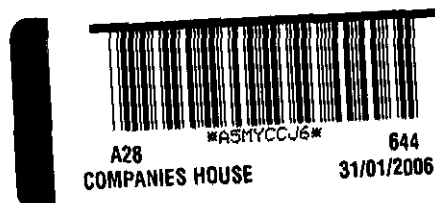


Company Registration Number 954121

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

Report and Financial Statements

31 March 2005



INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

REPORT AND FINANCIAL STATEMENTS 2005

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INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

S S Maroli
B W Spencer
J M Thompson
S T Ashdown
M Darroch

SECRETARY

W L Spencer

REGISTERED OFFICE

Interserve House
19-23 Blackfriars Road
Blackfriars
London
SE1 3NY

AUDITORS

Deloitte & Touche LLP
Bristol

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2005.

PRINCIPAL ACTIVITY, REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

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

In the prior year, the company experienced delays in agreeing the value of work completed in certain aspects of the contract. As at the year end negotiations were ongoing regarding the settlement for the prior year work. In December 2005 a final settlement was agreed amounting to £920,000. As per FRS 21 'Events after the balance sheet date', the £920,000 has been recognised as an adjusting post balance sheet event as turnover. The directors expect the results in future periods to improve following the conclusion of these negotiations.

RESULTS AND DIVIDENDS

The results for the period ended 31 March 2005 are set out in the financial statements on pages 6 to 14. No dividend for the period is proposed (2004: nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the period were as follows:

S S Maroli
B W Spencer (appointed 1 April 2005)
J M Thompson (appointed 1 April 2005)
S T Ashdown (appointed 3 May 2005)
P F Ford (resigned on 1 April 2005)
M Darroch, Non Executive
S Laird, Non Executive (resigned on 31 July 2005)
M Swinyard, Non Executive (resigned on 31 July 2005)

The interests of the directors, who were in office at the period end at 31 March 2004, or date of appointment and 31 March 2005, 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.

	Options over shares of 10p each							
	Shares of 10p each		1 Apr 04	Granted during year	Lapsed during year	31 Mar 05	Exercise price p	Period of exercise
	1 Apr 04	31 Mar 05						
S S Maroli	8,827	8,827	5,529	-	-	5,529	542.5	26 Mar 04 to 25 Mar 11
	-	-	14,471	-	-	14,471	542.5	26 Mar 04 to 25 Mar 08
	-	-	10,000	-	-	10,000	566.5	19 Mar 05 to 18 Mar 09
	-	-	1,640	-	1,640	-	439.4	1 Jun 04 to 30 Nov 04
	-	-	-	75,000	-	75,000	253.3	26 May 07 to 25 May 14
	-	-	-	80,706	-	80,706	359.3	14 Mar 08 to 13 Mar 15

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

DIRECTORS' REPORT (continued)

	Options over shares of 10p each							
	Shares of 10p each		1 Apr 04	Granted during year	Lapsed during year	31 Mar 05	Exercise price p	Period of exercise
	1 Apr 04	31 Mar 05						
B W Spencer	-	-	1,705	-	-	1,705	566.5	19 Mar 05 to 18 Mar 09
	-	-	241	-	-	241	441.0	1 Jun 05 to 30 Nov 05
	-	-	5,295	-	-	5,295	566.5	19 Mar 05 to 18 Mar 12
	-	-	-	28,000	-	28,000	253.3	26 May 07 to 25 May 14
	-	-	-	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
	-	-	-	27,830	-	27,830	359.3	14 Mar 08 to 13 Mar 15
M Darroch	515,309	515,309	5,529	-	-	5,529	542.5	26 Mar 04 to 25 Mar 11
	-	-	24,471	-	-	24,471	542.5	26 Mar 04 to 25 Mar 08
S Laird	52,819	-	-	-	-	-	-	-
M Swinyard	363,979	363,979	-	-	-	-	-	-

	Loan Notes of £1 each	
	1 Apr 04	31 Mar 05
S S Maroli		
Variable Rate Unsecured Deferred Consideration 2005	53,944	53,944
Variable Rate Unsecured Loan Notes 2005	14,200	14,200

The market price of Interserve Plc shares at 31 March 2005 was 343.00p. The high/low during the year were 361.00p and 238.00p.

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.

AUDITORS

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



J M Thompson
Director

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. 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) LTD**

We have audited the financial statements of Interserve (Facilities Services-Slough) Ltd for the period ended 31 March 2005 which comprise the profit and loss account, the balance sheet and the related notes 1 to 18. 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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards 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 of the state of the company's affairs as at 31 March 2005 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche LLP

DELOITTE & TOUCHE LLP
Chartered Accountants and Registered Auditors
Bristol

30 January 2006

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

PROFIT AND LOSS ACCOUNT

Year ended 31 March 2005

	Note	Year ended 31 March 2005 £'000	15 months to 31 March 2004 £'000
TURNOVER	1	8,130	9,342
Cost of sales		(7,094)	(10,081)
GROSS PROFIT/(LOSS)		1,036	(739)
Administrative expenses		(1,150)	(1,451)
OPERATING LOSS	2	(114)	(2,190)
Net interest payable	4	(171)	(128)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(285)	(2,318)
Tax credit on loss on ordinary activities	5	108	660
RETAINED LOSS FOR THE FINANCIAL YEAR	11	(177)	(1,658)

All results derive from continuing operations.

There are no recognised gains or losses for the current or preceding financial period other than as stated in the profit and loss account. Accordingly, no separate statement of recognised gains and losses has been presented.

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

BALANCE SHEET
At 31 March 2005

	Note	2005		2004	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	6		3		11
CURRENT ASSETS					
Stock		118		92	
Debtors	7	2,646		3,077	
Cash at bank and in hand		1,877		441	
		<u>4,641</u>		<u>3,610</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	8	<u>(6,477)</u>		<u>(5,277)</u>	
NET CURRENT LIABILITIES			<u>(1,836)</u>		<u>(1,667)</u>
NET LIABILITIES			<u>(1,833)</u>		<u>(1,656)</u>
SHARE CAPITAL AND RESERVES					
Called up share capital	10		-		-
Profit and loss account	11		<u>(1,833)</u>		<u>(1,656)</u>
TOTAL SHAREHOLDERS' DEFICIT	12		<u>(1,833)</u>		<u>(1,656)</u>
Shareholders' funds are attributable to:					
Equity shareholders			<u>(1,833)</u>		<u>(1,656)</u>
Non-equity shareholders			-		-
			<u>(1,833)</u>		<u>(1,656)</u>

These financial statements were approved by the Board of Directors on *26th January 2006*

Signed on behalf of the Board of Directors

J M Thompson

J M Thompson
Director

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

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.

Turnover represents sales and value of work done excluding VAT.

Contract accrued income

Long-term contracts are assessed on a contract by contract basis and reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Turnover is ascertained in a manner appropriate to the stage of completion of the contract and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty.

Contract accrued income is stated at cost plus attributable profit less provision for any known or anticipated losses and payments on account received or receivable. Payments received on account in excess of the value of work done on each contract are included in creditors.

Tangible fixed assets

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	15%
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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.

Pensions

Contributions to pension schemes are allocated to the profit and loss account so as to maintain a substantially level percentage of relevant payroll costs over the normal expected service lives of employees.

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 substantially enacted by the balance sheet date.

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

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.

2. OPERATING LOSS

	Year ended 31 March 2005 £'000	15 months to 31 March 2004 £'000
Operating loss is stated after charging:		
Hire of plant and equipment	191	217
Rental charges for land and buildings	119	178
Depreciation	8	13

Auditors' remuneration in the current and prior period is borne by another group undertaking.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Messrs Ford, Maroli, Darroch and Swinyard are remunerated for their services to the group by Interserve^{fm} Ltd and it is not practicable to allocate their remuneration between the companies of which they are directors. S Laird receives no remuneration.

	Year ended 31 March 2005 £'000	15 months to 31 March 2004 £'000
Staff costs during the period (including directors):		
Wages and salaries	4,031	5,838
Social security costs	253	353
Other pension costs	237	447
	<u>4,521</u>	<u>6,638</u>
	No.	No.
The average weekly number of employees during the period was	<u>189</u>	<u>231</u>

The company also utilised 16 agency staff whose costs are not included above (2004: 11 agency staff).

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

4. NET INTEREST

	Year ended 31 March 2005 £'000	15 months to 31 March 2004 £'000
Bank interest receivable	-	1
Bank interest payable	(171)	(129)
	<u>(171)</u>	<u>(128)</u>

5. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	Year ended 31 March 2005 £'000	15 months to 31 March 2004 £'000
The taxation credit is made up as follows:		
UK corporation tax at 30% (2004: 30%)	(108)	(660)

The standard rate of current tax for the period, based on the UK standard rate of corporation tax is 30% (2004: 30%). The current tax charge for the period differs from the standard rate for the reasons set out in the following reconciliation:

	£'000	£'000
Loss on ordinary activities before taxation	<u>(285)</u>	<u>(2,318)</u>
	£'000	£'000
Taxation on loss on ordinary activities at standard rate	(86)	(695)
Factors affecting the charge:		
Disallowable expenses	2	7
Differences between capital allowances and depreciation	(10)	22
Prior year adjustment	(14)	6
Tax credit on loss on ordinary activities	<u>(108)</u>	<u>(660)</u>

The company is not aware of any factors which might materially affect the future tax charge.

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

6. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £000
Cost	
At 1 April 2004 and at 31 March 2005	62
Depreciation	
At 1 April 2004	51
Charge for the period	8
At 31 March 2005	59
Net book value	
At 31 March 2005	3
At 31 March 2004	11

7. DEBTORS	2005 £'000	2004 £'000
Trade debtors	908	1,354
Prepayments and accrued income	1,517	839
Amounts due from group undertakings	-	25
Taxation recoverable	104	842
Other debtors	117	17
	<u>2,646</u>	<u>3,077</u>

Included above is a balance of £198,000 (2004: £212,000) which is due in greater than one year.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2005 £'000	2004 £'000
Trade creditors	213	139
Amounts due to group undertakings	4,968	3,813
Taxation and social security	370	385
Other creditors	59	173
Accruals and deferred income	708	608
Deferred consideration	159	159
	<u>6,477</u>	<u>5,277</u>

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

9. DEFERRED TAXATION

	2005	2004
	£'000	£'000
<i>The amounts of unprovided deferred taxation assets are as follows:</i>		
Capital allowances in excess of depreciation	<u>44</u>	<u>41</u>

A deferred tax asset has not been recognised in respect of timing differences where the company does not anticipate that they will be realised in the foreseeable future.

10. CALLED UP SHARE CAPITAL

	2005	2004
	£	£
Authorised		
100 Ordinary shares of £1 each	100	100
100 Deferred shares of £1 each	<u>100</u>	<u>100</u>
	<u>200</u>	<u>200</u>
	£	£
Called up, allotted and fully paid		
100 Ordinary shares of £1 each	100	100
100 Deferred shares of £1 each	<u>100</u>	<u>100</u>
	<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. MOVEMENTS ON RESERVES

Profit and loss account	£'000
At 1 April 2004	(1,656)
Retained loss for the financial year	<u>(177)</u>
At 31 March 2005	<u>(1,833)</u>

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	2005	2004
	£'000	£'000
Loss for the financial year	(177)	(1,658)
Opening shareholders' (deficit)/funds	(1,656)	2
Closing shareholders' deficit	(1,833)	(1,656)

13. 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.

14. PENSION ARRANGEMENTS

The company participates in the Interserve Plc Pension Scheme. This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

Contributions to the scheme for the period are shown in note 3 and the agreed contribution rate for the next 12 months is 14% (2004: 14%).

An updated FRS17 valuation of the scheme as at 31 December 2002 indicated that the scheme was 83% funded.

15. OPERATING LEASE COMMITMENTS

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

Land and buildings	£'000
Expiry date:	
- less than one year	-
- between one and two years	-
- between two to five years	-
- after five years	140
	<u>140</u>

16. 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 FRS8 from disclosing transactions with group entities.

INTERSERVE (FACILITIES SERVICES-SLOUGH) LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2005

17. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Interserve^{fin} Ltd.

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 Interserve^{fin} 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.

18. POST BALANCE SHEET EVENTS

In the prior year, the company experienced delays in agreeing the value of work completed in certain aspects of the contract. As at the year end negotiations were ongoing regarding the settlement for the prior year work. In December 2005 a final settlement was agreed amounting to £920,000. As per FRS 21 'Events after the balance sheet date', the £920,000 has been recognised as an adjusting post balance sheet event as turnover. The directors expect the results in future periods to improve following the conclusion of these negotiations.