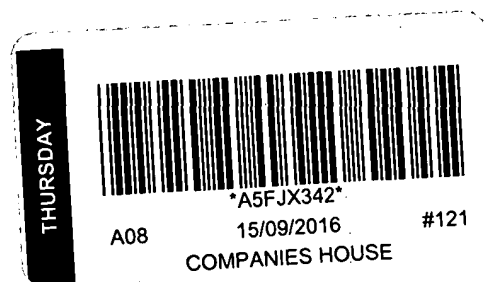


REGISTERED NUMBER: 02053619 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2015
for
First Security (Guards) Limited



Contents of the Financial Statements
for the Year Ended 31 December 2015

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First Security (Guards) Limited

Company Information
for the Year Ended 31 December 2015

DIRECTORS:

J Flanagan
W Moore
D Lawton

SECRETARY:

S Pound

REGISTERED OFFICE:

Capital Tower
91 Waterloo Road
England

REGISTERED NUMBER:

02053619 (England and Wales)

AUDITOR:

Grant Thornton UK LLP
Chartered Accountants and
Statutory Auditor
London
United Kingdom

Strategic Report
for the Year Ended 31 December 2015

The directors present their strategic report for the year ended 31 December 2015.

REVIEW OF BUSINESS

The principal activity of the company during the year continued to be that of the provision of a range of security manpower and associated support services.

On turnover of £44,465k (2014: £39,781k) the company's profit on ordinary activities before taxation was £407k (2014: loss £435k). The profit after taxation was £287k (2014: loss £347k).

Key Performance Indicators

Interserve plc, the ultimate parent company, manages its operations on a divisional basis. For this reason, the company's Directors believe that further key performance indicators for the company are not necessary or appropriate for the understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

The key risks and uncertainties affecting the company are considered to relate to market change, major contracts, key people, the health and safety regime, financial risks and damage to reputation. Financial risks are discussed above and further discussion on other risks and uncertainties, in the context of the group as a whole is provided in the group's annual report which does not form part of this report.

FINANCIAL RISK MANAGEMENT

The company has exposure 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. Group risks are discussed in the group's annual report which does not form part of these financial statements.

Inflation risk

A proportion of the company's revenue and costs are linked to inflation, resulting in some of the company being relatively insensitive to inflationary risk.

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 its contracts, cash flows are reasonably predictable and so this is not a major risk area for the company.

Credit risk

The company receives much of its revenue from government departments and therefore is not exposed to significant credit risk in that area. Appropriate credit management policies are in place to mitigate risk deriving from business with the private sector.

Finance and foreign exchange risk

The company is financed by interest free loans and interest bearing loans from group undertakings and a bank overdraft that is subject to a group off set facility. In addition, the ultimate parent company manages both interest rate risk and exchange rate risk through the group treasury department using various methods, including swaps and hedges, and these are disclosed in the group accounts.

GOING CONCERN

The directors have considered the company's working capital requirements in relation to its cash position at 31 December 2015. Based on this and the company's future secured workload, the directors conclude that the company will continue to operate normally for the foreseeable future being at least twelve months from the date of signing the financial statements, and therefore continue to prepare the financial statements on the going concern basis.

ON BEHALF OF THE BOARD:



S Pound - Secretary

12 September 2016

Report of the Directors
for the Year Ended 31 December 2015

The directors present their report with the financial statements of the company for the year ended 31 December 2015.

DIVIDENDS

A final dividend of £nil was declared and paid during the year (2014: £nil).

DIRECTORS

The directors who have held office during the period from 1 January 2015 to the date of this report are as follows:

S Weatherson - resigned 24 November 2015

J Flanagan - appointed 31 December 2015

W Moore - appointed 23 November 2015

D Lawton was appointed as a director after 31 December 2015 but prior to the date of this report.

A Byrne and A Sanders ceased to be directors after 31 December 2015 but prior to the date of this report.

EMPLOYEES

The company gives full consideration to applications for employment made by disabled persons, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event that an employee becomes disabled, every effort is made to ensure their continued employment and to arrange appropriate training. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as practicable, be identical to that of a person who does not suffer from a disability. The company has continued its policy of regularly consulting and communicating with its employees through newsletters, briefing meetings and announcements on notice boards.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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:

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is 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 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.

First Security (Guards) Limited (Registered number: 02053619)

Report of the Directors
for the Year Ended 31 December 2015

AUDITOR

In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors was proposed and agreed at the Annual General Meeting held on 10 May 2016.

ON BEHALF OF THE BOARD:



S Pound - Secretary

12 September 2016

Independent Auditor's Report to the Members of
First Security (Guards) Limited

We have audited the financial statements of First Security (Guards) Limited for the year ended 31 December 2015 on pages six to twenty one. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 Statement of Directors' Responsibilities set out on page three, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 December 2015 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.



Philip Westerman (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and
Statutory Auditor
London
United Kingdom

12 September 2016

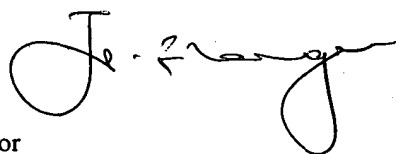
Income Statement
for the Year Ended 31 December 2015

	Notes	2015 £'000	2014 £'000
TURNOVER		44,465	39,781
Cost of sales		<u>(42,207)</u>	<u>(39,371)</u>
GROSS PROFIT		2,258	410
Administrative expenses		<u>(1,871)</u>	<u>(891)</u>
OPERATING PROFIT/(LOSS)		387	(481)
Interest receivable and similar income	3	<u>30</u>	<u>46</u>
		417	(435)
Interest payable and similar charges	4	<u>(10)</u>	<u>-</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	407	(435)
Tax on profit/(loss) on ordinary activities	6	<u>(120)</u>	<u>88</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		287	(347)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>287</u>	<u>(347)</u>

Balance Sheet
31 December 2015

	Notes	2015 £'000	2014 £'000
FIXED ASSETS			
Intangible assets	7	60	84
Tangible assets	8	<u>36</u>	<u>53</u>
		<u>96</u>	<u>137</u>
CURRENT ASSETS			
Debtors	9	9,512	9,099
Cash in hand		<u>2,246</u>	<u>1,570</u>
		11,758	10,669
CREDITORS			
Amounts falling due within one year	10	<u>(8,060)</u>	<u>(7,294)</u>
NET CURRENT ASSETS		<u>3,698</u>	<u>3,375</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,794	3,512
PROVISIONS FOR LIABILITIES	12	<u>-</u>	<u>(5)</u>
NET ASSETS		<u>3,794</u>	<u>3,507</u>
CAPITAL AND RESERVES			
Called up share capital	13	50	50
Retained earnings	14	<u>3,744</u>	<u>3,457</u>
SHAREHOLDERS' FUNDS	17	<u>3,794</u>	<u>3,507</u>

The financial statements were approved by the Board of Directors on 12 September 2016 and were signed on its behalf by:



J Flanagan - Director

Statement of Changes in Equity
for the Year Ended 31 December 2015

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2014	50	3,804	3,854
Changes in equity			
Total comprehensive income	-	(347)	(347)
Balance at 31 December 2014	50	3,457	3,507
Changes in equity			
Total comprehensive income	-	287	287
Balance at 31 December 2015	50	3,744	3,794

Notes to the Financial Statements
for the Year Ended 31 December 2015

1. ACCOUNTING POLICIES

Basis of preparation

First Security (Guards) Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operation and its principal activities are set out in the strategic report on page 2.

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. Accordingly, in the year ended 31 December 2015 the company has changed its accounting framework from UK GAAP to FRS 101 as issued by the Financial Reporting Council and has, in doing so, applied the requirements of IFRS 1.6 to 33 and related appendices.

These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. The prior year financial statements were re-stated for material adjustments on adoption of FRS 101 in the current year. For more information see pages 18 to 21.

The financial statements have been prepared on the historical cost basis.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share based payment, non-current assets held for sale, financial instruments, capital measurement, presentation of comparative information in respect of certain assets, presentation of a cashflow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Interserve Plc.

Changes in accounting policies

As explained above, the company has adopted FRS 101 for the first time in the current year. As part of this adoption, the changes that this has on the financial statements are shown in note 18.

Computer software

Amortisation is provided on all intangible assets other than goodwill, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows;

Asset category	% per annum
Computer software	33.3%

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

1. **ACCOUNTING POLICIES - continued**

Tangible fixed assets

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows;

Asset category	% per annum
Computer equipment	33.3%

Residual value is calculated on prices prevailing at the date of acquisition or revaluation. Useful lives and residual values are reviewed at the end of every reporting period.

Impairment of tangible and intangible assets

At each balance sheet date, the company reviews the carrying amounts of its tangible and intangibles assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating) unit in prior years. A reversal of an impairment loss is recognised immediately in profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

1. ACCOUNTING POLICIES - continued

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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

1. ACCOUNTING POLICIES - continued

Going concern

The directors have considered the company's next 12 months' working capital requirements in relation to its cash position from the date of signing the financial statements. Based on this and the company's future secured workload, the directors conclude that the company will continue to operate normally for the foreseeable future and therefore continue to prepare the financial statements on the going concern basis.

Leasing

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases.

Pension costs

The company makes contributions to the personal pension schemes of certain directors and employees. Contributions are charged in the profit and loss account as they become payable in accordance with the rules.

Share Based Payments

The ultimate parent, Interserve Plc, issues equity settled share based payments to certain employees of the group. The fair value determined at the grant date is expensed by the group on a straight line basis over the vesting period, based on the group's estimate of shares that will eventually vest. Fair value is measured by use of an appropriate valuation model (Black Scholes or stochastic depending on the characteristics of the individual grants). Further details can be found in note 29 of the 2015 Interserve Plc financial statements. Interserve Plc recharges to the company the fair value of grants made to employees of the company. The company has applied the accounting requirements of International Financial Reporting Standard 2 'Share Based Payment'. In accordance with the transitional provisions, International Financial Reporting Standard 2 'Share Based Payment' has been applied to all grants of equity instruments after 7 November 2002 that were not fully vested as of January 2006.

Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using an appropriate rate that takes into account the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in the notes to the financial statements in respect of guarantees given to the Company's subsidiaries, associated undertakings, joint ventures and pension scheme. Due to the nature of the guarantees it would be difficult to reliably measure the Company's potential obligation and the Company considers it unlikely that there will be requirement to make a financial settlement as a result of these guarantees.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

1. ACCOUNTING POLICIES - continued

Critical accounting judgements and key sources of estimation uncertainty

In the preparation of the financial statements, management makes certain judgements and estimates that impact the financial statements. While these judgements are continually reviewed the facts and circumstances underlying these judgements may change resulting in a change to the estimates that could impact the results of the company. In particular:

Revenue and margin recognition

The policy for revenue recognition on service contracts is set out in note 1. Judgements are made on an ongoing basis with regard to the recoverability of amounts due, liabilities arising and the requirement for forward loss provisions. Regular forecasts are compiled on the outcomes of these types of contracts, which require assessments and judgements relating to the recovery of pre-contract costs, changes in work scopes, contract programmes and maintenance liabilities.

Carrying value of trade and other receivables

Allowance for doubtful debt and provisions against other receivables and the carrying value of accrued income, are made on a specific basis, based on estimates of irrecoverability determined by market knowledge and past experience.

2. EMPLOYEES AND DIRECTORS

The monthly average number of employees during the period was:

	2015 No.	2014 No.
Security	1,364	1,242
	<u>1,364</u>	<u>1,242</u>
The aggregate payroll costs of the above were:		
	£'000	£'000
Wages and salaries	33,663	31,113
Social security costs	2,948	2,721
Other pension costs	<u>326</u>	<u>284</u>
	<u>36,937</u>	<u>34,118</u>

During the year Messrs Weatherson, Flanagan, Lawton and Moore 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 a director.

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £'000	2014 £'000
Group interest income	<u>30</u>	<u>46</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £'000	2014 £'000
Interest payable	<u>10</u>	<u>-</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

5. PROFIT/(LOSS) BEFORE TAXATION

The operating loss is stated after charging:

	2015	2014
	£'000	£'000
Amortisation of intangible assets	25	12
Depreciation of owned fixed assets	21	30
Operating lease rentals - plant and machinery	266	234
Operating lease rentals - other	40	108
*Auditors remuneration	-	-

* Audit fees of £13,245 have been borne by Interservefm Limited for 2015 (2014: £6,407).

6. TAXATION

Analysis of tax expense/(income)

	2015	2014
	£'000	£'000
Current tax:		
Corporation Tax	93	(123)
Prior year Tax Adjustment	36	9
Total current tax	129	(114)
Deferred tax:		
Deferred tax - current year	(9)	29
Deferred tax - prior period adjustment	-	(3)
Total deferred tax	(9)	26
Total tax expense/(income) in income statement	120	(88)

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

6. TAXATION - continued

Factors affecting the tax expense

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

	2015	2014
	£'000	£'000
Profit/(loss) on ordinary activities before income tax	<u>407</u>	<u>(435)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.25% (2014 - 21.50%)	82	(94)
Effects of:		
Expenses not deductible/income not taxable for tax purposes	5	4
Adjustment in respect of previous periods	36	6
Share based remuneration tax deduction	(3)	(4)
	<u> </u>	<u> </u>
Tax expense/(credit)	<u>120</u>	<u>(88)</u>

7. INTANGIBLE FIXED ASSETS

	Computer software £'000
COST	
At 1 January 2015	96
Additions	<u>1</u>
At 31 December 2015	<u>97</u>
AMORTISATION	
At 1 January 2015	12
Amortisation for year	<u>25</u>
At 31 December 2015	<u>37</u>
NET BOOK VALUE	
At 31 December 2015	<u>60</u>
At 31 December 2014	<u>84</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

8. TANGIBLE FIXED ASSETS

	Computer equipment £'000
COST	
At 1 January 2015	189
Additions	<u>4</u>
At 31 December 2015	<u>193</u>
DEPRECIATION	
At 1 January 2015	136
Charge for year	<u>21</u>
At 31 December 2015	<u>157</u>
NET BOOK VALUE	
At 31 December 2015	<u>36</u>
At 31 December 2014	<u>53</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £'000	2014 £'000
Trade debtors	5,414	4,402
Amounts owed by group undertakings	2,841	2,826
Other debtors	12	26
Corporation tax	69	124
Deferred tax asset	174	165
Prepayments and accrued income	<u>1,002</u>	<u>1,556</u>
	<u>9,512</u>	<u>9,099</u>

Deferred tax asset

	Deferred Tax £'000
At 1 January 2015	165
Profit and loss account credit	<u>9</u>
At 31 December 2015	<u>174</u>

The deferred tax asset represents unclaimed capital allowances. The directors expect that these capital allowances will be utilised in future periods.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015	2014
	£'000	£'000
Trade creditors	425	357
Amounts owed to group undertakings	2,208	1,190
Social security and other taxes	1,305	1,291
Other creditors	91	70
Deferred income	<u>4,031</u>	<u>4,386</u>
	<u>8,060</u>	<u>7,294</u>

11. OPERATING LEASES

As at 31 December 2015 the company had the following minimum lease payments falling due from operating leases

	Land and Buildings	
	2015	2014
	£000's	£000's
Expiring:		
Within one year	33	33
Between one and five years	62	95
In more than five years	-	-
	<u>95</u>	<u>128</u>

12. PROVISIONS FOR LIABILITIES

	Property
	£'000
At 1 January 2015	5
Profit and loss account charge	-
Utilised in year	<u>(5)</u>
At 31 December 2015	<u>-</u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2015	2014
Number:	Class:	Nominal value:	£	£
200	'A' Deferred Shares	£0.50	100	100
99,800	'B' Deferred Shares	£0.50	49,900	49,900
200	Ordinary Shares	£0.01	<u>2</u>	<u>2</u>
			<u>50,002</u>	<u>50,002</u>

The 'A' and 'B' deferred shares do not rank for dividends and carry no voting rights.

On liquidation of the Company, the holders of the deferred shares are not entitled to participate in a return of capital until the holders of the ordinary shares have received the sum of £1 million in respect of each share held and then only to the extent of £2 per share.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2015

14. RESERVES

	Retained earnings £'000
At 1 January 2015	3,457
Profit for the year	<u>287</u>
At 31 December 2015	<u><u>3,744</u></u>

15. ULTIMATE PARENT COMPANY

Interserve plc is regarded by the directors as being the company's ultimate parent company.

The Company's immediate parent is Interserve Specialist Services (Holdings) Limited and its ultimate parent undertaking and controlling party, and the undertaking of the smallest and largest Group for which Group financial statements are prepared, is Interserve plc, a Company incorporated in Great Britain and registered in England and Wales.

The consolidated financial statements of Interserve plc are available to the public and can be obtained from the Company Secretary, Interserve House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU.

16. CONTINGENT LIABILITIES

At 31 December 2015 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 its ultimate parent and fellow subsidiary undertakings. At 31 December 2015 these amounted to £2,245,000 (2014: £1,570,000).

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2015 £'000	2014 £'000
Profit/(loss) for the financial year	<u>287</u>	<u>(347)</u>
Net addition/(reduction) to shareholders' funds	287	(347)
Opening shareholders' funds	<u>3,507</u>	<u>3,854</u>
Closing shareholders' funds	<u><u>3,794</u></u>	<u><u>3,507</u></u>

18. FIRST YEAR ADOPTION

This is the first year that the Company has presented its financial statements under FRS101 (Financial Reporting Standard 101) issued by the Financial Reporting Council. The last financial statements under UK GAAP were for the period ended 31 December 2014 and the date of transition to FRS101 was therefore 1st January 2014.

The following disclosures are required in the year of transition.

Reconciliation of Equity

1 January 2014

(Date of Transition to FRS 101)

	Notes	UK GAAP £'000	Effect of transition to FRS 101 £'000	FRS 101 £'000
FIXED ASSETS				
Intangible assets	a	-	54	54
Tangible assets	b	<u>100</u>	<u>(54)</u>	<u>46</u>
		<u>100</u>	<u>-</u>	<u>100</u>
CURRENT ASSETS				
Debtors		7,902	-	7,902
Cash in hand		<u>36</u>	<u>-</u>	<u>36</u>
		<u>7,938</u>	<u>-</u>	<u>7,938</u>
CREDITORS				
Amounts falling due within one year		<u>(4,136)</u>	<u>-</u>	<u>(4,136)</u>
NET CURRENT ASSETS		<u>3,802</u>	<u>-</u>	<u>3,802</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,902	-	3,902
PROVISIONS FOR LIABILITIES		<u>(48)</u>	<u>-</u>	<u>(48)</u>
NET ASSETS		<u>3,854</u>	<u>-</u>	<u>3,854</u>
CAPITAL AND RESERVES				
Called up share capital		50	-	50
Retained earnings		<u>3,804</u>	<u>-</u>	<u>3,804</u>
SHAREHOLDERS' FUNDS		<u>3,854</u>	<u>-</u>	<u>3,854</u>

Reconciliation of Equity - continued
31 December 2014

	Notes	UK GAAP £'000	Effect of transition to FRS 101 £'000	FRS 101 £'000
FIXED ASSETS				
Intangible assets	a	-	84	84
Tangible assets	b	<u>137</u>	<u>(84)</u>	<u>53</u>
		<u>137</u>	<u>-</u>	<u>137</u>
CURRENT ASSETS				
Debtors		9,099	-	9,099
Cash in hand		<u>1,570</u>	<u>-</u>	<u>1,570</u>
		<u>10,669</u>	<u>-</u>	<u>10,669</u>
CREDITORS				
Amounts falling due within one year		<u>(7,294)</u>	<u>-</u>	<u>(7,294)</u>
NET CURRENT ASSETS		<u>3,375</u>	<u>-</u>	<u>3,375</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,512	-	3,512
PROVISIONS FOR LIABILITIES		<u>(5)</u>	<u>-</u>	<u>(5)</u>
NET ASSETS		<u>3,507</u>	<u>-</u>	<u>3,507</u>
CAPITAL AND RESERVES				
Called up share capital		50	-	50
Retained earnings		<u>3,457</u>	<u>-</u>	<u>3,457</u>
SHAREHOLDERS' FUNDS		<u>3,507</u>	<u>-</u>	<u>3,507</u>

Notes to the reconciliation of equity

a) Intangible assets

FRS101 requires that intangible assets be separately identified on the balance sheet. Under the previously adopted UK GAAP standards, computer software was classified as a tangible fixed asset but under IFRS computer software is classified as an intangible asset. At the 1 January 2014 £54k of computer software was included in the balance sheet as a tangible fixed asset. This has been reclassified as an intangible asset. At the 31 December 2014 £84k of computer software was included in the balance sheet as a tangible fixed asset, this has been reclassified as an intangible asset.

b) Tangible assets

As per the above note, under the previously adopted UK GAAP standards, and at 1 January 2014, £54k of computer software was classified as a tangible fixed asset. This has been reclassified as an intangible asset. At the 31 December 2014 £84k of computer software was included in the balance sheet as a tangible fixed asset, this has been reclassified as an intangible asset.

Reconciliation of Loss
for the Year Ended 31 December 2014

	UK GAAP £'000	Effect of transition to FRS 101 £'000	FRS 101 £'000
TURNOVER	39,781	-	39,781
Cost of sales	<u>(39,371)</u>	<u>-</u>	<u>(39,371)</u>
GROSS PROFIT	410	-	410
Administrative expenses	<u>(891)</u>	<u>-</u>	<u>(891)</u>
OPERATING LOSS	(481)	-	(481)
Interest receivable and similar income	<u>46</u>	<u>-</u>	<u>46</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(435)	-	(435)
Tax on loss on ordinary activities	<u>88</u>	<u>-</u>	<u>88</u>
LOSS FOR THE FINANCIAL YEAR	<u><u>(347)</u></u>	<u><u>-</u></u>	<u><u>(347)</u></u>