finance leases	17	**1,275,250**	420,075
Deferred consideration	18	**677,000**	–
Deferred tax liability	19	**817,116**	–
Total non-current liabilities		**15,830,247**	15,749,380
Net assets		**55,798,633**	32,435,495
Equity attributable to the owners of the parent			
Share capital	20	**1,231,869**	1,045,217
Capital redemption reserve	21	**128,573**	128,573
Share premium account	21	**40,478,359**	17,354,985
Retained earnings	21	**13,959,653**	13,906,541
		55,798,454	32,435,316
Non-controlling interests		**179**	179
Total equity		**55,798,633**	32,435,495

The consolidated financial statements on pages 48 to 72 were approved by the Board of Directors on 26th March 2019 and were signed on its behalf by:

Paul Teasdale
Chief Executive Officer

Consolidated cash flow statement
for the year ended 31 December 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Profit after taxation		**3,050,253**	1,330,685
Adjustments for:			
Income tax charge	9	**673,167**	462,691
Depreciation	12	**2,237,531**	1,683,633
Amortisation of intangible assets	11	**829,857**	370,623
Profit on disposal of property, plant and equipment	8	**(621,144)**	(319,299)
Finance costs	7	**722,062**	563,242
Share based payments	13	**1,482,243**	2,998,813
		8,373,969	7,090,388
Changes in working capital:			
Increase in inventories		**(59,973)**	(243,705)
Increase in trade and other receivables		**(4,586,208)**	(7,462,133)
(Decrease)/increase in trade and other payables		**932,863**	(195,864)
Cash generated from/(used in) operations		**4,660,651**	(811,314)
Interest paid	7	**(648,743)**	(491,885)
Tax paid		**(1,047,406)**	(790,890)
Net cash inflow/(outflow) from operating activities		**2,964,502**	(2,094,089)
Cash flows from investing activities			
Acquisition of businesses	25	**(11,859,382)**	(14,993,975)
Purchase of property, plant and equipment		**(1,240,713)**	(1,368,289)
Payment of deferred consideration	18	**(1,772,054)**	(1,060,000)
Net proceeds from sale of property, plant and equipment		**1,390,647**	626,002
Net cash outflow from investing activities		**(13,481,502)**	(16,796,262)
Cash flows from financing activities			
(Repayment)/Proceeds from borrowings		**(713,909)**	1,944,124
Capital element of finance lease payments		**(1,704,593)**	(1,028,513)
Issue of shares	20	**20,592,463**	15,807,128
Dividends paid	22	**(1,872,379)**	(1,476,752)
Net cash inflow from financing activities		**16,301,582**	15,245,987
Net increase/(decrease) in cash and cash equivalents		**5,784,582**	(3,644,364)
Cash and cash equivalents at 1 January		**(5,660,885)**	(2,016,521)
Cash and cash equivalents at 31 December*		**123,697**	(5,660,885)

The notes on pages 52 to 72 are an integral part of these consolidated financial statements.

* cash and cash equivalents comprises cash at bank in hand of £10,525,955 (2017: £7,002,025) less bank overdraft of £10,402,258 (2017: £12,662,910).

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 2018 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 2018, and have not been applied in preparing these financial statements.

IFRS 16 'Leases' is a replacement for IAS 17 'Leases' and will be effective for the period ending 31 December 2019 onwards. IFRS 16 required lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for lease contracts.

The Group is currently assessing the impact of IFRS 16 on its existing lease portfolio and it is expected to impact the majority of their operating lease commitments. This includes a material impact on the balance sheet, as both assets and liabilities will increase, and it is also expected to have a material impact on key components on the income statement, such as a reduction in operating expenses, which is expected to materially increase EBITDA. The adoption will also result in an increase in depreciation on the right-of-use asset and interest recognised on the lease liability. This will result in a change to the profile of the income statement over the life of the lease and will consequently impact profit after tax. There will be no impact on cashflows, although the presentation of the cash flow statement will change.

Management has begun to review and quantify the expected impact using the current lease portfolio. The impact of this will depend upon the facts and circumstances as at the time of adoption and the transition choices adopted. The impact is expected to be a material increase in the assets and liabilities of the Group, in a similar quantum to the operating lease commitments noted in the statutory accounts.

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, order book and customer relationships

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. and Guardian Electrical Compliance 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

The group assesses on a forward looking basis the expected credit losses associated with its financial assets measured at amortised cost. The group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. For other financial assets at amortised cost, the group determines whether there has been a significant increase in credit risk since initial recognition. The group recognises twelve month expected credit losses if there has not been a significant increase in credit risk and lifetime expected credit losses if there has been a significant increase in credit risk.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement, and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the assets.

2. ACCOUNTING POLICIES continued

Derecognition continued

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(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.

(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 using the effective interest rate method; 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.

Notes to the consolidated financial statements continued

2. ACCOUNTING POLICIES continued

(r) Income tax continued

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

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

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

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

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

(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:

Critical judgements

Other operating income

During the year, PTSG provided consultancy services to Trinity Fire and Security Systems Limited which was subsequently acquired and is now a subsidiary of the Group. Management has considered whether these two transactions should be accounted for as a linked transaction (by reducing the purchase price by the amount of the consultancy income) and have concluded that they are separate and therefore the consultancy service has been recognised as other operating income in the current year.

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.

Critical estimates

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.

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.

Principally, all revenue originates in the UK.

Notes to the consolidated financial statements continued

4. SEGMENTAL REPORTING continued

2018

	Access and Safety £	Electrical Services £	Building Access Specialists £	Fire Solutions £	Group £	Total £
Revenue						
Total revenue	17,297,574	30,876,933	5,637,377	15,285,271	–	69,097,155
Total revenue from external customers	**17,297,574**	**30,876,933**	**5,637,377**	**15,285,271**	**–**	**69,097,155**
Operating profit before adjusting items	**2,947,284**	**6,987,254**	**1,381,857**	**3,545,763**	**41,299**	**14,903,457**
Restructuring costs	(805,574)	(633,006)	–	(37,203)	–	(1,475,783)
Share options granted to Directors and employees	(2,357,034)	–	–	–	–	(2,357,034)
Amortisation of intangible asset acquired	(52,334)	(752,523)	(25,000)	–	–	(829,857)
Contingent payments in relation to acquisitions	(91,667)	(5,703,634)	–	–	–	(5,795,301)
Segment operating profit	**(359,325)**	**(101,909)**	**1,356,857**	**3,508,560**	**41,299**	**4,445,482**
Net finance cost	(147,804)	(88,883)	(8,184)	(20,382)	(456,809)	(722,062)
Profit before taxation	**(507,129)**	**(190,792)**	**1,348,673**	**3,488,178**	**(415,510)**	**3,723,420**
Other segmental items						
Segment assets	21,332,705	22,713,251	3,696,054	9,195,480	40,235,659	97,173,149
Segment liabilities	(3,455,548)	(18,308,261)	(1,911,014)	(2,847,733)	(14,851,960)	41,374,516
Capital expenditure	1,240,021	2,029,449	362,392	556,332	–	4,188,194
Depreciation	619,594	1,220,513	180,455	216,969	–	2,237,531

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	3,566,878	8,207,767	1,562,312	3,762,732	41,299	17,140,988
Depreciation	(619,594)	(1,220,513)	(180,455)	(216,969)	–	(2,237,531)
Operating profit before adjusting items	**2,947,284**	**6,987,254**	**1,381,857**	**3,545,763**	**41,299**	**14,903,457**
Restructuring costs	(805,574)	(633,006)	–	(37,203)	–	(1,475,783)
Share options granted to Directors and employees	(2,357,034)	–	–	–	–	(2,357,034)
Amortisation of intangible asset acquired	(52,334)	(752,523)	(25,000)	–	–	(829,857)
Contingent payments in relation to acquisitions	(91,667)	(5,703,634)	–	–	–	(5,795,301)
Statutory operating profit	**(359,325)**	**(101,909)**	**1,356,857**	**3,508,560**	**41,299**	**4,445,482**

4. SEGMENTAL REPORTING continued

2017

	Access and Safety £	Electrical Services £	Building Access Specialists £	Fire Solutions £	Group £	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**

Notes to the consolidated financial statements continued

5. EMPLOYEES AND DIRECTORS

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

	2018 £	2017 £
Wages and salaries	**22,980,064**	15,424,130
Defined contribution pension cost (note 5d)	**778,764**	174,304
Share options granted to Directors and employees (note 13)	**2,357,034**	2,860,710
Social security costs	**3,387,358**	2,189,439
	29,503,220	20,648,583

	2018 Number	2017 Number
By reportable segment		
Access and Safety	**173**	157
Electrical Services	**394**	205
Building Access Specialists	**63**	58
Fire Solutions	**65**	37
	695	457

(b) Key Management

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

	2018 £	2017 £
Aggregate emoluments	**1,926,512**	2,215,744
Pension contributions	**57,625**	48,479
	1,984,137	2,264,223

(c) Directors' emoluments

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

	2018 £	2017 £
Aggregate emoluments	**867,000**	1,261,634
Pension contributions	**2,625**	1,425
	869,625	1,263,059

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

Directors Aggregate emoluments

	2018 £	2017 £
Paul Teasdale	**124,431**	124,361
John Foley	**102,365**	103,077
Mark Watford	**166,624**	159,759
Roger Teasdale	**416,743**	828,362
Roger McDowell	**–**	17,500
Alan Howarth	**30,000**	30,000
Michael Higgins	**29,462**	–
	869,625	1,263,059

Mark Watford's emoluments include pension contributions of £2,625.

5. EMPLOYEES AND DIRECTORS continued

(c) Directors' emoluments continued

Highest Paid Director

	2018 £	2017 £
Aggregate emoluments	**416,743**	828,362
Pension contributions	**–**	–
	416,743	828,362

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 £778,764 (2017: £174,304).

6. OPERATING COSTS AND OTHER OPERATING INCOME

	2018 £	2017 £
Distribution costs	**1,263,482**	928,030
Administration costs	**31,475,032**	24,113,628
Other operating income	**(2,221,144)**	(319,299)
	30,517,370	24,722,359

The following adjusting items have been included in administration costs.

	2018 £	2017 £
Restructuring and acquisition related costs	**1,475,783**	1,391,606
Share options granted to Directors and employees (note 13)	**2,357,034**	2,998,813
Amortisation of intangible asset acquired (note 11)	**829,857**	370,623
Contingent amounts payable in relation to acquisitions	**5,795,301**	3,525,362
	10,457,975	8,286,404

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.

Other operating income related to the profit on disposal of fixed assets and during the year ended 31 December 2018, PTSG provided consultancy services to Trinity Fire and Security Systems Limited which was subsequently acquired in a separate transaction and is now a subsidiary of the Group, see note 3 and note 27.

Cash payments in relation to adjusting items are £3,489,154 (2017: £2,451,606).

7. FINANCE COSTS

	2018 £	2017 £
Interest costs:		
Interest payable on borrowings	**383,489**	295,239
Interest arising from finance leases	**265,254**	196,646
	648,743	491,885
Adjusting items:		
Costs associated with acquisition financing	**73,319**	71,357
	722,062	563,242

Notes to the consolidated financial statements continued

8. PROFIT BEFORE TAXATION – ANALYSIS BY FUNCTION

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

	2018 £	2017 £
Net operating costs		
– Distribution costs	**1,263,482**	928,030
– Administrative costs	**31,475,032**	24,113,628
Employment benefit expense	**29,503,220**	20,648,583
Depreciation of property, plant and equipment – leased (note 12)	**1,882,509**	1,462,740
Depreciation of property, plant and equipment – owned (note 12)	**355,022**	220,893
Amortisation of intangible assets	**829,857**	370,623
Profit on the sale of property, plant and equipment	**(621,144)**	(319,299)
Consultancy services	**(1,600,000)**	–
Operating lease rentals		
– Land and building	**593,734**	366,270

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

	2018 £	2017 £
Fees payable to Company's auditor for the audit of the parent company and consolidated financial statements	**12,360**	12,000
Fees payable to Company's auditor for other services:		
– The audit of Company's subsidiaries	**155,440**	148,000
– Other services	**–**	–
– Tax compliance	**35,000**	29,400
	202,800	189,400

9. TAXATION

Analysis of charge in year	2018 £	2017 £
Current tax on profits for the year	**528,619**	1,077,315
Adjustments in respect of prior years	**(10,008)**	(242,153)
Total current tax	**518,611**	835,162
Origination and reversal of temporary differences	**148,496**	(377,356)
Adjustments in respect of prior years	**6,060**	4,885
Total deferred tax (note 19)	**154,556**	(372,471)
Income tax charge	**673,167**	462,691

The tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2017: 19.25%).

The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	**3,723,420**	1,793,376
Profit on ordinary activities multiplied by the rate of corporation tax in the UK	**707,450**	345,225
Effects of:		
Other expenses not deductible	**1,726,542**	979,949
Other adjustments	**(1,756,877)**	(625,214)
Adjustment in respect of prior years	**(3,948)**	(237,269)
Total taxation charge	**673,167**	462,691

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 2018 is £1,501,385 (2017: £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 2018 was based on the profit attributable to ordinary shareholders of £3,050,253 (year ended 31 December 2017: £1,330,685).

	2018 £	2017 £
Profit for the year attributable to owners of the parent	**3,050,253**	1,330,685
Weighted average number of Ordinary Shares in issue for the basic earnings per share	**110,296,535**	96,809,578
Basic and diluted earnings per share (in pence per share)	**2.77**	1.37

The calculation of adjusted earnings per share for the year ended 31 December 2018 was based on the profit before adjusting items of £13,082,206 (year ended 31 December 2017: £9,417,904).

	2018 £	2017 £
Adjusted earnings	**13,082,206**	9,417,904
Weighted average number of shares	**110,296,535**	96,809,578
Adjusted earnings per share (pence)	**11.86**	9.73

11. INTANGIBLE ASSETS

	Goodwill £	Tender list, customer relationships, software and order book £	Total £
Cost			
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**
Additions	8,584,816	6,163,067	14,747,883
At 31 December 2018	**32,331,450**	**9,870,967**	**42,202,417**
Accumulated amortisation			
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**
Charge for the year	–	829,857	829,857
At 31 December 2018	**264,057**	**1,808,313**	**2,072,370**
Net book amount			
At 31 December 2018	**32,067,393**	**8,062,654**	**40,130,047**
At 31 December 2017	23,482,577	2,729,444	26,212,021

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:

	2018 £	2017 £
Access and Safety	**5,946,855**	5,946,855
Electrical Services	**21,457,405**	14,273,663
Building Access Specialists	**751,487**	751,487
Fire Solutions	**3,911,646**	2,510,572
Total goodwill	**32,067,393**	23,482,577

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 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**
Acquisitions	–	60,010	–	244,877	237,898	542,785
Additions	–	35,189	3,443,936	280,065	429,004	4,188,194
Disposals	(1,007,316)	–	(821,757)	(1,925)	(900)	(1,831,898)
At 31 December 2018	**–**	**291,895**	**8,000,315**	**1,609,447**	**2,581,267**	**12,482,924**
Accumulated depreciation						
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**
Acquisitions	–	40,071	–	172,724	175,785	388,580
Charge for the year	6,296	9,853	1,882,509	188,491	150,382	2,237,531
On disposals	(376,203)	–	(683,367)	(1,925)	(900)	(1,062,395)
At 31 December 2018	**–**	**117,404**	**4,408,512**	**1,023,832**	**1,287,753**	**6,837,501**
Net book amount						
At 31 December 2018	**–**	**174,491**	**3,591,803**	**585,615**	**1,293,514**	**5,645,423**
At 31 December 2017	637,409	129,216	2,168,766	421,888	952,779	4,310,058

Finance lease commitments

Included in motor vehicles are assets held under finance leases with a net book value of £3,591,803 (2017: £2,168,766) and accumulated depreciation of £4,408,512 (2017: £3,209,370).

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 last of these milestones was met at the end of 2018. 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 2018 was £1,302,498 plus £179,745 of National Insurance making a total of £1,482,243 (2017: £2,444,433 plus £554,380 of National Insurance making a total of £2,998,813), for the final milestone payment, plus an additional £874,791 of employer's National Insurance from the previous awards that were settled in 2018.

3. In accordance with the Sale and Purchase Agreement relating to the acquisition of Pendrich Height Services , £100,000 of the deferred consideration was satisfied by the issue of 53,333 Ordinary Shares at 187.5p per share.

4. In accordance with the Sale and Purchase Agreement relating to the acquisition of Brooke Edgely Specialist Technical Services, the deferred consideration of £1,323,347 was satisfied by the issue of 687,452 Ordinary Shares at 192.5p per share.

14. INVENTORIES

	2018 £	2017 £
Finished goods	**1,370,306**	1,219,165

15. TRADE AND OTHER RECEIVABLES

	2018 £	2017 £
Amounts falling due within one year:		
Trade receivables	**26,570,543**	21,160,860
Less: provision for impairment of trade receivables	**(1,158,213)**	(987,374)
Trade receivables – net	**25,412,330**	20,173,486
Accrued income	**8,421,524**	9,828,040
Other receivables	**1,949,289**	371,000
Prepayments	**3,718,274**	2,158,858
	39,501,417	32,531,384

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.

Notes to the consolidated financial statements continued

15. TRADE AND OTHER RECEIVABLES continued

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

	2018 £	2017 £
Impaired		
Less than 1 year	187,026	205,629
Over 1 year	971,187	781,745
	1,158,213	987,374
Not impaired		
Less than 120 days	20,171,916	14,821,428
Over 120 days and less than 1 year	2,970,762	2,932,675
Over 1 year	2,269,652	2,419,383
	25,412,330	20,173,486

Balances not impaired over 120 days relate to retentions (2018: £1,300,009) and other amounts that management consider to be recoverable.

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

	2018 £	2017 £
At 1 January	987,374	587,870
Provision for receivables impairment	170,839	399,504
At 31 December	1,158,213	987,374

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

16. TRADE AND OTHER PAYABLES

	2018 £	2017 £
Trade payables	4,536,625	3,783,112
Other tax and social security payable	3,926,527	2,937,764
Accruals and other payables	1,367,816	2,309,953
	9,830,968	9,030,829

17. BORROWINGS

Book value	2018 £	2017 £
Non-current		
Bank borrowings	12,000,000	12,661,742
Finance lease liabilities	1,275,250	420,075
Total non-current	13,275,250	13,081,817
Current		
Bank borrowing	–	52,167
Finance lease liabilities	1,123,782	736,069
Total current	1,123,782	788,236
	14,399,032	13,870,053

The bank borrowings reflect the amount drawn down from the five year £12,000,000 Revolving Credit Facility, which expires on 30 September 2020. 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.

17. BORROWINGS continued

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

	2018		2017	
	Carrying amount £	**Fair value £**	Carrying amount £	Fair value £
Bank borrowings	**12,000,000**	**12,000,000**	12,661,742	12,661,742
Finance lease liabilities	**1,275,250**	**1,275,250**	420,075	420,075
	13,275,250	**13,275,250**	13,081,817	13,081,817

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:

	2018 £	2017 £
Less than 12 months	**1,123,782**	788,236
1-5 years	**13,275,250**	13,081,817
	14,399,032	13,870,053

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	**2018 £**	2017 £
Current	**1,935,679**	1,335,432
Non-current	**677,000**	–
	2,612,679	1,335,432

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 Pendrich Height Services and Brooke Edgely Specialist Technical Services part of the deferred consideration was satisfied by the issue of Ordinary Shares as detailed in note 13.

Analysis of deferred consideration	£
As at 31 December 2017	**1,335,432**
Settled in cash	(1,772,054)
Settled in equity	(1,423,000)
Charge in income statement	5,795,301
Credit to retained earnings	(1,323,000)
As at 31 December 2018	**2,612,679**

Loan notes	**2018 £**	2017 £
Current	**1,680,000**	1,896,000
Non-current	**1,060,881**	771,563
	2,740,881	2,667,563

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.

Notes to the consolidated financial statements continued

19. DEFERRED TAX

	£
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**
As at 1 January 2018	**1,567,611**
Charge to statement of comprehensive income	(148,496)
Charge to equity	(1,032,697)
Arising on acquisition	(1,197,474)
Adjustment in respect of prior years	(6,060)
As at 31 December 2018	**(817,116)**

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

Short term timing differences account for (£708,771) (2017: £1,662,562) of the deferred tax amount. The balance comprises accelerated capital allowances of (£108,345) (2017: £94,951).

20. CALLED UP SHARE CAPITAL

	2018 £	2017 £
Allotted, called up and fully paid		
123,186,942 (2017: 104,521,660) Ordinary Shares of 1p each	**1,231,869**	1,045,217
	1,231,869	1,045,217

On 18 June 2018 5,226,083 Ordinary Shares were issued to Roger Teasdale, at 52p, as part of his service agreement detailed in note 13.

On 11 July 2018 687,452 Ordinary Shares were issued at £1.925 as payment of deferred consideration on the Brooke Edgley (Industrial Chimneys) Ltd.

On 5 September 2018 53,333 Ordinary Shares were issued at £1.875 as payment of deferred consideration on Pendrich Height Services Ltd.

On 18 October 2018 12,698,414 shares were issued at £1.575 as the equity raise to cover the acquisition of Guardian Electrical Compliance Ltd.

The issued ordinary share capital of the Company as at the date of this document, is 123,186,942 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 £23,123,374

22. DIVIDENDS

In the year, dividends of 1.7p per ordinary share (2017: 1.5p) were paid.

	2018 Pence per share	2017 Pence per share	2018 £	2017 £
Final dividends paid	**0.80**	0.70	**877,982**	640,579
Interim dividends paid	**0.90**	0.80	**994,397**	836,173
	1.70	1.50	**1,872,379**	1,476,752

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:

	2018 £	2017 £
Within 1 year	**851,323**	389,219
Later than 1 year and less than 5 years	**2,463,902**	1,406,007
After 5 years	**3,317,791**	1,954,750
	6,633,016	3,749,976

(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 2018, 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 £60,000 (2017: £53,300) 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,g exposure to risk. The Group has no significant concentration of credit risk. Management believe that there is no further credit risk provision required in excess of the provisions for doubtful receivables.

(c) Liquidity risk

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

(d) Capital risk management

The aim of the Group is to maintain sufficient funds to enable it to make suitable investments and incremental acquisitions whilst minimising recourse to bankers and/or shareholders. The Group currently has overdraft facilities in place of £10m all of which was undrawn at the year end (2017: £2.3m).

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

Notes to the consolidated financial statements continued

25. BUSINESS ACQUISITIONS

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

M&P Fire Protection Ltd

On 5 July 2018, 100% of the ordinary share capital of M&P Fire Protection Limited was purchased for a total cash consideration of £1.1m. This acquisition has been accounted for in the consolidated financial statements by the acquisition method of accounting.

M&P Fire Protection Ltd undertakes the design, installation and maintenance of dry risers and sprinklers and strengthens the Group's established and growing position in the fire protections market sector.

The turnover and operating profit of M&P Fire Protection Limited for the period from the date of acquisition to 31 December 2018 included in the consolidated financial statements was £1,885,630 and £470,493 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	3,755	–	3,755
Current assets			
Stock	–	–	–
Debtors	541,359	–	541,359
Cash	195,585	–	195,585
Total assets	**740,699**	**–**	**740,699**
Liabilities			
Trade creditors	383,770	–	383,770
Other creditors	702,716	–	702,716
Total liabilities	**1,086,486**	**–**	**1,086,476**
Net liabilities	**(345,787)**	**–**	**(345,787)**
Cash consideration			**1,055,287**
Goodwill			**1,401,074**
Cash paid to gain control net of cash acquired			**859,702**

There are twenty fixed deferred payments of £25,788 payable quarterly and a maximum contingent deferred consideration of £3,322,500 payable over five 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.

25. BUSINESS ACQUISITIONS continued

Guardian Electrical Compliance Ltd

On 15 October 2018, 100% of the ordinary share capital of Guardian Electrical Compliance Ltd was purchased for a total cash consideration of £13.1m. This acquisition has been accounted for in the consolidated financial statements by the acquisition method of accounting.

Guardian Electrical Compliance Ltd is a national electrical testing and compliance business based in Sheffield. The acquisition is wholly aligned with our stated strategy of continuing to increase revenues from compliance related services.

The turnover and operating profit of Guardian Electrical Compliance Ltd for the period from the date of acquisition to 31 December 2018 included in the consolidated financial statements was £3,141,227 and £1,117,417 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	150,450	–	150,450
Intangible assets	–	6,163,067	6,163,067
Current assets			
Stock	91,168	–	91,168
Debtors	1,842,466	–	1,842,466
Cash	2,099,058	–	2,099,058
Total assets	**4,183,142**	**6,163,067**	**10,346,209**
Liabilities			
Trade creditors	154,340	–	154,340
Other creditors	3,105,940	1,170,983	4,276,923
Total liabilities	**3,260,280**	**1,170,983**	**4,431,263**
Net assets	**922,862**	**4,992,084**	**5,914,946**
Cash consideration			**13,098,738**
Goodwill			**7,183,792**
Cash paid to gain control net of cash acquired			**10,999,680**

The fair value adjustment shown above represents the recognition of an intangible asset in relation to customer relationships and software and associated tax balance.

There is a maximum contingent deferred consideration of £4,000,000 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.

Notes to the consolidated financial statements continued

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 £462,912 (2017: £332,691) 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 Brooke Edgley (Industrial Chimneys) Limited.

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 five interest-free loans outstanding repayable on demand to key personnel of £514,538 (2017: £425,000).

A full list of subsidiaries are detailed on page 79.

27. POST BALANCE SHEET EVENTS
During the year ended 31 December 2018, PTSG provided consultancy services to Trinity Fire and Security Systems Limited which was subsequently acquired in a separate transaction and is now a subsidiary of the Group. On 21 January 2019 the Company acquired Trinity Fire and Security Systems Protection Ltd, a well-established, high quality specialist in the testing, maintenance and installation of fire and security systems, based in Exeter, with 10 offices throughout the UK. Initial consideration was a cash payment of £10.8m with deferred consideration of up to £5.0m payable over two years, subject to Trinity achieving stretching and escalating milestone profitability targets which are self-financing in each of those periods. The deferred consideration can be paid in cash or shares at the option of PTSG.

In March 2019 the group refinanced its banking facilities with HSBC.

28. 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 2018 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, UK Dry Risers Limited, UK Dry Risers (Maintenance) Limited, M&P Fire Protection Limited, companies registered in England and Wales and NATHS Limited, Pendrich Height Services Limited, companies 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 COMPANY 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 2018;
- 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 2018 (the "Annual Report"), which comprise: the company balance sheet as at 31 December 2018; and 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: £608,000 (2017: £227,000), 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 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 managements experts. These 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 our audits we also addressed the risk of management override of internal controls, including testing journals and evaluating whether there were 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 materiality	£608,000 (2017: £227,000).
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 £30,400 (2017: £11,300) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern
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.

We have nothing to report in respect of the above matters.

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. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

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 2018 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 set out on page 43, 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 2018.

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

26 March 2019

Company balance sheet
as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	2	**18,581,740**	14,464,154
Current assets			
Debtors	3	**42,260,651**	29,262,696
Creditors – amounts falling due within one year	4	**(3,179,203)**	(5,331,134)
Net current assets		**39,081,448**	23,931,562
Total assets less current liabilities		**57,663,188**	38,395,716
Creditors – amounts falling due after one year	5	**(13,060,882)**	(14,792,563)
Net assets		**44,602,306**	23,603,153
Capital and reserves			
Called up share capital	6	**1,231,869**	1,045,217
Capital redemption reserve		**128,573**	128,573
Share premium account		**40,478,359**	17,354,985
Profit and loss account			
As at 1 January		**5,074,378**	4,748,918
Loss for the year attributable to owners		**(415,512)**	(404,591)
Other changes in retained earnings		**(1,895,361)**	730,051
	7	**2,763,505**	5,074,378
Total shareholders' funds	8	**44,602,306**	23,603,153

The financial statements on pages 76 to 81 were approved by the Board of Directors on 26 March 2019 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 2018

	Share capital £	Capital redemption reserve £	Share Premium Account £	Retained earnings £	Total £
	Attributable to owners of the parent				
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**
Loss for the year	–	–	–	(415,512)	(415,512)
Total comprehensive expense	**–**	**–**	**–**	**(415,512)**	**(415,512)**
Transactions with owners					
Issue of share capital	186,652	–	23,123,374	(4,140,565)	19,169,461
Share based payments in subsidiaries	–	–	–	4,117,583	4,117,583
Ordinary dividends paid	–	–	–	(1,872,379)	(1,872,379)
Transactions with owners	**186,652**	**–**	**23,123,374**	**(1,895,361)**	**21,414,665**
Balance at 31 December 2018	**1,231,869**	**128,573**	**40,478,359**	**2,763,505**	**44,602,306**

The notes on pages 78 to 81 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 2018 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 2018 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 2017	9,836,720
Additions	4,627,434
At 31 December 2017	**14,464,154**
Additions	4,117,586
Net book value:	
At 31 December 2018	**18,581,740**
At 31 December 2017	14,464,154

The additions relate to capital contributions for share based payments.

2. INVESTMENTS continued

The subsidiary undertakings at 31 December 2018 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%*
M&P Fire Protection Ltd	Installation and maintenance of dry riser and sprinkler systems	100%*
Guardian Electrical Compliance Ltd	Portable appliance and fixed wire testing	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%*
M&P Dry Risers 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

	2018 £	2017 £
Amounts owed by group undertakings	**41,597,299**	28,492,539
Prepayments	**663,352**	770,157
	42,260,651	29,262,696

Amounts owed by group undertakings are unsecured, interest free and payable on demand. Having considered the requirement of IFRS 9, there is no provision required against these intercompany receivables.

4. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Overdrafts	**1,420,252**	5,279,784
Amounts owed to group undertakings	**7,150**	7,150
Loan note	**1,680,000**	–
Accruals	**71,801**	44,200
	3,179,203	5,331,134

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

	2018 £	2017 £
Loan notes	**1,060,882**	2,667,563
Bank loan	**12,000,000**	12,000,000
Other creditors	**–**	125,000
	13,060,882	14,792,563

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

	2018 £	2017 £
Allotted and fully paid		
123,186,942 (2017: 104,521,660) Ordinary Shares of 1p each	**1,231,872**	1,045,217
	1,231,339	1,045,217

Details of shares issued can be found on page 68.

7. PROFIT AND LOSS ACCOUNT

	£
Balance as at 1 January 2018	5,074,378
Loss for the financial year	(415,512)
Share based payments in subsidiaries	(22,982)
Equity dividends	(1,872,379)
Balance as at 31 December 2018	**2,763,505**

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 £415,512 (2017: loss of £404,594). The audit fee in respect of the Company was £2,070 (2017: £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

	2018 £	2017 £
Loss for the financial year	**(415,512)**	(404,591)
Shares issued	**19,169,461**	15,807,128
Share based payments in subsidiaries	**4,117,583**	3,367,434
Equity dividends	**(1,872,379)**	(1,476,752)
Net addition to shareholders' funds	**20,999,153**	17,293,219
Opening shareholders' funds as at 1 January	**23,603,153**	6,309,934
Closing shareholders' funds as at 31 December	**44,602,306**	23,603,153

Share based payments

1. As at 31 December 2018 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. 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
Additional equity to be issued	2.5%	2.5%	2.5%	2.5%

The Directors have reviewed the above and the Company hit the final of these milestones at the end of 2018. 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 2018 was £1,301,805 plus £179,649 of National Insurance making a total of £1,481,454 (2017: £2,444,433 plus £554,380 of National Insurance making a total of £2,998,813). This has been treated in the financial statements of the Company as a capital contribution to PTSG Access & Safety Ltd.

Company information

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