

**Company Registration No. 3306668**

**Interserve Environmental Services Limited**

**Report and Financial Statements**

**31 December 2009**

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# **Interserve Environmental Services Limited**

## **Report and financial statements 2009**

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# **Interserve Environmental Services Limited**

## **Report and financial statements 2009**

### **Officers and professional advisers**

#### **Directors**

Mr T Dolan  
Mr B W Spencer  
Mr S T Ashdown

#### **Secretary**

Mrs S A Pound

#### **Registered Office**

Capital Tower  
91 Waterloo Road  
London  
SE1 8RT

#### **Auditors**

Deloitte LLP  
Chartered Accountants  
London

# **Interserve Environmental Services Limited**

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 31 December 2009

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

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

As shown in the profit and loss account on page 7 the turnover increased by 4% over last year to £6,107k (2008 £5,863k) and profit before tax decreased by 72% to £212k (2008 £778k)

The company's balance sheet on page 8 shows a net increase in net assets to £1,197k (2008 £1,083k)

Dividends paid during the year were £nil (2008 £300k)

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 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 2009 represented 62 days of purchases (2008 35 days)

### **Employees**

The company gives full consideration to applications for employment made by disadvantaged 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.

### **Donations**

There were no charitable or political donations in the year (2008 £nil)

### **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.

# **Interserve Environmental Services Limited**

## **Directors' report (continued)**

### **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.

### **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 s418 of the Companies Act 2006.

Deloitte LLP have been appointed auditors of the company and they 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



S A Pound

Secretary

21<sup>ST</sup> MAY 2010

# **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). 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions 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 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.



## **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 2009 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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**

As explained more fully in the Directors' Responsibilities Statements, 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 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 Practice Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of 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.

### **Opinion**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 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 matters prescribed in the Companies Act 2006**

- In our opinion the information in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.



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

### **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



Stephen Griggs (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
London, United Kingdom  
25 May 2010

## **Interserve Environmental Services Limited**

### **Profit and loss account**

**Year ended 31 December 2009**

	<b>Notes</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
<b>Turnover</b>	2	6,107	5,863
Cost of sales		(5,007)	(4,665)
<b>Gross profit</b>		1,100	1,198
Administrative expenses		(888)	(420)
<b>Profit on ordinary activities before taxation</b>	3	212	778
Tax charge on profit on ordinary activities	6	(98)	(224)
<b>Retained profit for the financial year</b>	13	114	554

All of the company's activities are classified as continuing

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

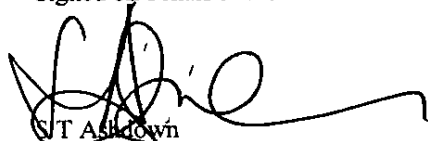
# Interserve Environmental Services Limited

## Balance sheet 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Tangible assets	8	34	13
<b>Current assets</b>			
Debtors	9	10,268	8,753
<b>Creditors: amounts falling due within one year</b>	10	(9,105)	(7,683)
<b>Net assets</b>		<u>1,197</u>	<u>1,083</u>
<b>Capital and reserves</b>			
Called up share capital	12	-	-
Profit and loss account	13	1,197	1,083
<b>Shareholders' funds</b>	13	<u>1,197</u>	<u>1,083</u>

The financial statements of Interserve Environmental Services Limited registered number 3306668 were approved by the Board of Directors on 21<sup>st</sup> May 2010

Signed on behalf of the Board of Directors

  
S/T Ashdown

Director

# **Interserve Environmental Services Limited**

## **Notes to the financial statements Year ended 31 December 2009**

### **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.

#### **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, 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.

#### **Tangible fixed assets**

Tangible fixed assets are shown at cost, being purchase price together with any incidental costs of acquisition, less accumulated depreciation and any provision for impairments. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Furniture and office equipments	straight-line over 5 years
Plant and machinery	straight-line over 8 years

# Interserve Environmental Services Limited

## Notes to the financial statements Year ended 31 December 2009

### 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 has defined benefit and defined contribution sections and the Interserve Retirement Plan which is a defined contribution scheme Actuarial valuations of the Interserve Pension Scheme are carried out every three years

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 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 30 to the 2009 report and financial statements of the Group sets out the details of the International Accounting Standard 19 "Employee Benefits" net pension liability of £95.3 million (2008 £153.1 million)

In addition, the company contributes to a number of defined contribution pension schemes operated within the construction industry for the benefit of operatives and other personnel not eligible to participate in the staff pension scheme The costs of these schemes are charged to the profit and loss account as the contributions become payable

#### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on pages 2-3

The company has continued to be profitable and cash generative in the period since the year end and is forecast to remain so for the foreseeable future The company has net assets and cash available through its arrangements with other group companies As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook

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

### 2 Turnover

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

### 3 Profit on ordinary activities before taxation

	2009 £'000	2008 £'000
Operating profit is arrived at after charging		
Depreciation of owned assets	(13)	10
Hire of plant and machinery	259	221
Operating lease rentals	40	35
Fees payable to the company's auditors for the audit	2	2
	<u>288</u>	<u>268</u>

## Interserve Environmental Services Limited

### Notes to the financial statements Year ended 31 December 2009

#### 4. Employees

	2009 No	2008 No.
The average number of persons employed by the Company (including directors) within each category of person was		
Production Staff	56	52
Administration Staff	14	12
	<u>70</u>	<u>64</u>

The costs incurred in respect of these employees were

	2009 £'000	2008 £'000
Wages and salaries	2,120	2,007
Social security costs	208	191
Other pension costs	64	67
	<u>2,392</u>	<u>2,265</u>

#### 5 Directors' emoluments

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. The amount related to the company is not separable and was not recharged.

# Interserve Environmental Services Limited

## Notes to the financial statements Year ended 31 December 2009

### 6. Tax on profit on ordinary activities

	2009 £'000	2008 £'000
UK Corporation tax charge at 28% (2008 28%)		
- Current year charge	98	225
- Deferred tax	-	(1)
	<u>98</u>	<u>224</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2008 28.50%)

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

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	212	778
Tax charge on profit on ordinary activities at standard rate	59	220
Expenditure not deductible for tax purposes	39	3
Capital allowances in excess of depreciation	-	2
Total actual amount of current tax charge	<u>98</u>	<u>225</u>
Deferred tax provided on accelerated capital allowance	<u>-</u>	<u>1</u>

#### Deferred taxation:

	2009 £'000
At 1 January 2009	2
Profit and loss account	-
At 31 December 2009	<u>2</u>

### 7. Dividends

	2009 £'000	2008 £'000
Dividend paid to Interserve Specialist Services (Holdings) Ltd (£300 per share)	<u>-</u>	<u>300</u>

# Interserve Environmental Services Limited

## Notes to the financial statements Year ended 31 December 2009

### 8. Tangible fixed assets

	<b>Furniture and Office Equipment £'000</b>	<b>Plant and machinery £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2009	4	74	78
Additions	1	8	9
Disposals	-	-	-
At 31 December 2009	5	82	87
<b>Accumulated depreciation</b>			
At 1 January 2009	-	65	65
Charge for the year	2	(14)	(12)
Disposals	-	-	-
At 31 December 2009	2	51	53
<b>Net book value</b>			
At 31 December 2009	3	31	34
At 31 December 2008	4	9	13

### 9. Debtors

	<b>2009 £'000</b>	<b>2008 £'000</b>
Trade debtors	589	849
Amounts owed by group undertakings	9,159	7,305
Deferred tax (note 6)	2	2
Prepayments and accrued income	518	597
	<b>10,268</b>	<b>8,753</b>

The deferred tax asset is recoverable based on projections that the company will be profit making in the foreseeable future



# Interserve Environmental Services Limited

## Notes to the financial statements Year ended 31 December 2009

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

	2009 £'000	2008 £'000
Amounts owed to group undertakings	8,245	6,879
Other taxes and social security	86	39
Corporation tax	167	71
Accruals and deferred income	607	694
	<u>9,105</u>	<u>7,683</u>

### 11. Commitments under operating leases

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings		Motor vehicles	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Operating leases which expire				
- within one year	10	-	-	4
- between two and five years	26	38	-	23
- after five years	-	-	-	-
	<u>36</u>	<u>38</u>	<u>-</u>	<u>27</u>

### 12. Share capital

	2009 £	2008 £
<b>Authorised:</b>		
1,000 ordinary shares at £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted and called up:</b>		
1 ordinary shares at £1 each	<u>1</u>	<u>1</u>

# Interserve Environmental Services Limited

## Notes to the financial statements Year ended 31 December 2009

### 13. Profit and loss account and statement of movements in reserves

	Share Capital	P&L	Total 2009 £'000	Total 2008 £'000
At 1 January	-	1,083	1,083	830
Profit for the financial year	-	114	114	553
Dividend (note 7)	-	-	-	(300)
At 31 December	-	1,197	1,197	1,083

### 14. Contingent liabilities

At 31 December 2009 and 31 December 2008 there were no contingent liabilities in respect of guarantees given in the ordinary course of business

### 15. 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 included a consolidated cash flow statement in the group accounts, which are available as detailed in note 17.

### 16. Related party transactions

The company has taken advantage of the exception under the rules of FRS8 not to disclose related party transactions as over 100% of the voting rights of the company is controlled by the group headed by Interserve Plc, for which group accounts are prepared. There are no other related party transactions.

### 17. Ultimate parent company

Interserve PLC, a company incorporated in Great Britain and 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 2009 was 193.30p. The highest and lowest market prices of ordinary shares during the financial year were 263.50p and 158.00p respectively.