

REGISTERED NUMBER: 00954121 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 March 2014
for
Interserve (Facilities Services-Slough) Ltd

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Interserve (Facilities Services-Slough) Ltd
(Registered number: 00954121)

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for the Year Ended 31 March 2014

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Interserve (Facilities Services-Slough) Ltd

Company Information

for the Year Ended 31 March 2014

DIRECTORS:

B Melizan
P Clark
M Watson

SECRETARY:

S Pound

REGISTERED OFFICE:

Capital Tower
91 Waterloo Road
London
SE1 8RT

REGISTERED NUMBER:

00954121 (England and Wales)

AUDITOR:

Deloitte LLP
Chartered Accountants and
Statutory Auditor
London
United Kingdom

BANKERS:

The Royal Bank of Scotland
PO Box 39978
Devonshire Square
London
EC2M 4WS

Interserve (Facilities Services-Slough) Ltd
(Registered number: 00954121)

Strategic Report
for the Year Ended 31 March 2014

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review is providing 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.

REVIEW OF BUSINESS

The results for the year ended 31 March 2014 are set out in the financial statements which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 17.

The contract with Slough Borough Council continues to perform well.

No significant post balance sheet events have been noted.

KEY PERFORMANCE INDICATORS

Financial performance is assessed through key measures of turnover and operating profit, as per the profit and loss statement. Interserve is dedicated to delivering sustainable shareholder value by working in partnership with its clients.

PRINCIPAL RISKS AND UNCERTAINTIES

Financial risk

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.

FUTURE DEVELOPMENTS

The directors expect the general level of activity to remain consistent with 2014 in the forthcoming year.

APPROVED AND SIGNED ON BEHALF OF THE BOARD:



.....
P Clark - Director

Date: ~~15th December 2014~~...

Interserve (Facilities Services-Slough) Ltd
(Registered number: 00954121)

Report of the Directors
for the Year Ended 31 March 2014

The directors present their report with the financial statements of the company for the year ended 31 March 2014.

DIVIDENDS

No dividends were paid or proposed in 2014 (2013: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 April 2013 to the date of this report.

B Melizan
P Clark

Other changes in directors holding office are as follows:

M Watson was appointed as a director after 31 March 2014 but prior to the date of this report.

S Ashdown ceased to be a director after 31 March 2014 but prior to the date of this report.

GOING CONCERN

As part of the preparation of the financial statements, the directors have carried out a review with respect to going concern. The directors have examined the order book going forward and the prospects of the business given the current economic climate. They have reviewed cash flow forecasts associated with that order book and those prospects.

The company meets its day-to-day working capital requirements through an overdraft facility that is provided by its ultimate parent Interserve Plc.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facility.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

EMPLOYEE INVOLVEMENT AND DISABLED PERSONS

Within the bounds of commercial confidentiality management disseminates information to all levels of staff about matters that affect progress of the company and are of interest and concern to them as employees.

A Group newsletter is also distributed at regular intervals to all employees which includes articles about the company's activities and its performance.

The company has an established policy that disabled persons, especially should they become disabled in the course of their employment with the company, are employed where circumstances permit. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with other employees.

Report of the Directors - continued
for the Year Ended 31 March 2014

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report of the Directors 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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 applicable United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

AUDITOR

At the Annual General Meeting of Interserve Plc (the Company's ultimate parent undertaking) held on 13 May 2014, shareholders formally approved the appointment of Grant Thornton UK LLP as auditors of Interserve Plc, to replace Deloitte LLP. This was the result of a competitive tender process led by the Audit Committee. Following the conclusion of the Company's 2013 statutory audit and subject to approval by the directors, Grant Thornton UK LLP will replace Deloitte LLP as the statutory auditor of the Company.

The directors would like to thank Deloitte LLP for their significant contribution as the Company's auditor and look forward to working with Grant Thornton UK LLP going forward.

APPROVED AND SIGNED ON BEHALF OF THE BOARD:



.....
P Clark - Director

Date: 15th December 2014

Independent Auditor's Report to the Members of
Interserve (Facilities Services-Slough) Ltd

We have audited the financial statements of Interserve (Facilities Services-Slough) Ltd for the year ended 31 March 2014 on pages six to nineteen. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 Auditor's 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 explained more fully in the Directors' Responsibilities Statement set out on page four, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

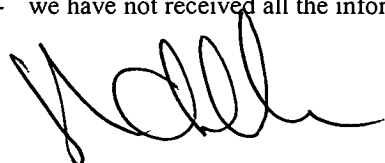
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



John Charlton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and
Statutory Auditor
London
United Kingdom

Date: 16 December 2014

Interserve (Facilities Services-Slough) Ltd
(Registered number: 00954121)

Profit and Loss Account
for the Year Ended 31 March 2014

		2014	2013
	Notes	£'000	(restated¹) £'000
TURNOVER		9,887	9,118
Cost of sales		<u>(7,250)</u>	<u>(7,138)</u>
GROSS PROFIT		2,637	1,980
Administrative expenses		<u>(1,135)</u>	<u>(993)</u>
OPERATING PROFIT	4	1,502	987
Profit / (loss) on sale of fixed assets		<u>(2)</u>	<u>-</u>
		1,500	987
Interest payable and similar charges	5	<u>(174)</u>	<u>(180)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,326	807
Tax on profit on ordinary activities	6	<u>(346)</u>	<u>(260)</u>
PROFIT FOR THE FINANCIAL YEAR	13	<u>980</u>	<u>547</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

¹ The 2013 comparative is restated to reflect changes in accounting for the defined benefit pension scheme as outlined in greater detail in note 1.

Interserve (Facilities Services-Slough) Ltd
(Registered number: 00954121)

Statement of Total Recognised Gains and Losses
for the Year Ended 31 March 2014

	2014	2013
		(restated)
	£'000	£'000
PROFIT FOR THE FINANCIAL YEAR	980	547
Actuarial gain/(loss) on pension scheme	(2,496)	543
Deferred tax attributable to gain/(loss)	<u>444</u>	<u>(111)</u>
TOTAL RECOGNISED GAINS AND LOSSES		
RELATING TO THE YEAR	<u><u>(1,072)</u></u>	<u><u>979</u></u>

The notes form part of these financial statements

Interserve (Facilities Services-Slough) Ltd
(Registered number: 00954121)

Balance Sheet
31 March 2014

	Notes	2014 £'000	2013 £'000
FIXED ASSETS			
Tangible assets	7	7	17
CURRENT ASSETS			
Stocks	8	23	27
Debtors	9	2,266	2,272
Cash in hand		<u>3,573</u>	<u>2,114</u>
		5,862	4,413
CREDITORS			
Amounts falling due within one year	10	<u>(3,660)</u>	<u>(3,483)</u>
NET CURRENT ASSETS		<u>2,202</u>	<u>930</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,209	947
PENSION LIABILITY	14	<u>(5,218)</u>	<u>(2,884)</u>
NET LIABILITIES		<u>(3,009)</u>	<u>(1,937)</u>
CAPITAL AND RESERVES			
Called up share capital	12	-	-
Profit and loss account	13	<u>(3,009)</u>	<u>(1,937)</u>
SHAREHOLDERS' DEFICIT	17	<u>(3,009)</u>	<u>(1,937)</u>

The financial statements were approved by the Board of Directors and authorised for issue on ~~15th December 2014~~ and were signed on its behalf by:



.....
P Clark - Director

Notes to the Financial Statements
for the Year Ended 31 March 2014

1. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted, which have been applied consistently throughout the current and the prior financial year, are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards in the United Kingdom. These have been applied consistently throughout the current and prior years.

Financial reporting standard number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

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 is ascertained in a manner appropriate to the stage of completion of the work performed and profit is recognised as it is earned when the outcome of the work 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 economic lives as follows:

Description	Depreciation
Plant and machinery	10% - 25%
Fixtures and fittings	10% - 25%
Computer equipment	33.3%

Stocks

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

Current taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation

Deferred tax is provided in full on timing differences which 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 unremitted earnings of subsidiaries 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.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2014

1. ACCOUNTING POLICIES - continued

Pensions

For defined benefit schemes the amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the Group, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The resulting defined benefit asset or liability, net of the related deferred tax, is presented separately after other net assets on the face of the balance sheet.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contribution payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Going concern

As part of the preparation of the financial statements, the directors have carried out a review with respect to going concern. The directors have examined the order book going forward and the prospects of the business given the current economic climate. They have reviewed cash flow forecasts associated with that order book and those prospects.

The company meets its day-to-day working capital requirements through an overdraft facility that is provided by its ultimate parent Interserve Plc.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facility.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Leases

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

Restatement of comparative balances

Following amendments to IAS19, the current year disclosures for the defined benefit pension scheme have been prepared under IAS19R, and therefore the 2013 comparatives have been restated for consistency and comparability. The net effect of this, is for the 2013 comparative finance costs to increase by £83k, resulting in a reduction to profit before tax of £83k, with other comprehensive income having decreased by the corresponding amount.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2014

2. STAFF COSTS

	2014	2013
	£'000	£'000
Staff costs during the year (including directors):		
Wages and salaries	3,568	3,497
Social security costs	262	254
Other pension costs	<u>159</u>	<u>153</u>
	<u><u>3,989</u></u>	<u><u>3,904</u></u>

	2014	2013
	No.	No.
The average weekly number of employees during the year was:		
Administration	37	42
Labour	<u>92</u>	<u>105</u>
	<u><u>129</u></u>	<u><u>147</u></u>

3. DIRECTORS' EMOLUMENTS

As in 2013, the statutory directors were remunerated through other companies in the Interserve group for 2014.

Mr Melizan is a director of the ultimate parent company, Interserve plc, and his remuneration for services to the group as a whole are disclosed in the accounts of that company.

During the year Messrs Ashdown and Clark were remunerated for their services to the group by Interservefm Ltd. It is not considered practicable to allocate their remuneration between the companies of which they are directors.

4. OPERATING PROFIT

Operating profit is stated after charging:

	2014	2013
	£'000	£'000
Depreciation on owned assets	10	16
Operating lease rentals:		
- Land and buildings	140	140
- Plant and machinery	32	32
- Other	190	21
Hire of plant and machinery	43	-
Remuneration payable to auditor:		
- Fees payable to the company's auditor for the annual audit of the company's accounts *	7	7
- Fees payable to the company's auditor for other services	-	10
Management charges *	<u><u>397</u></u>	<u><u>390</u></u>

* All indirect costs of the company are borne by Interservefm Limited. Interservefm Limited levies a management charge to cover the administrative costs of the company.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2014

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013 (restated)
	£'000	£'000
Interest payable	1	-
Interest payable on pension scheme obligation	<u>173</u>	<u>180</u>
	<u>174</u>	<u>180</u>

6. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2014	2013
	£'000	£'000
Current tax:		
UK corporation tax	337	277
Adjustment in respect of prior years	<u>-</u>	<u>5</u>
Total current tax	<u>337</u>	<u>282</u>
Deferred tax:		
Deferred tax - current year	9	(3)
Deferred tax - prior period adjustment	-	(1)
Non-actuarial defined benefit pension scheme movements	<u>-</u>	<u>(18)</u>
Total deferred tax	<u>9</u>	<u>(22)</u>
Tax on profit on ordinary activities	<u>346</u>	<u>260</u>

UK corporation tax has been charged at 23% (2013 - 24%).

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2014	2013 (restated)
	£'000	£'000
Profit on ordinary activities before tax	<u>1,326</u>	<u>807</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013 - 24%)	305	194
Effects of:		
Disallowable expenses	32	79
Differences between capital allowances and depreciation	-	4
Adjustment in respect of prior years	<u>-</u>	<u>5</u>
Current tax charge	<u>337</u>	<u>282</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2014

6. **TAXATION - continued**

Factors that may affect future tax charges

In recent years the UK Government has steadily reduced the rate of UK corporation tax, with the latest enacted rate standing at 23% with effect from 1 April 2013. Further reductions of the rate to 21% with effect from 1 April 2014 and 20% from 1 April 2015 were announced on 5 December 2012 and 20 March 2013 respectively. Accordingly the closing deferred tax assets and liabilities have been calculated at 20%.

Future rate reductions would further reduce the UK deferred tax assets and liabilities recognised but the actual impact will be dependent on the deferred tax position at the time.

7. **TANGIBLE FIXED ASSETS**

	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST				
At 1 April 2013	19	106	66	191
Additions	-	-	2	2
Disposals	<u>-</u>	<u>(58)</u>	<u>(2)</u>	<u>(60)</u>
At 31 March 2014	<u>19</u>	<u>48</u>	<u>66</u>	<u>133</u>
DEPRECIATION				
At 1 April 2013	12	106	56	174
Charge for year	3	-	7	10
Depreciation on disposals	<u>-</u>	<u>(58)</u>	<u>-</u>	<u>(58)</u>
At 31 March 2014	<u>15</u>	<u>48</u>	<u>63</u>	<u>126</u>
NET BOOK VALUE				
At 31 March 2014	<u>4</u>	<u>-</u>	<u>3</u>	<u>7</u>
At 31 March 2013	<u>7</u>	<u>-</u>	<u>10</u>	<u>17</u>

8. **STOCKS**

	2014 £'000	2013 £'000
Stocks	<u>23</u>	<u>27</u>

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014 £'000	2013 £'000
Trade debtors	1,020	1,178
Amounts owed by group companies	338	584
Corporation tax	62	-
Deferred tax asset	12	21
Prepayments and accrued income	<u>834</u>	<u>489</u>
	<u>2,266</u>	<u>2,272</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2014

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR - continued**

Deferred tax asset	2014	2013
	£'000	£'000
Deferred tax assets less than one year	-	1
Deferred tax assets greater than one year	<u>12</u>	<u>20</u>
	<u>12</u>	<u>21</u>
Deferred tax	2014	2013
	£000	£000
Opening deferred tax asset	21	17
Movement in profit and loss account		
Short-term timing differences and accelerated capital allowances	<u>(9)</u>	<u>4</u>
Closing deferred tax asset	<u>12</u>	<u>21</u>
Deferred tax asset consists of the following amount:	£000	£000
Short-term timing differences	12	8
Accelerated capital allowances	<u>-</u>	<u>13</u>
Total deferred tax asset	<u>12</u>	<u>21</u>

The closing deferred tax asset balance is recognised at 20%, (2013: 23%), the rate that was substantively enacted at the balance sheet date.

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014	2013
	£'000	£'000
Trade creditors	257	223
Corporation tax	-	174
Other taxation and social security	268	231
Other creditors	6	22
Amounts owed to group undertakings	1,720	1,261
Accruals and deferred income	<u>1,409</u>	<u>1,572</u>
	<u>3,660</u>	<u>3,483</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2014

11. OPERATING LEASE COMMITMENTS

At 31 March 2014 and 31 March 2013 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£'000	£'000
Expiring:		
Between one and five years	<u>140</u>	<u>140</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2014	2013
			£'000	£'000
100	Ordinary	£1	-	-
100	Deferred	£1	<u>-</u>	<u>-</u>
			<u>-</u>	<u>-</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.

13. RESERVES

	Profit and loss account
	£'000
At 1 April 2013	(1,937)
Profit for the year	980
Net actuarial loss for the year	<u>(2,052)</u>
At 31 March 2014	<u>(3,009)</u>
Profit and loss account excluding pension liability	2,209
Pension deficit	<u>(5,218)</u>
Profit and loss account	<u>(3,009)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2014

14. EMPLOYEE BENEFIT OBLIGATIONS

The company participates in the Royal County of Berkshire Pension Fund (the "Fund"). This is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the company. The last triennial valuation of the pension scheme was performed as at 31 March 2013. The accounting charge for 2014 and the notes below have been prepared based on an updated IAS19 valuation as at 31 March 2014.

IAS19 "Employee 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 IAS19, 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 21.5% (2013: 14%).

The last triennial valuation of the scheme indicated that the scheme was 75% funded. The company also operates a defined contribution scheme; contributions made in the year were £35,887 (2013: £37,328).

The 2013 comparative is restated to reflect changes to accounting for the defined benefit pension scheme as outlined in greater detail in note 1.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2014	2013
	£'000	£'000
Present value of funded obligations	(16,261)	(13,708)
Fair value of plan assets	<u>9,738</u>	<u>9,963</u>
	(6,523)	(3,745)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
Deficit	(6,523)	(3,745)
Deferred tax asset	<u>1,305</u>	<u>861</u>
Net liability	<u>(5,218)</u>	<u>(2,884)</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2014	2013
	£'000	(restated)
	£'000	£'000
Current service cost	215	239
Interest cost	641	597
Expected return	(468)	(417)
Administrative costs	<u>8</u>	<u>7</u>
	<u>396</u>	<u>426</u>
Actual return on plan assets	<u>(295)</u>	<u>965</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2014

14. EMPLOYEE BENEFIT OBLIGATIONS - continued

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2014	2013
	£'000	£'000
Opening defined benefit obligation	13,708	13,107
Current service cost	215	239
Interest cost	641	597
Employee contributions	50	56
Actuarial losses	1,822	5
Benefits paid	(175)	(296)
	<u>16,261</u>	<u>13,708</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension plans	
	2014	2013
	£'000	(restated) £'000
Opening fair value of scheme assets	9,963	9,135
Contributions by employer	164	166
Administrative costs	(8)	(7)
Expected return	468	417
Actuarial gains/(losses)	(674)	548
Benefits paid	(175)	(296)
	<u>9,738</u>	<u>9,963</u>

The amounts recognised in the statement of total recognised gains and losses are as follows:

	Defined benefit pension plans	
	2014	2013
	£'000	(restated) £'000
Actual return less expected return on scheme assets	(674)	548
Actuarial (gains)/losses	(1,822)	(5)
	<u>(2,496)</u>	<u>543</u>
Total recognised in the statement of total recognised gains and losses	<u>(2,496)</u>	<u>543</u>

Notes to the Financial Statements - continued
for the Year Ended 31 March 2014

14. **EMPLOYEE BENEFIT OBLIGATIONS - continued**

The major categories of scheme assets as amounts of total scheme assets are as follows:

	Defined benefit pension plans	
	2014	2013
	£'000	£'000
Equities	4,090	4,085
Gilts	97	100
Commodities	876	-
Target return	1,753	-
Property	1,169	996
Cash	195	-
Other bonds	1,558	2,092
Alternative assets	-	2,690
	<u>9,738</u>	<u>9,963</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2014	2013
Discount rate	4.50%	4.70%
Future salary increases	4.70%	4.55%
Future pension increases	2.90%	2.60%
RPI increases	3.70%	3.40%
CPI increases	2.90%	2.60%

Amounts for the current and previous four periods are as follows:

	2014	2013	2012	2011	2010
	£'000	£'000	£'000	£'000	£'000
Defined benefit pension plans					
Defined benefit obligation	(16,261)	(13,708)	(13,107)	(10,513)	(12,980)
Fair value of scheme assets	9,738	9,963	9,135	9,166	8,470
Deficit	(6,523)	(3,745)	(3,972)	(1,347)	(4,510)
Experience adjustments on scheme liabilities	-	-	1	(76)	-
Experience adjustments on scheme assets	-	-	-	-	-

15. **CONTINGENT LIABILITIES**

At 31 March 2014 there were contingent liabilities in respect of guarantees given in the ordinary course of business. The company has given guarantees covering banking facilities made available to the parent and fellow subsidiary undertakings. At 31 March 2014, these amounted to £2,756,000 (2013:£2,284,000).

16. **ULTIMATE CONTROLLING PARTY**

The company is a wholly-owned subsidiary of Interserve (Facilities Services) Limited. Interserve (Facilities Services) Limited is a wholly-owned subsidiary of Interservefm Limited.

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

Interserve (Facilities Services-Slough) Ltd
(Registered number: 00954121)

Notes to the Financial Statements - continued
for the Year Ended 31 March 2014

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2014	2013
	£'000	(restated) £'000
Profit for the financial year	980	547
Other recognised gains and losses relating to the year (net)	<u>(2,052)</u>	<u>432</u>
Net (reduction)/addition to shareholders' deficit	(1,072)	979
Opening shareholders' deficit	<u>(1,937)</u>	<u>(2,916)</u>
Closing shareholders' deficit	<u>(3,009)</u>	<u>(1,937)</u>