

Company Registration No. 1798613

BUILDING ENVIRONMENTAL SERVICES PLC

Report and Financial Statements

31 March 2006

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BUILDING ENVIRONMENTAL SERVICES PLC

REPORT AND FINANCIAL STATEMENTS 2006

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BUILDING ENVIRONMENTAL SERVICES PLC

REPORT AND FINANCIAL STATEMENTS 2006

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr P.D. Jury
Mr R. Burl

SECRETARY

Mr M. Clark

REGISTERED OFFICE

79 Limpsfield Road
Sanderstead
Surrey
CR2 9LB

INDEPENDENT AUDITORS

Deloitte & Touche LLP
Chartered Accountants
Crawley

BUILDING ENVIRONMENTAL SERVICES PLC

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The Company's principal activities are the provision of property support services.

REVIEW OF THE BUSINESS AND FUTURE PROSPECTS

In April 2005, 100% of the issued share capital of the Company was acquired by O.C.S. Group Limited.

The Directors are pleased with the development of the business in the year and are confident about future prospects.

Details of the results for the year are set out in the profit and loss account on page 6.

The financial position at the year end is set out in the balance sheet on page 7.

The Company is a wholly owned subsidiary of O.C.S. Group Limited. The Group manages its operations on a divisional basis and the Company's Directors do not believe that further key performance indicators for the Company are necessary for an understanding of the development, performance or position of the Company. An overview of the performance of the Group's OCS Engineering business, which includes the Company, is included in the Group's Annual Report which does not form part of this report.

The Company's treasury activities are managed by the Group's centralised treasury function. Liquidity and interest rate risks are therefore managed on a Group basis and are discussed in the Group's Annual Report which does not form part of this report.

The Company has no significant foreign exchange risk exposure.

The Company's credit risk is primarily attributable to its trade debtors which are stated net of provisions for doubtful debts. The credit risk on liquid funds is minimal as the Company uses established banks with good credit ratings. The Company has no significant concentration of credit risk, with exposure spread over a large number of customers.

The Company's exposure to commodity price risk is limited, being restricted primarily to fluctuations in fuel and energy prices. However, appropriate action is taken to manage these costs where it is considered cost-effective to do so.

DIVIDENDS

The Directors have not declared the payment of a dividend in the year (2005 - £11,000).

DIRECTORS

The Directors who served during the year were as follows:

Mr P.D. Jury	(appointed 13 April 2005)
Mr R. Burl	(appointed 13 April 2005)
Mr M.D. Lewis	(resigned 13 April 2005)
Mrs D.W. Lewis	(resigned 13 April 2005)

Neither of the Directors serving at the end of the year had any interest in the shares of the Company or any other UK Group company at 31 March 2006 and on appointment in the year except that P.D. Jury had an interest in 1,500 employee shares of 10p each of O.C.S. Group Limited at 31 March 2006 and on appointment.

The Company has provided qualifying third party indemnities for the benefit of the Directors in the year and up to the date of this report.

BUILDING ENVIRONMENTAL SERVICES PLC

DIRECTORS' REPORT

EMPLOYEE INVOLVEMENT

The Company recognises that its principal asset is its employees and their commitment to the Company's service, standards and customers. Decisions are made wherever possible in consultation with divisional and regional management. Communication methods to employees vary according to need and include the Group's Information and Consultation Forum, employee reports, in-house journals, newsletters, booklets, audio visual updates, bulletins and management briefings.

The Company offers equal opportunities to all employees and applicants regardless of race, creed, sex, ethnic origin, age or disability. Disabled persons are considered for employment where they have the appropriate skills and abilities to perform a job. Employees who become disabled during their working lives will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining.

HEALTH AND SAFETY

The Group places great importance on the health and safety of its employees. Overall policy, endorsed by the Group Board, is implemented by the Company. Extensive training is undertaken at all levels, starting at induction, and mandatory health and safety awareness and risk assessment seminars are run for managers. The Group operates a centralised health and safety support structure to provide support and advice to the Company through a network of qualified advisors.

THE COMMUNITY AND THE ENVIRONMENT

The Group recognises that meeting environmental responsibilities is an integral part of its business operations. Throughout the Group there is a commitment to provide the knowledge, skills and resources required to support an effective environmental policy within the Group's wider commercial objectives.

The Company has adopted the overall framework of the Group's environmental policy. Procedures and processes have been implemented which endeavour to minimise potential damage to the environment, by the use of products and work methods which minimise risk to employees and clients, as well as limit emissions and waste.

BUILDING ENVIRONMENTAL SERVICES PLC

DIRECTORS' REPORT

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 as at the end of the financial year 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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The current Directors confirm that, as far as they are aware, there is no relevant audit information of which the auditors are unaware and that they have taken appropriate steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

CREDITOR PAYMENT POLICY

For trade creditors, it is the Company's policy to negotiate the terms of payment with suppliers and pay accordingly. At 31 March 2006 trade creditors represented 94 days' purchases (2005 - 50 days).

DONATIONS

Donations to charitable organisations in the United Kingdom amounted to £4,000 (2005 - £11,000), which included both national and local projects. There were no political donations (2005 - £nil).

AUDITORS

Deloitte & Touche LLP have replaced Cartwright & Company as auditors in the year. The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte & Touche LLP will be the auditors of the Company for the forthcoming financial year under the provisions of section 386(2) of the Companies Act 1985.

79 Limpsfield Road
Sanderstead
Surrey
CR2 9LB

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



M. Clark
Secretary

17 November 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BUILDING ENVIRONMENTAL SERVICES PLC

We have audited the financial statements of Building Environmental Services plc for the year ended 31 March 2006 which comprise the profit and loss account, the balance sheet and the related notes 1 to 23. 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 annual report and 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 United Kingdom 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. We also 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 other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 judgments 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 2006 and of its loss 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
Crawley, United Kingdom

20 November 2006

BUILDING ENVIRONMENTAL SERVICES PLC

PROFIT AND LOSS ACCOUNT YEAR ENDED 31 MARCH 2006

	Note	2006 £'000	2005 £'000
TURNOVER		7,218	8,603
Cost of sales		(5,497)	(6,699)
		<hr/>	<hr/>
GROSS PROFIT		1,721	1,904
Administrative expenses (including exceptional impairment of tangible fixed assets of £247,000 (2005 - £nil))		(1,919)	(2,260)
		<hr/>	<hr/>
OPERATING LOSS	3	(198)	(356)
Interest receivable and similar income	5	23	20
Amounts written off investments	6	(40)	(10)
Interest payable and similar charges	7	(10)	(9)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(225)	(355)
Tax on loss on ordinary activities	8	25	62
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR	18	(200)	(293)
		<hr/>	<hr/>

All activities derive from continuing operations.

There are no recognised gains or losses for the *current and preceding* financial year other than as stated above. Consequently, a statement of total recognised gains and losses is not presented.

BUILDING ENVIRONMENTAL SERVICES PLC

BALANCE SHEET 31 MARCH 2006

	Note	2006 £'000	2005 £'000
FIXED ASSETS			
Tangible assets	10	181	492
Investments	11	-	40
		<u>181</u>	<u>532</u>
CURRENT ASSETS			
Stocks	12	252	66
Debtors	13	2,530	1,996
Cash at bank and in hand		121	1,313
		<u>2,903</u>	<u>3,375</u>
CREDITORS: amounts falling due within one year	14	<u>(1,500)</u>	<u>(2,066)</u>
NET CURRENT ASSETS		<u>1,403</u>	<u>1,309</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,584</u>	<u>1,841</u>
CREDITORS: amounts falling due after more than one year	15	<u>(19)</u>	<u>(76)</u>
NET ASSETS		<u><u>1,565</u></u>	<u><u>1,765</u></u>
CAPITAL AND RESERVES			
Called up share capital	17	100	100
Profit and loss account	18	1,465	1,665
SHAREHOLDERS' FUNDS		<u><u>1,565</u></u>	<u><u>1,765</u></u>


These financial statements were approved by the Board of Directors and authorised for issue on 17 November 2006.

Signed on behalf of the Board of Directors

P.D. Jury
Director



R. Burl
Director



BUILDING ENVIRONMENTAL SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS

31 March 2006

1. ACCOUNTING POLICIES

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

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided to write down cost to estimated residual value by equal annual instalments over the period of estimated useful economic lives. The rates of depreciation are as follows:

Motor vehicles	33 1/3% per annum
Plant, equipment, fixtures and fittings	33 1/3% per annum

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Stocks

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

The value of long term contract work is accounted for within turnover and the excess over payments on account is included within debtors as amounts recoverable on contracts. Cumulative costs incurred, net of amounts transferred to cost of sales, payments on account not set off against the value of long term contract work and provision for any known or anticipated losses, are included within work-in-progress. Excess payments on account are included in creditors as payments on account.

Leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their estimated useful economic lives or lease term if shorter. The capital element of the future obligations is included in creditors and the finance charges are allocated to the profit and loss account in proportion to the capital amount outstanding.

Rentals under operating leases are charged to profit and loss in equal annual amounts over the lease term.

Taxation

Current 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

BUILDING ENVIRONMENTAL SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS

31 March 2006

1. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pensions

For defined contribution schemes the pension cost is charged to the profit and loss account in line with contributions payable.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of services provided and the value of work executed on long term contractual business.

2. SEGMENTAL INFORMATION

All turnover is attributable to the Company's one principal activity which is carried out wholly in the United Kingdom.

3. OPERATING LOSS

	2006 £'000	2005 £'000
Operating loss is after charging/(crediting):		
Depreciation of tangible assets		
Owned assets	60	140
Assets held under finance leases and hire purchase contracts	18	3
Impairment of tangible fixed assets	247	-
Rentals under operating leases		
Land and buildings	68	78
Hire of plant and machinery	3	45
Auditors' remuneration		
Audit fees	14	10
Other services	-	20
(Profit)/loss on sale of fixed assets	(1)	85

BUILDING ENVIRONMENTAL SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS

31 March 2006

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2006 £'000	2005 £'000
Directors' emoluments		
Remuneration	-	228
Pension contributions	-	30
	<u>-</u>	<u>258</u>
Highest paid Director		
Remuneration	-	132
Pension contributions	-	20
	<u>-</u>	<u>152</u>

Directors' remuneration and pension contributions in the current year were borne by O.C.S. Group Limited.

One (2005 - nil) Director was a member of a defined benefit pension scheme and one (2005 - two) Director was a member of a defined contribution pension scheme.

	2006 No.	2005 No.
The average number of employees, excluding Directors, employed by the Company was		
Operations	30	28
Administration	16	19
	<u>46</u>	<u>47</u>

Staff costs, including Directors, incurred during the year in respect of these employees were:

	£'000	£'000
Wages and salaries	1,381	1,734
Social security costs	173	211
Other pension costs	-	30
	<u>1,554</u>	<u>1,975</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 £'000	2005 £'000
On bank deposits	23	20

BUILDING ENVIRONMENTAL SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2006

6. AMOUNTS WRITTEN OFF INVESTMENTS

	2006 £'000	2005 £'000
Amounts written off fixed asset investments:		
Impairment in value	40	10

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2006 £'000	2005 £'000
On bank loans and overdrafts	10	5
Other interest payable	-	4
	10	9

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2006 £'000	2005 £'000
Current tax		
UK corporation tax	4	-
Deferred tax		
Origination and reversal of timing differences	(42)	(81)
Effect of changes in tax rates	-	19
Adjustment to prior years' tax provisions	13	-
	(29)	(62)
Tax on loss on ordinary activities	(25)	(62)
Reconciliation of current tax charge		
Loss on ordinary activities before tax	(225)	(355)
Tax on loss on ordinary activities at standard UK corporation tax rate of 30% (2005 - 30%)	(68)	(107)
Factors affecting charge for the year:		
- expenses not deductible for tax purposes	30	25
- depreciation in excess of capital allowances	79	8
- tax losses (brought)/carried forward	(37)	74
Current tax charge for the year	4	-

BUILDING ENVIRONMENTAL SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2006

9. DIVIDENDS

	2006 £'000	2005 £'000
Interim dividend paid of nil (2005 - 11p) per share	-	11

10. TANGIBLE FIXED ASSETS

	Motor vehicles £'000	Plant, equipment, fixtures and fittings £'000	Total £'000
Cost			
At 1 April 2005	449	482	931
Additions	77	3	80
Disposals - third party	(152)	-	(152)
- written off	(8)	(75)	(83)
At 31 March 2006	366	410	776
Accumulated depreciation			
At 1 April 2005	231	208	439
Impairment	79	168	247
Charge for the year	47	31	78
Disposals - third party	(127)	-	(127)
- written off	(4)	(38)	(42)
At 31 March 2006	226	369	595
Net book value			
At 31 March 2006	140	41	181
At 31 March 2005	218	274	492

The net book value of motor vehicles includes £58,000 (2005 - £78,000) in respect of assets held under finance leases and hire purchase contracts.

BUILDING ENVIRONMENTAL SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2006

11. INVESTMENTS

	Other unlisted investments £'000
Cost	
At 1 April 2005 and 31 March 2006	50
Provision for impairment in value	
At 1 April 2005	10
Charge for the year	40
	50
At 31 March 2006	
Net book value	
At 31 March 2006	-
At 31 March 2005	40

12. STOCKS

	2006 £'000	2005 £'000
Work-in-progress	252	66

13. DEBTORS

	2006 £'000	2005 £'000
Trade debtors	1,428	1,891
Amounts recoverable on contracts	849	-
Other debtors	21	15
Deferred tax (note 16)	58	29
Prepayments and accrued income	174	61
	2,530	1,996

BUILDING ENVIRONMENTAL SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS

31 March 2006

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2006 £'000	2005 £'000
Bank loan	32	33
Obligations under finance leases and hire purchase contracts (note 15)	24	24
Trade creditors	1,061	1,045
Amounts owed to ultimate parent company	7	-
Taxation	4	-
Other taxes and social security	205	339
Other creditors	-	30
Accruals and deferred income	167	595
	<u>1,500</u>	<u>2,066</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2006 £'000	2005 £'000
Bank loan	-	33
Obligations under finance leases and hire purchase contracts	19	43
	<u>19</u>	<u>76</u>

The bank loan is repayable as follows:

Within one year	32	33
Between one and two years	-	33
	<u>32</u>	<u>66</u>

Obligations under finance leases and hire purchase contracts are repayable as follows:

Within one year	24	24
Between one and two years	19	24
Between two and five years	-	19
	<u>43</u>	<u>67</u>

Obligations under finance leases and hire purchase contracts are secured on the assets to which they relate.

BUILDING ENVIRONMENTAL SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS

31 March 2006

16. DEFERRED TAX

	2006 £'000	2005 £'000
Deferred tax asset		
Balance at 1 April	29	(33)
Credit to profit and loss account	29	62
	<hr/>	<hr/>
Balance at 31 March	58	29
	<hr/>	<hr/>

The amounts of deferred tax recognised in the financial statements are as follows:

Capital allowances less than/(in excess of) depreciation	21	(45)
Tax losses carried forward	37	74
	<hr/>	<hr/>
	58	29
	<hr/>	<hr/>

A deferred tax asset has been recognised in respect of losses carried forward based on the expectation of future taxable profits.

17. CALLED UP SHARE CAPITAL

	2006 £'000	2005 £'000
Authorised		
500,000 (2005 - 500,000) ordinary shares of £1 each	500	500
	<hr/>	<hr/>
Allotted, called up and fully paid		
100,000 (2005 - 100,000) ordinary shares of £1 each	100	100
	<hr/>	<hr/>

18. PROFIT AND LOSS ACCOUNT

	£'000
At 1 April 2005	1,665
Loss for the financial year	(200)
	<hr/>
At 31 March 2006	1,465
	<hr/>

BUILDING ENVIRONMENTAL SERVICES PLC

NOTES TO THE FINANCIAL STATEMENTS 31 March 2006

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 £'000	2005 £'000
Loss for the financial year	(200)	(293)
Dividends	-	(11)
Net reduction to shareholders' funds	(200)	(304)
Opening shareholders' funds	1,665	1,969
Closing shareholders' funds	1,465	1,665

20. CAPITAL COMMITMENTS

	2006 £'000	2005 £'000
Future capital expenditure:		
Contracted for but not provided	-	37

21. OPERATING LEASE COMMITMENTS

At 31 March 2006 the Company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2006 £'000	Land and buildings 2005 £'000
Leases which expire:		
Within one year	62	62
Between two and five years	21	21
	83	83

22. RELATED PARTIES

In accordance with FRS 8, "Related Party Disclosures", transactions with other Group undertakings and investee related parties of O.C.S. Group Limited have not been disclosed in these financial statements.

23. ULTIMATE PARENT COMPANY

The ultimate controlling party and ultimate parent company, immediate parent company and parent company of the smallest and largest group for which group accounts are prepared, is O.C.S. Group Limited. Copies of the financial statements of O.C.S. Group Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.