REGISTERED NUMBER: 03306668 (England and Wales)

Report of the Directors and

Financial Statements for the Year Ended 31 December 2011

for

Interserve Environmental Services Limited

Interserve Environmental Services
Limited (Registered number 03306668)

Contents of the Financial Statements for the Year Ended 31 December 2011

Interserve Environmental Services Limited

Company Information
for the Year Ended 31 December 2011

DIRECTORS:	T Tucker R Bruce J Simmonds
SECRETARY:	S Pound
REGISTERED OFFICE:	Capital Tower 91 Waterloo Road London SE1 8RT
REGISTERED NUMBER:	03306668 (England and Wales)
AUDITOR:	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom

Report of the Directors
for the Year Ended 31 December 2011

The directors present their report with the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the surveying, record management and removal of asbestos materials

REVIEW OF BUSINESS

As shown in the profit and loss account the turnover decreased by 6% in 2011 to £6,044,000 (2010 £6,447,000) and profit before tax decreased by 52% to £159,000 (2010 £328,000)

The company's balance sheet shows a net decrease in net assets to £1,032,000 (2010 £1,117,000)

Interserve plc, the ultimate parent undertaking, 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 Support 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

DIVIDENDS

Dividends paid during the year were £200,000 (2010 £300,000) No final dividend was proposed (2010 £nil)

DIRECTORS

The directors who have held office during the period from 1 January 2011 to the date of this report are as follows

T Tucker - appointed 21 December 2011
D Troth - resigned 18 November 2011

R Bruce and J Simmonds were appointed as directors after 31 December 2011 but prior to the date of this report

W Craig ceased to be a director after 31 December 2011 but prior to the date of this report

Interests in shares and options to purchase shares, of those directors who are also directors of Interserve Plc are disclosed in the accounts of Interserve Plc As at the date of this report and during the year ended 31 December 2011, no indemnities are in force for the directors of this company

COMPANY'S POLICY ON PAYMENT OF CREDITORS

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 2011 represented 66 days of purchases (2010 67 days)

POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no charitable or political donations in the year (2010 £nil)

PRINCIPAL RISKS AND UNCERTAINTIES
The company's operations expose it to a variety of financial risks that include the effects of credit risk and liquidity risk

CREDIT RISK
All trade is carried out subject to our standard credit terms and normal terms and conditions The debtors ledger is reviewed on a regular basis to determine the age of the debt and any necessary provision is made accordingly Work in progress balances are reviewed on an ongoing basis and judgements are made with regard to the recoverability of amounts due and liabilities arising

LIQUIDITY RISK
In order to ensure the company has sufficient funds for its on going operations and future activities, the company uses a combination of overdrafts and Group loans The financing and liquidity of the company is managed in conjunction with the Group treasury function

The directors are satisfied that given the nature of this company there are no other significant risks and uncertainties to consider Group risks are discussed in the Group's annual report which does not form part of these financial statements

GOING CONCERN
Enquiries have been made by the directors which are summarised in note 1 to the financial statements As a result of the enquiries made, the Directors feel that the going concern basis of preparation is appropriate

EMPLOYEE INVOLVEMENT AND DISABLED PERSONS
The company gives full consideration to applications for employment made by disadvanted people, 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
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor are aware of that information

AUDITOR

The auditor, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:

S Pound - Secretary

Date 27th July 2012

Report of the Independent Auditor 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 2011 which comprise the Profit and Loss account, the Balance Sheet and related notes 1 to 19 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 a Report of the Auditor 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 auditor
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 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 financial statements to identify material inconsistencies with the audited financial statements 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 December 2011 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 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 ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and
Statutory Auditor
London
United Kingdom

Date 3 August 2012

Interserve Environmental Services
Limited (Registered number 03306668)

Profit and Loss Account
for the Year Ended 31 December 2011

	Notes	2011 £'000	2010 £'000
TURNOVER	2	6,044	6,447
Cost of sales		(5,711)	(6,119)
GROSS PROFIT		333	328
Administrative expenses		(174)	-
OPERATING PROFIT and PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	159	328
Tax on profit on ordinary activities	6	(44)	(108)
PROFIT FOR THE FINANCIAL YEAR		115	220

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

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

Balance Sheet
31 December 2011

	Notes	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	8	13	23
CURRENT ASSETS			
Debtors	9	985	10,400
Cash in hand		1,281	-
		2,266	10,400
CREDITORS			
Amounts falling due within one year	10	(1,247)	(9,306)
NET CURRENT ASSETS		1,019	1,094
TOTAL ASSETS LESS CURRENT LIABILITIES		1,032	1,117
PROVISIONS FOR LIABILITIES	12	-	-
NET ASSETS		1,032	1,117
CAPITAL AND RESERVES			
Called up share capital	13	-	-
Profit and loss account	14	1,032	1,117
SHAREHOLDERS' FUNDS	19	1,032	1,117

The financial statements were approved and authorised for issue by the Board of Directors on 27th July 2012 and were signed on its behalf by

T Tucker - Director

1 ACCOUNTING POLICIES

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
Turnover comprises the fair value of goods and services supplied to external customers and the value of work executed in respect of contracts, excluding VAT Turnover is recognised on completion of the contracted services

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life

Plant and machinery	- 12 5% on cost
Computer equipment	- 20% on cost

Current tax
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 tax

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 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

Pensions
The company participates in the Interserve Pension Scheme For the defined contribution scheme, the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions 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

For the purposes of Financial Reporting Standard 17 "Retirement Benefits", the company has been unable to identify its share of the underlying assets and liabilities in the main Group defined benefit scheme on a consistent and reasonable basis Therefore, the company accounts for contributions to the Scheme as if it were a defined contribution scheme Note 28 to the 2011 annual report and financial statements of the Group (which does not form part of this report) sets out the details of the International Accounting Standard 19 "Employee Benefits" net pension liability of £56 2 million (2010 £51 5 million)

The aggregate pension cost incurred by the company for the year for these arrangements was £73,000 (2010 £59,000) There were no amounts due to or from the scheme at the year end

1 ACCOUNTING POLICIES - continued

Going concern
As part of 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 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

Stocks and work in progress
Contract work in progress is valued at cost plus attributable profit less foreseeable losses If a loss is foreseen, a forward loss is recognised in the accounts of the company immediately 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

Leases
The costs of operating leases are charged to the profit and loss account on a straight line basis

2 TURNOVER

The Company's turnover arose within the UK and was derived from its activity of the surveying, record management and removal of asbestos materials

3 STAFF COSTS

The average number of employees employed by the company (including directors) was,	2011 Number	2010 Number
Production staff	49	62
Administration staff	17	16
	66	78

The costs incurred in respect of these employees were

	2011 £'000	2010 £'000
Wages and salaries	2,400	2,206
Social security costs	239	222
Other pension costs	73	59
	2,712	2,487

4 DIRECTORS' EMOLUMENTS

As in 2010, the statutory directors were remunerated through other companies in the Interserve group for 2011

During the current year Messrs Craig and Tucker were remunerated for their services to the group by Interserve Industrial Services Limited and Messr Troth, by Maclellan International Limited It is not considered practicable to allocate their remuneration between the companies of which they are Directors

5 OPERATING PROFIT

Profit on ordinary activities before taxation is stated after charging

	2011	2010
	£'000	£'000
Depreciation on owned assets	10	11
Operating lease rentals		
- Land and buildings	28	-
- Plant and machinery	-	-
- Other	104	136
Hire of plant and machinery	319	356
Other hire	79	-
Remuneration payable to auditor		
- Fees payable to the company's auditor for the annual audit of the company's accounts *	-	-
- Fees payable to the company's auditor for other services	-	-

* Fees of £1,000 have been borne by Interservefm Limited for 2011 (2010 £1,000)

6 TAXATION

Analysis of the tax charge

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

	2011 £'000	2010 £'000
Current tax		
UK corporation tax	49	105
Deferred tax		
Deferred tax - current year	(2)	(2)
Deferred tax - prior period adjustment	(3)	5
Total deferred tax	(5)	3
Tax on profit on ordinary activities	44	108

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

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	159	328
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26 493% (2010 - 28%)	42	92
Effects of		
Expenditure not deductible for tax purposes	1	2
Capital allowances in excess of depreciation	2	2
Short term timing differences	4	9
Current tax charge	49	105

Factors that may affect future tax charges

The 2011 Budget introduced a reduction in the main rate of corporation tax from 26% to 25% effective 1 April 2012 This change was substantively enacted on 19 July 2011 and as such deferred tax at the balance sheet date has been recognised at the 25% rate on the basis that it will materially reverse after 1 April 2012

In the 2012 Budget, issued on 21 March 2012, the Chancellor announced that the main rate of corporation tax would further reduce to 24% with effect from 1 April 2012, with further annual 1% rate reductions down to 22% by 1 April 2014 As these future rate reductions had not been enacted at the balance sheet date, they have not been reflected in these financial statements The effect of these tax rate reductions will be accounted for in the period they are substantively enacted

7 DIVIDENDS

	2011 £'000	2010 £'000
Dividend paid to Interserve Specialist Services (Holdings) Limited (£200,000 per ordinary share, 2010 £300,000 per ordinary share)	200	300

8 TANGIBLE FIXED ASSETS

	Plant and machinery £'000	Computer equipment £'000	Total £'000
COST			
At 1 January 2011 and 31 December 2011	82	5	87
DEPRECIATION			
At 1 January 2011	60	4	64
Charge for year	9	1	10
At 31 December 2011	69	5	74
NET BOOK VALUE			
At 31 December 2011	13	-	13
At 31 December 2010	22	1	23

9 DEBTORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Trade debtors	29	371
Intra Group Trade Balances	466	9,471
Corporation Tax	74	-
Deferred tax asset	4	-
Prepayments and accrued income	412	558
	985	10,400

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Trade creditors	25	-
Corporation Tax	-	8
Social security and other taxes	70	114
Other creditors	80	-
Intra Group Trade Balances	620	8,477
Accrued expenses	452	706
	1,247	9,305

11 OPERATING LEASE COMMITMENTS

At 31 December the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2011 £'000	2010 £'000
Expiring		
Within one year	-	2

12 PROVISIONS FOR LIABILITIES

	Deferred Tax £'000
At 1 January 2011	(1)
Profit and loss account charge	3
Prior year adjustment	3
Change of rate	(1)
At 31 December 2011 (note 9)	4

The opening deferred tax liability and closing deferred tax asset represented unclaimed capital allowances The directors expect that these capital allowances will be utilised in future periods

13 CALLED UP SHARE CAPITAL

	2011 £'000	2010 £'000
Called up, allotted and fully paid		
1 ordinary share of £1 (2010 £1)	-	-

14 RESERVES

	Profit and loss account £'000
At 1 January 2011	1,117
Profit for the year	115
Dividends (see note 7)	(200)
At 31 December 2011	1,032

15 ULTIMATE PARENT COMPANY

The company's ultimate parent company and controlling party, and parent company of the largest and smallest group which includes the company and 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 may be obtained from Capital Tower, 91 Waterloo Road, London SE1 8RT No other group financial statements include the results of the company

16 CONTINGENT LIABILITIES

At 31 December 2011 contingent liabilities in respect of guarantees given in the ordinary course of business were £1,281k (2010 £nil)

17 RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Disclosures" not to report transactions with other group companies

18 ULTIMATE CONTROLLING PARTY

The company's ultimate controlling party, is Interserve Plc, which is incorporated in Great Britain

The company's immediate parent company is Interserve Specialist Services (Holdings) Limited

Interserve Plc is the parent company of the largest and smallest group of which the company is a member and for which group financial statements are drawn up

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£'000	£'000
Profit for the financial year	115	220
Dividends	(200)	(300)
Net reduction of shareholders' funds	(85)	(80)
Opening shareholders' funds	1,117	1,197
Closing shareholders' funds	1,032	1,117