

**Company Registration No. 3306668**

**Interserve Environmental Services  
Limited**

**Report and Financial Statements**

**31 December 2007**

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# **Interserve Environmental Services Limited**

## **Report and financial statements 2007**

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# **Interserve Environmental Services Limited**

## **Report and financial statements 2007**

### **Officers and professional advisers**

#### **Directors**

Mr T Dolan	(appointed 22 January 2007)
Mr B W Spencer	(appointed 22 January 2007)
Mr A Corless	(resigned 8 March 2007)
Mr T P O'Cleirigh	(resigned 8 March 2007)
Mr J A Collings	(resigned 6 February 2007)
Mr K Heilbron	(resigned 8 March 2007)
Mr I Woods	(resigned 27 April 2007)
Mr M A Scaife	(resigned 8 March 2007)
Mr B A Melizan	(resigned 22 January 2007)
Mr S T Ashdown	(resigned 22 January 2007)

#### **Secretary**

Mr R L Phillips	(appointed 5 October 2006)
Mr A Corless	(resigned 13 March 2007)

#### **Registered Office**

Capital Tower  
91 Waterloo Road  
London  
SE1 8RT

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

# **Interserve Environmental Services Limited**

## **Directors' report**

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

### **Principal activities, results and business review**

The company's principal activity during the year was the surveying, record management and removal of asbestos materials

As a result of an internal restructure the company was sold on 30 April 2007 by its parent company Interserve Industrial Services Ltd to Interserve Specialist Services (Holdings) Ltd, a fellow Group company

As shown in the profit and loss account on page 7 the turnover decreased by 10% over last year to £4,975k (2006 – £5,558k) and profit before tax increased by 29% to £455k (2006 – £353k) due to better efficiencies and cost reductions

The company's balance sheet on page 8 shows a net increase in net assets to £830k (2006 – £542k)

No dividends were declared in the year (2006 – £nil)

Interserve plc 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. The performance of the Specialist Services Division of Interserve plc, which includes the company, is discussed in the group's Annual report which does not form part of this report

### **Creditor payment policy**

The company does not follow any code or standard on payment practice. It agrees appropriate terms and conditions for its transactions with each supplier, these range from standard written terms to individually negotiated contracts. Payments to suppliers should be made in accordance with those terms and conditions, provided that the supplier has met its obligations under those terms and conditions. Trade creditors at 31 December 2007 represented 76 days of purchases (2006 – 76 days)

### **Employees**

The company gives full consideration to applications for employment made by persons with reduced mobility, 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.

### **Donations**

There were no charitable or political donations in the year (31 December 2007 – £nil)

# Interserve Environmental Services Limited

## Directors' report

### Principal risks and uncertainties including financial risk management

The company's operations expose it to a variety of financial risks that include the effects of credit risk and liquidity risk. The directors actively manage these by monitoring levels of risk and the related costs.

The company has implemented credit control policies including carrying out appropriate credit checks on potential customers before sales are made and reviewing collection periods.

The company utilises group finance to ensure that the company has sufficient available funds for its operations and its required level of working capital.

### Auditors

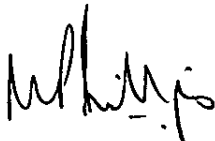
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

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

Deloitte & Touche LLP were appointed auditors of the company and have expressed their willingness to continue in office as auditors and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

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



R L Phillips  
Secretary

21 July 2008

# **Interserve Environmental Services Limited**

## **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report 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). The financial statements are required by law to 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 estimates that are reasonable and prudent,
- state whether applicable UK 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.

## **Independent auditors' report to the members of Interserve Environmental Services Limited**

We have audited the financial statements of Interserve Environmental Services Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

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

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the 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 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 and are properly prepared in accordance with the Companies Act 1985. We report to you, whether in our opinion, the information given in the Directors' Report is consistent with the financial statements.

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

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

### **Basis of audit opinion**

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

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

## **Independent auditors' report to the members of Interserve Environmental Services Limited (continued)**

### **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 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
London

*21 July* 2008



## **Interserve Environmental Services Limited**

### **Profit and loss account**

**Year ended 31 December 2007**

	Notes	2007 £'000	2006 £'000
Turnover	2	4,975	5,558
Cost of Sales		(3,837)	(4,500)
<b>Gross profit</b>		<u>1,138</u>	<u>1,058</u>
Administrative expenses		(683)	(705)
<b>Profit on ordinary activities before taxation</b>	3	<u>455</u>	<u>353</u>
Tax charge on profit on ordinary activities	6	(167)	(107)
<b>Retained profit for the financial year</b>		<u><u>288</u></u>	<u><u>246</u></u>

All of the company's activities are classified as continuing

The above results are stated on an historical cost basis

There were no recognised gains or losses during either the current year or previous year other than the profit above  
Accordingly no separate statement of recognised gains and losses has been presented

# Interserve Environmental Services Limited

## Balance sheet 31 December 2007

	Notes	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Tangible assets	7	19	-
<b>Current assets</b>			
Debtors	8	4,633	1,044
<b>Creditors: amounts falling due within one year</b>	9	(3,822)	(502)
<b>Net current assets</b>		811	542
<b>Net assets</b>		830	542
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	830	542
<b>Equity shareholders' funds</b>		830	542

These financial statements were approved by the Board of Directors on 21st July 2008

Signed on behalf of the Board of Directors



T Dolan

Director

# **Interserve Environmental Services Limited**

## **Notes to the accounts Year ended 31 December 2007**

### **1. Accounting policies**

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

#### **Convention**

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

In accordance with the provisions of Section 230 of The Companies Act 1985 the Company is exempt from the obligation to prepare and deliver group accounts as the Company is included in the audited consolidated accounts of its ultimate parent undertaking, Interserve Plc, which is incorporated in Great Britain and registered in England and Wales. Accordingly, these financial statements present information about the Company as an individual undertaking and not as a group.

#### **Turnover**

Turnover comprises the value of work executed in respect of contracts excluding Value Added Tax.

#### **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 the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Work in progress**

Contract work in progress is valued at cost plus attributable profit less foreseeable losses. Attributable profit is included when the outcome of a contract can be assessed with reasonable certainty. The value of contract work in progress is accounted for within turnover and in accordance with Statement of Standard Accounting Practice 9 (Revised) – Stocks and Long Term Contracts, the excess of the book value over payments receivable is included in debtors as “Amounts recoverable on contracts”. Payments receivable in excess of book value on an individual contract basis are included in creditors.

# Interserve Environmental Services Limited

## Notes to the accounts

Year ended 31 December 2007

### 1. Accounting policies (continued)

#### Pensions

The Company operates two principal pension schemes for the benefit of permanent members of staff the Interserve Pension Scheme which is of the defined benefit type and the Interserve Retirement Plan which is of the defined contribution type. The Company also set up a new defined contribution section of the Interserve Pension Scheme with effect from 1 November 2002. Actuarial valuations are carried out every three years.

For the purposes of FRS17, the company has been unable to identify its share of the underlying assets and liabilities in the main group scheme, the Interserve Pension Scheme, on a consistent and reasonable basis. Therefore, following full implementation of FRS17, the company accounts for contributions to the Scheme as if it were a defined contribution scheme. At 31 December 2007 the valuation of the Scheme for the purposes of FRS17 showed a net pension liability, as set out in the notes to the report and accounts of Interserve Plc.

For defined contribution schemes, the amount recognised in the profit and loss account is equal to the contributions payable to the schemes during the year.

### 2. Turnover

The Company's turnover and profit arise principally within the UK and are derived from its activities of the surveying, record management and removal of asbestos materials.

### 3. Profit on ordinary activities before taxation

	2007 £'000	2006 £'000
Operating profit is arrived at after charging		
Depreciation of owned assets	10	-
Hire of plant and machinery	154	212
Operating lease rentals	22	51
Fees payable to company's auditors		
- audit of the company's annual accounts	2	3

### 4. Employees

The average number of persons employed by the Company (including directors) within each category of Person was

	2007 No.	2006 No.
Production Staff	60	75
Sales Staff	6	6
Administration Staff	10	10
	<u>76</u>	<u>91</u>

# Interserve Environmental Services Limited

## Notes to the accounts

### Year ended 31 December 2007

#### 4. Employees (continued)

The costs incurred in respect of these employees were

	2007 £'000	2006 £'000
Wages and salaries	2,432	3,188
Social security costs	240	283
Other pension costs	61	38
	<u>2,733</u>	<u>3,509</u>

#### 5. Directors

Emoluments, including pension contributions, of directors of the Company are included in employee costs of the holding company Interserve Specialist Services (Holdings) Ltd and fellow subsidiary Interserve Technical Services Ltd

#### 6. Tax on profit on ordinary activities

	2007 £'000	2006 £'000
United Kingdom corporation tax at 30% (2006 - 30%)		
- Current year charge	138	107
- Prior period adjustment	28	-
- Deferred tax	1	-
	<u>167</u>	<u>107</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2006 – 30%)

The actual tax charge for the current and the previous year is different to the standard rate for the reasons set out in the following reconciliation

	2007 £'000	2006 £'000
Profit on ordinary activities before tax	454	353
Tax charge on profit on ordinary activities at standard r	138	107
Prior year adjustment	28	-
Total actual amount of current tax charge	<u>166</u>	<u>107</u>
Deferred tax provided on accelerated capital allowance	<u>1</u>	<u>-</u>

# Interserve Environmental Services Limited

## Notes to the accounts Year ended 31 December 2007

### 7. Tangible fixed assets

	Furniture and office equipment £'000	Plant and machinery £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2007	-	-	-	-
Additions – group transfer	-	74	-	74
Disposals	-	-	-	-
	<u>-</u>	<u>74</u>	<u>-</u>	<u>74</u>
At 31 December 2007	-	74	-	74
<b>Depreciation</b>				
At 1 January 2007	-	45	-	45
Charge for the year	-	10	-	10
Disposals	-	-	-	-
	<u>-</u>	<u>55</u>	<u>-</u>	<u>55</u>
At 31 December 2007	-	55	-	55
<b>Net book value</b>				
At 31 December 2007	-	19	-	19
	<u>-</u>	<u>19</u>	<u>-</u>	<u>19</u>
At 31 December 2006	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 8. Debtors

	2007 £'000	2006 £'000
Amounts recoverable within one year		
Amounts recoverable on contracts	253	162
Trade debtors	404	384
Amounts owed by group undertakings	3,950	467
Prepayments and accrued income	1	-
Corporation tax	25	31
	<u>4,633</u>	<u>1,044</u>

### 9. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	19	-
Amounts owed to group undertakings	3,287	349
Other taxation and social security	65	43
Accruals and deferred income	451	110
Corporation tax	-	-
	<u>3,822</u>	<u>502</u>

# Interserve Environmental Services Limited

## Notes to the accounts

### Year ended 31 December 2007

#### 10. Commitments under operating leases

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings		Motor vehicles	
	2007	2006	2007	2006
	£'000	£'000	£'000	£'000
Operating leases which expire				
- within one year	-	-	14	-
- between two and five years	26	-	116	-
- after five years	-	-	-	-
	<u>26</u>	<u>-</u>	<u>130</u>	<u>-</u>

#### 11. Called up share capital

	2007	2006
	£'000	£'000
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

#### 12. Profit and loss account

	2007	2006
	£'000	£'000
At 1 January 2007	542	296
Retained profit for the financial year	<u>288</u>	<u>246</u>
At 31 December 2007	<u>830</u>	<u>542</u>

#### 13. Contingent liabilities

At 31 December 2007 and 31 December 2006 there were contingent liabilities in respect of guarantees given in the ordinary course of business

#### 14. Cash flow statement

The Company is not presenting a cash flow statement. It has taken advantage of the exemption contained in Financial Reporting Standard 1 [Revised] – Cash Flow Statements not to do so as the ultimate parent undertaking, Interserve Plc, has incurred a consolidated cash flow statement in the group accounts

# **Interserve Environmental Services Limited**

## **Notes to the accounts**

**Year ended 31 December 2007**

### **15. Ultimate parent company**

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, Intersection House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU.

The market price of Interserve Plc Shares at 31 December 2007 was 479p. The highest and lowest market prices of ordinary shares during the financial year were 529 5p and 401p respectively.