

**Company Registration Number 954121**

**INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

**Report and Financial Statements**

**31 March 2007**

THURSDAY



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COMPANIES HOUSE

# **INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

## **REPORT AND FINANCIAL STATEMENTS 2007**

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**INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

S T Ashdown  
B Melizan

**SECRETARY**

S A Lawrence (appointed 5 January 2007)

**REGISTERED OFFICE**

Capital Tower  
91 Waterloo Road  
London  
SE1 8RT

**AUDITORS**

Deloitte & Touche LLP  
London

## **INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

### **DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 March 2007

### **PRINCIPAL ACTIVITY**

The principal activity of the company is the provision of comprehensive management and maintenance services to Slough Borough Council. The directors expect that this will continue to be the principal activity of the company for the foreseeable future.

### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The results for the period ended 31 March 2007 are set out in the financial statements on pages 7 to 19. No dividend for the period is proposed (2006 nil).

The contract with Slough Borough Council has continued to develop through the year, and performance against our targets has been consistently good. We have shown turnover growth in the year, most notably in the area of Aids & Adaptations, where we have supported the client in a specific area where they have applied high levels of spending. Other areas which have shown continuing strong growth are Internal Decorations, Reactive Works on corporate buildings, and Void Properties, where we have had a large increase in volume over the year, yet have managed quick turnaround in line with targets set by the Council.

In early January 2008, the Council were awarded their two star status for the management of their Estate, which will result in the release of around £45m of funding for estate improvements to bring assets up to the Decent Homes standard as laid out by the government. It is anticipated that because of this, the contract will continue to perform strongly as we support our client through this investment.

No significant post balance sheet events have been noted.

### **FINANCIAL RISK MANAGEMENT AND PRINCIPAL RISKS AND UNCERTAINTIES**

The company has exposures to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The board has policies for managing each of these risks and they are summarised below.

#### **Inflation risk**

The company's project revenue and most of its costs were linked to inflation at the inception of the project, resulting in the project being largely insensitive to inflation.

#### **Liquidity risk**

The company adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. Due to the nature of the project, cash flows are reasonably predictable and so this is not a major risk area for the company.

#### **Credit risk**

The company receives the bulk of its revenue from a government department and therefore is not exposed to significant credit risk.

# **INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

## **DIRECTORS' REPORT (continued)**

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the period and subsequently were as follows

M Darroch, Non Executive (resigned 10 November 2007)

S T Ashdown

B Melizan

B W Spencer (resigned 5 February 2007)

J M Thompson (resigned 31 October 2007)

The interests of the directors, who were in office at the year end at 31 March 2006, or date of appointment and 31 March 2007, in the share capital of the ultimate parent undertaking Interserve Plc are as stated below No director had any interests in the share capital of the company or any other group company

	Shares of 10p each		Options over shares of 10p each				Exercise price p	Period of exercise
	1 April 2006 *	31 March 2007	1 April 2006 *	Granted during year	Lapsed during year	31 March 2007		
M Darroch	515,309	515,309	5,529	-	-	5,529	542.5	26 Mar 04 to 25 Mar 11
M Darroch	-	-	24,471	-	-	24,471	542.5	26 Mar 04 to 25 Mar 08
B Melizan	-	-	75,000	-	-	75,000	253.25	26 May 07 to 25 May 14
B Melizan	-	-	75,140	-	-	75,140	359.3	14 Mar 08 to 13 Mar 15
B W Spencer	-	-	1,705	-	-	1,705	566.5	19 Mar 05 to 18 Mar 09
B W Spencer	-	-	5,295	-	-	5,295	566.5	19 Mar 05 to 18 Mar 12
B W Spencer	-	-	28,000	-	-	28,000	253.3	26 May 07 to 25 May 14
B W Spencer	-	-	34,787	-	-	34,787	359.3	14 Mar 08 to 13 Mar 15
J M Thompson	-	-	20,000	-	-	20,000	253.3	26 May 07 to 25 May 14
J M Thompson	-	-	27,830	-	-	27,830	359.3	14 Mar 08 to 13 Mar 15

\* Or date of appointment

The market price of Interserve Plc shares at 31 March 2007 was 486.75p (2006 382.00p) The high/low during the year was 505.00p (2006 397.00p) and 260.00p (2006 325.00p).

### **EMPLOYEES**

The company's management policy seeks to ensure that all employees' careers are determined solely on merit No employee will suffer because of gender, race, ethnic origin or religious belief.

It is the company's policy to consider for employment and enable suitably qualified disabled persons to seek and maintain employment and to assist them in overcoming their handicaps at work The company recognises that special conditions are necessary in view of the nature of its main activities to ensure that disabled persons employed are properly trained for the tasks they perform.

Managers are tasked with developing employees' awareness of factors affecting the business and matters concerning them as employees and noting employees' views so they can be taken into account when making decisions which may affect them or the business

**INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

**DIRECTORS' REPORT (continued)**

**AUDITORS**

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware and
- (2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985

A resolution to reappoint Deloitte & Touche LLP as the company's auditors will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



S Ashdown  
Director

30 January 2008.

## **INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report including the financial statements. The directors have chosen to prepare the financial statements for the company in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP).

Company law requires the directors to prepare such financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the company and of the profit or loss of the company for that period and comply with UK GAAP and the Companies Act 1985. In preparing those financial statements, the directors are required to

- ☐ select suitable accounting policies and then apply them consistently,
- ☐ make judgements and estimates that are reasonable and prudent,
- ☐ state whether applicable accounting standards have been followed, and
- ☐ prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### INTERSERVE (FACILITIES SERVICES-SLOUGH) LIMITED

We have audited the financial statements of Interserve (Facilities Services-Slough) Limited for the year ended 31 March 2007 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### Basis of audit opinion

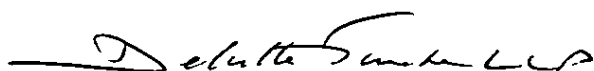
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### Opinion

In our opinion

- ☐ the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice of the state of the company's affairs as at 31 March 2007 and of its profit for the year then ended,
- ☐ the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- ☐ the information given in the directors' report is consistent with the financial statements.



**DELOITTE & TOUCHE LLP**  
Chartered Accountants and Registered Auditors  
London, United Kingdom

31 January 2008



**INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD****PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 2007**

	<b>Note</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>TURNOVER</b>	<b>1</b>	<b>8,928</b>	<b>7,771</b>
Cost of sales		<u>(7,493)</u>	<u>(6,707)</u>
<b>GROSS PROFIT</b>		<b>1,435</b>	<b>1,064</b>
Administrative expenses		<u>(1,262)</u>	<u>(1,265)</u>
<b>OPERATING PROFIT/(LOSS)</b>	<b>2</b>	<b>173</b>	<b>(201)</b>
Net interest payable	<b>4</b>	<u>(3)</u>	<u>(62)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>170</b>	<b>(263)</b>
Tax (charge)/credit on profit/(loss) on ordinary activities	<b>5</b>	<u>(113)</u>	<u>159</u>
<b>PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>	<b>11</b>	<u><b>57</b></u>	<u><b>(104)</b></u>

All results derive from continuing operations

**INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 March 2007**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Profit/(loss) for the financial year	57	(104)
Actuarial gain/(loss) relating to the pension scheme liability	836	(302)
Deferred tax attributable to actuarial gain/(loss)	(251)	91
<b>Total recognised gains and losses relating to the year</b>	<b>642</b>	<b>(315)</b>

**INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

**BALANCE SHEET**  
At 31 March 2007

	Note	2007		2006	
		£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>					
Tangible assets	6		28		-
<b>CURRENT ASSETS</b>					
Stock		125		139	
Debtors (including £159,000 due after more than one year (2006 £179,000))	7	1,907		1,078	
Cash at bank and in hand		2,264		1,257	
		<u>4,296</u>		<u>2,474</u>	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	8	<u>(6,165)</u>		<u>(4,394)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(1,869)</u>		<u>(1,920)</u>
<b>NET LIABILITIES EXCLUDING PENSION LIABILITY</b>			<u>(1,841)</u>		<u>(1,920)</u>
<b>PENSION LIABILITY</b>	13		<u>(356)</u>		<u>(919)</u>
<b>NET LIABILITIES INCLUDING PENSION LIABILITY</b>			<u>(2,197)</u>		<u>(2,839)</u>
<b>SHARE CAPITAL AND RESERVES</b>					
Called up share capital	10		-		-
Profit and loss account	11		<u>(2,197)</u>		<u>(2,839)</u>
<b>SHAREHOLDERS' DEFICIT</b>	11		<u>(2,197)</u>		<u>(2,839)</u>

These financial statements were approved by the Board of Directors on 30th January 2008.

Signed on behalf of the Board of Directors



**S Ashdown**  
Director

## **INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2007**

#### **1. ACCOUNTING POLICIES**

These financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

##### **Turnover**

The activities of the company are regarded by the directors as a single class of business and are all performed in the United Kingdom. Revenue is recognised on the provision of contracted services.

Turnover represents sales and value of work done excluding VAT.

##### **Accrued income**

Turnover is ascertained in a manner appropriate to the stage of completion of the work performed and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. Accrued income is stated at cost plus attributable profit less provision for any known or anticipated losses.

##### **Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation of fixed assets is calculated to write-off their cost less any residual value over their estimated useful lives as follows:

Fixtures, fittings and equipment	20%
----------------------------------	-----

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

##### **Leases**

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

##### **Taxation**

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

# INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2007

### 2. OPERATING PROFIT/(LOSS)

	2007 £'000	2006 £'000
Operating profit/(loss) is stated after charging:		
Rentals under operating leases		
- plant and machinery	196	165
- other	174	140
Depreciation	-	3
Auditors remuneration - audit services	13	13
	<u>          </u>	<u>          </u>

### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Messrs Ashdown, Darroch, Melzan, Spencer and Thompson were remunerated for their services to the group by Interserve<sup>fm</sup> Ltd and it is not practicable to allocate their remuneration between the companies of which they are directors

	2007 £'000	2006 £'000
Staff costs during the period (including directors)		
Wages and salaries	3,949	3,778
Social security costs	269	246
Other pension costs	481	275
	<u>          </u>	<u>          </u>
	4,699	4,299
	<u>          </u>	<u>          </u>

The average weekly number of employees during the period was

	No.	No.
Administration	42	41
Labour	124	117
	<u>          </u>	<u>          </u>
	166	158
	<u>          </u>	<u>          </u>

The company also utilised 23 agency staff whose costs are not included above (2006 21 agency staff).

### 4. NET INTEREST PAYABLE

	2007 £'000	2006 £'000
Bank interest payable	(103)	(118)
FRS 17 interest receivable	100	56
	<u>          </u>	<u>          </u>
	(3)	(62)
	<u>          </u>	<u>          </u>

**INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2007**

**5. TAX CHARGE/(CREDIT) ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
The taxation charge is made up as follows		
UK corporation tax at 30% (2006 30%)	49	(52)
Deferred tax charge/(credit)	12	(107)
Prior year adjustment	52	-
	<u>64</u>	<u>(107)</u>
<b>Total tax charge/(credit)</b>	<u>113</u>	<u>(159)</u>

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 30% (2006 30%). The current tax charge for the period differs from the standard rate for the reasons set out in the following reconciliation

	<b>£'000</b>	<b>£'000</b>
Profit/(loss) on ordinary activities before taxation	<u>170</u>	<u>(263)</u>
	<b>£'000</b>	<b>£'000</b>
Tax on profit/(loss) on ordinary activities at standard rate	51	(79)
Factors affecting the charge		
Disallowable expenses	1	10
Differences between capital allowances and depreciation	(12)	3
Movement in short-term timing differences	-	7
FRS 17 adjustment	9	7
<b>Tax charge/(credit) on profit/(loss) on ordinary activities</b>	<u>49</u>	<u>(52)</u>

The future reduction in the corporation tax rate to 28% is not anticipated to materially affect the future tax charge.

# **INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

## **NOTES TO THE FINANCIAL STATEMENTS** **Year ended 31 March 2007**

### **6. TANGIBLE FIXED ASSETS**

	<b>Fixtures, fittings and equipment £'000</b>
<b>Cost</b>	
At 1 April 2006	62
Additions	28
	<hr/>
At 31 March 2007	90
	<hr/>
<b>Depreciation</b>	
At 1 April 2006	62
Charge for the year	-
	<hr/>
At 31 March 2007	62
	<hr/>
<b>Net book value</b>	
At 31 March 2007	28
	<hr/>
At 31 March 2006	-
	<hr/>

Due to the timing of purchase of the fixed assets, an insignificant depreciation charge has accrued which is not seen above due to rounding

<b>7. DEBTORS</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
Trade debtors	67	26
Prepayments and accrued income	1,514	924
Taxation recoverable	257	-
Deferred tax asset (note 9)	36	100
Other debtors	33	28
	<hr/>	<hr/>
	1,907	1,078
	<hr/>	<hr/>

Included above is a balance of £159,000 (2006: £179,000) which is due in greater than one year

**INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2007**

<b>8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	442	158
Amounts owed to group undertakings	4,265	2,732
Other taxation and social security	157	86
Other creditors	122	122
Accruals and deferred income	1,179	1,137
Deferred consideration	-	159
	<u>6,165</u>	<u>4,394</u>
 <b>9. DEFERRED TAXATION</b>	 <b>2007</b>	 <b>2006</b>
	<b>£'000</b>	<b>£'000</b>
Opening deferred tax asset	494	296
<b>Movement in profit and loss account</b>		
Short-term timing differences and accelerated capital allowances	(64)	100
Pension deficit charge	9	7
<b>Movement in statement of recognised gains and losses</b>		
Pension deficit	(251)	91
<b>Closing deferred tax asset</b>	<u>188</u>	<u>494</u>
 Deferred tax asset consists of the following amount	 <b>£'000</b>	 <b>£'000</b>
Debtors (note 7)		
Short-term timing differences	7	7
Accelerated capital allowances	29	41
Other	-	52
<b>Total deferred tax recognised in debtors</b>	<u>36</u>	<u>100</u>
 Pension scheme deficit (note 13)	 152	 394
<b>Total deferred tax asset</b>	<u>188</u>	<u>494</u>

The deferred tax asset in respect of the pension deficit of £152,000 (2006 £394,000) is shown netted off the pension scheme liability



# **INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2007**

<b>10 CALLED UP SHARE CAPITAL</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
100 Ordinary shares of £1 each	100	100
100 Deferred shares of £1 each	100	100
	<u>200</u>	<u>200</u>
	<b>£</b>	<b>£</b>
<b>Called up, allotted and fully paid</b>		
100 Ordinary shares of £1 each	100	100
100 Deferred shares of £1 each	100	100
	<u>200</u>	<u>200</u>

The deferred shares have the right to receive, pari passu with holders of ordinary shares, a dividend from the distributable profits of the company; but only after the ordinary shares have been paid a dividend of £10 per share

On winding up or reduction of capital the deferred shares have the right to the repayment of capital, but only after the ordinary shares have been repaid

The deferred shares shall not entitle the holders thereof to receive notice of or to attend or vote at any General Meeting of the company

## **11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT**

	<b>Called up share capital £'000</b>	<b>Profit and loss account £'000</b>	<b>Total £'000</b>
At 31 March 2006	-	(2,839)	(2,839)
Profit for the financial year	-	57	57
Actuarial gain (net of deferred tax) recognised on the pension scheme	-	585	585
<b>Balance at 31 March 2007</b>	<u>-</u>	<u>(2,197)</u>	<u>(2,197)</u>

## **INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

### **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2007**

#### **12. CASH FLOW STATEMENT**

As a wholly owned subsidiary of a UK registered company, the company has taken advantage of the exemption from the requirement to produce a cash flow statement. A consolidated cash flow statement is included in the Interserve Plc group accounts.

#### **13. PENSION ARRANGEMENTS**

The company participates in the Royal County of Berkshire pension fund. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the company. The last formal valuation of the Pension Scheme was performed as at 31 March 2004. The accounting charges and the notes below have been prepared based on this valuation.

FRS 17 "Retirement Benefits" requires a market based approach to the actuarial valuation of defined benefit schemes. This results in a greater volatility of the pension scheme's surplus or deficits as the market valuation is taken at each balance sheet date and reflects market conditions at that date.

The cost of pensions in respect of the Royal County of Berkshire Pension Scheme is charged to the profit and loss account. The Service Cost is charged in the year employees earn additional pensionable service. As required by FRS 17, the value of the defined benefit liabilities has been measured using the projected unit method. The pension costs are assessed in accordance with the advice of an independent qualified actuary.

The agreed contribution rate for the next 12 months is 14% (2006 14%).

An updated FRS 17 valuation of the scheme as at 31 December 2004 indicated that the scheme was 83% funded.

<b>Assumptions</b>	<b>31 March 2007</b>	<b>31 March 2006</b>	<b>31 March 2005</b>
Pay increases	3.2%	3.1%	2.9%
Discount rate	5.4%	4.9%	5.4%
Pension increases	3.2%	3.1%	2.9%
Salary growth	4.7%	4.6%	4.4%

# **INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2007**

### **13. PENSION ARRANGEMENTS (continued)**

Asset distribution and expected return assumptions

Components	31 March 2007		31 March 2006		31 March 2005	
	Expected return	Fair value £'000	Expected return	Fair value £'000	Expected return	Fair value £'000
Equities	7.8%	7,023	7.4%	6,636	7.7%	5,041
Bonds	4.9%	1,268	4.6%	1,197	4.8%	1,088
Property	5.8%	926	5.5%	820	5.7%	680
Cash	4.9%	515	4.6%	347	4.8%	284
<b>Total</b>		<u>9,732</u>	<b>6.7%</b>	<u>9,000</u>	<b>6.9%</b>	<u>7,093</u>
<b>Balance sheet</b>					<b>31 March 2007 £'000</b>	<b>31 March 2006 £'000</b>
Total fair value of assets					9,732	9,000
Present value of liabilities					(10,240)	(10,313)
Actuarial liability					(508)	(1,313)
Related deferred tax					152	394
<b>FRS 17 defined benefit liability</b>					<u>(356)</u>	<u>(919)</u>

Under FRS 17, the Interserve Facilities Services (Slough) Pension Scheme is represented on the balance sheet at 31 March 2007 as a liability of £508,000 (£356,000 net of deferred tax). This compares with a gross liability of £1,313,000 as at 31 March 2006 (£919,000 net of deferred tax).

Over the year to 31 March 2007, contributions by the company were made to the Slough Pension Scheme totalling £167,000 (2006: £195,000). Following the actuarial valuation of the Slough Pension Scheme as at 31 March 2004 the company continued paying contributions at the rate of 14% of Pensionable Pay. In addition, the Slough Pension Scheme administration expenses and the insurance premiums in respect of Life Assurance members are paid directly by the company. Employee contributions are payable in addition.

**INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 March 2007**

**13. PENSION ARRANGEMENTS (continued)**

<b>Movement in asset in the year</b>	<b>31 March 2007 £'000</b>	<b>31 March 2006 £'000</b>
Liability in scheme at start of year	(1,313)	(987)
Current service cost	(287)	(266)
Employer contributions	167	195
Impact of settlements and curtailments	(11)	(9)
Net return on assets	100	56
Actuarial gain or loss	836	(302)
<b>Liability in scheme at end of year</b>	<b>(508)</b>	<b>(1,313)</b>
<b>Analysis of the amount charged to operating profit</b>	<b>£'000</b>	<b>£'000</b>
Current service cost	287	266
Settlements and curtailments	11	9
<b>Total operating charge</b>	<b>298</b>	<b>275</b>
<b>Analysis of the amount credited to other finance income</b>	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	611	498
Interest on pension scheme liabilities	(511)	(442)
<b>Net finance income</b>	<b>100</b>	<b>56</b>
<b>Analysis of amount recognised in statement of recognised gains and losses (STRGL)</b>	<b>£'000</b>	<b>£'000</b>
Actual return less expected return on scheme assets	8	1,253
Experience gains and losses arising on liabilities	-	5
Changes in financial assumptions underlying the present value of scheme liabilities	828	(1,560)
<b>Actuarial gain/(loss) recognised in the STRGL</b>	<b>836</b>	<b>(302)</b>

# **INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 March 2007**

### **13. PENSION ARRANGEMENTS (continued)**

<b>History of experience gains and losses</b>	<b>31 March 2007</b>	<b>31 March 2006</b>	<b>31 March 2005</b>	<b>31 March 2004</b>
Actual return less expected return on scheme assets (£'000)	8	1,253	230	595
Percentage of scheme's assets	0.1%	13.9%	3.2%	11.4%
Experience gains and losses arising on scheme's liabilities (£'000)	-	5	536	1
Percentage of the present value of the scheme's liabilities	-	0.0%	6.6%	0.0%
Total amount recognised in the STRGL (£'000)	836	(302)	1,076	74
Percentage of the present value of the scheme's liabilities	(8.2%)	(2.9%)	13.3%	1%

### **14. OPERATING LEASE COMMITMENTS**

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as follows

	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Land and buildings</b>		
Expiry date - after five years	<u>140</u>	<u>140</u>

### **15. RELATED PARTY TRANSACTIONS**

The company is a wholly owned subsidiary of Interserve (Facilities Services) Ltd and has accordingly taken advantage of the exemption available under FRS 8 from disclosing transactions with group entities

### **16. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY**

The company is a wholly owned subsidiary of Interserve (Facilities Services) Ltd. Interserve (Facilities Services) Ltd is an indirect wholly owned subsidiary of Interserve Plc

Interserve Plc a company registered in England and Wales is the company regarded by the directors as the ultimate parent company and controlling party. Copies of the financial statements of Interserve Plc and Interservefm Ltd, the largest and smallest groups in which the results of the company are included, can be obtained from the Company Secretary, Interserve House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU