

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2017
for
SSD UK Limited



SSD UK Limited

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for the Year Ended 31 December 2017

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SSD UK Limited

Company Information
for the Year Ended 31 December 2017

DIRECTORS:

P Clark
C Ling
J Flanagan
W Moore

SECRETARY:

S Pound

REGISTERED OFFICE:

Capital Tower
91 Waterloo Road
London
SE1 8RT

REGISTERED NUMBER:

03378281 (England and Wales)

AUDITORS:

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

BANKERS:

The Royal Bank of Scotland
PO Box 39978
Devonshire Square
London
EC2M 4WS

SSD UK Limited

Strategic Report for the Year Ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

REVIEW OF BUSINESS

The company is a wholly owned subsidiary of Interserve Specialist Services (Holdings) Limited. The operating loss of the company in the year was £287k (2016: £324k). A dividend of £nil (2016: £nil) was paid during the year. No further dividends are proposed.

Operating profit was impacted by new regulatory driven cost including an additional nine months of impact of the National Minimum Wage increases (introduced in April 2016), the Apprenticeship Levy, increased IAS 19 pension service charges and changes to the application of holiday pay and travelling time on our large workforce. Profits were also impacted by a number of large contract mobilisations and some underperforming contracts.

Key Financial and Non-Financial Performance Indicators

Interserve Plc manages its operations on a divisional basis, further information can be found in the Interserve Plc financial statements. For this reason, the directors believe that further key performance indicators for the company are not necessary or appropriate for an 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 below 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.

The market conditions during 2017 have been particularly tough and have resulted in the collapse of a direct competitor. This has led to revised profit forecasts being issued during the year and the group has performed in-line with the revised forecasts. The group has also implemented a performance improvement plan, Fit for Growth, aimed at improving margin performance to industry norms.

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. 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 Interserve Plc'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. A number of contracts allow any inflationary movement to be passed onto the customer allowing the company to maintain its margin. Where there is not a suitable mechanism for passing on inflationary costs and this risk is borne by the company then a suitable premium will be included within the bid. In addition the company will look to maintain its margin through efficiency savings and renegotiating terms on contract renewal.

Liquidity risk

The company adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. Cash flow has been closely monitored throughout the year to ensure that the company is able to pay all creditors as they fall due.

The company uses banking facilities negotiated on its behalf by Interserve Plc. The company is currently in a net overdraft position and if banking facilities were withdrawn then the company would not have the funds to repay them.

Credit risk

Appropriate credit management policies are in place to mitigate risk deriving from business with the private sector.

SSD UK Limited

Strategic Report for the Year Ended 31 December 2017

Finance risk

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

The company uses banking facilities negotiated on its behalf by Interserve Plc. If banking facilities were withdrawn the company would need to enter into new facilities which may potentially be at less favourable terms.

ENVIRONMENTAL IMPACT

Interserve group recognise the vital importance of its social and community responsibilities, its employee brand, and its environmental impact. Its commitment to these issues was recognised with the 2016 PLC Award for 'Achievement in Sustainability', and a 3-star rating in Business in the Community's 2016 corporate responsibility index.

ANTI-BRIBERY AND CORRUPTION

As part of the Group's commitment to compliance in anti-bribery and competition laws, it has worked with the Institute of Business Ethics to develop and launch a smart choice toolkit. This is a decision-making guidance tool providing practical help and guidance on the legal position in a variety of situations in which employees may find themselves, such as when it is and is not appropriate to accept a gift or offer hospitality, practical tips to avoid involvement in facilitation payments and how best to act if faced with a conflict of interest.

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 for a period of at least twelve months from the date of approval of these financial statements.

The company meets its day to day working capital requirements through banking facilities provided by its ultimate parent Interserve Plc.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that its net assets position would potentially decrease in the next 12 months from the date of these accounts, therefore, a letter of support from Interserve Plc to SSD UK Limited for £100k (2016: £nil) has been provided.

After making enquiries and satisfying themselves that Interserve plc has sufficient resources and financing facilities available to it to provide such support, 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.

SSD UK Limited

Strategic Report
for the Year Ended 31 December 2017

EMPLOYEES

The company's management policy seeks to ensure that all employees' careers are determined solely on merit. No employee will suffer because of gender, race, ethnic origin or religious belief.

It is the company's policy to consider for employment and enable suitably qualified disabled persons to seek and maintain employment and to assist them in overcoming their handicaps at work. The company recognises that special conditions are necessary in view of the nature of its main activities to ensure that disabled persons employed are properly trained for the tasks they perform.

Managers are tasked with developing employees' awareness of factors affecting the business and matters concerning them as employees, and noting employees' views so they can be taken into account when making decisions which may affect them or the business.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'C Ling', written in a cursive style.

C Ling - Director

24 May 2018

SSD UK Limited

Report of the Directors
for the Year Ended 31 December 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

PRINCIPAL ACTIVITY

The company's principal activity during the year was specialist window cleaning.

The principal risks and uncertainties of the company are not included within the Report of the Directors as they are shown in the Strategic Report on pages 2 – 4.

DIVIDENDS

A final dividend of £nil was declared and paid during the year (2016: £nil). No further dividends are proposed.

DIRECTORS

P Clark has held office during the whole of the period from 1 January 2017 to the date of this report.

Other changes in directors holding office are as follows:

B Melizan - resigned 30 November 2017

M Watson - resigned 8 February 2017

C Ling - appointed 15 August 2017

J Flanagan - appointed 11 December 2017

W Moore - appointed 11 December 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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) including FRS 101 Reduced Disclosure Framework. 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 each director is aware, there is no relevant audit information of which the company's auditor is unaware; and

(2) the directors have taken all the steps that they ought to have taken as directors in order to make themselves 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.

SSD UK Limited

Report of the Directors
for the Year Ended 31 December 2017

AUDITORS

Based upon the review of audit effectiveness the Committee has recommended to the Board that Grant Thornton be reappointed for a fifth year as the Company's independent auditor for the 2018 financial year at the AGM on 12 June 2018.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'C Ling', written in a cursive style.

C Ling - Director

24 May 2018

Independent Auditors' Report to the Members of
SSD UK Limited

Opinion

We have audited the financial statements of SSD UK Limited (the 'company') for the year ended 31 December 2017 which comprise the Statement of Total Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Strategic Report and Report of the Directors, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report to the Members of
SSD UK Limited

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement [set out on page 5], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Jonathan Maile BSc (Hons) FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and Statutory
Auditor
Crawley

24 May 2018

SSD UK Limited

Statement of Total Comprehensive Income
for the Year Ended 31 December 2017

	Notes	2017 £'000	2016 £'000
TURNOVER	3	2,489	2,631
Cost of sales		<u>(2,676)</u>	<u>(2,954)</u>
GROSS LOSS		(187)	(323)
Administrative expenses		<u>(100)</u>	<u>(1)</u>
OPERATING LOSS		(287)	(324)
Interest receivable and similar income	5	<u>-</u>	<u>2</u>
		(287)	(322)
Interest payable and similar expenses	6	<u>(2)</u>	<u>-</u>
LOSS BEFORE TAXATION	7	(289)	(322)
Tax on loss	8	<u>63</u>	<u>100</u>
LOSS FOR THE FINANCIAL YEAR		(226)	(222)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(226)</u>	<u>(222)</u>

The notes on pages 12 - 20 form part of these financial statements

SSD UK Limited (Registered number: 03378281)

Balance Sheet
31 December 2017

	Notes	2017 £'000	2016 £'000
FIXED ASSETS			
Tangible assets	9	4	3
CURRENT ASSETS			
Debtors	10	825	881
CREDITORS			
Amounts falling due within one year	11	<u>(787)</u>	<u>(616)</u>
NET CURRENT ASSETS		<u>38</u>	<u>265</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>42</u>	<u>268</u>
CAPITAL AND RESERVES			
Called up share capital	13	2,170	2,170
Retained earnings		<u>(2,128)</u>	<u>(1,902)</u>
SHAREHOLDERS' FUNDS		<u>42</u>	<u>268</u>

The financial statements were approved by the Board of Directors on 24 May 2018 and were signed on its behalf by:



C Ling - Director

The notes on pages 12 - 20 form part of these financial statements

SSD UK Limited

Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2016	2,170	(1,680)	490
Changes in equity			
Total comprehensive income	-	(222)	(222)
Balance at 31 December 2016	2,170	(1,902)	268
Changes in equity			
Total comprehensive income	-	(226)	(226)
Balance at 31 December 2017	2,170	(2,128)	42

The notes on pages 12 - 20 form part of these financial statements

SSD UK Limited

Notes to the Financial Statements for the Year Ended 31 December 2017

1. **STATUTORY INFORMATION**

SSD UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **ACCOUNTING POLICIES**

Basis of preparation

SSD UK 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 pages 2 to 4.

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 financial statements have been prepared on the historical cost basis.

The company is exempt from the preparation of consolidated financial statements, because it is included in the group accounts of Interserve Plc. Details of the parent whose consolidated financial statements the company is included are shown in note 16 to the financial statements.

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.

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 for a period of at least twelve months from the date of approval of these financial statements.

The company meets its day to day working capital requirements through banking facilities provided by its ultimate parent Interserve Plc.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that its net assets position would potentially decrease in the next 12 months from the date of these accounts, therefore, a letter of support from Interserve Plc to SSD UK Limited for £100k (2016: £nil) has been provided.

After making enquiries and satisfying themselves that Interserve plc has sufficient resources and financing facilities available to it to provide such support, 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.

Turnover

Turnover represents sales to United Kingdom customers, excluding value added tax, and all arises from the principal activities of the company. Turnover is recognised on completion of the contracted services.

2. ACCOUNTING POLICIES – continued

Contract accrued income is stated at cost plus attributable profit less provision for any known or anticipated losses and payments on account received or receivable. Payments received on account in excess of the value of work done on each contract are included in creditors.

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
Plant and machinery	12.5%
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 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 the statement of total comprehensive income, 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 the statement of total comprehensive income, 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.

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 statement of total comprehensive income 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) or other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

2. ACCOUNTING POLICIES - continued

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 statement of total comprehensive income, 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.

Operating leases

The company utilises assets under operating leases and the payments made under them are charged to the statement of total comprehensive income on a straight line basis over the lease term.

Financial instruments

Company borrowings are principally denominated in sterling, these borrowings are on floating rates.

All material foreign currency trading exposures are fully hedged through Interserve Plc, who evaluate the total group position and offset any exposure as part of the group banking facilities.

Pensions

The company participates in the Interserve Pension Scheme. This is a defined benefit multi employer scheme, the assets and liabilities of which are held independently from the group. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

For the defined contribution scheme the amount charged to the statement of total comprehensive income in respect of pension costs and other post retirement benefits is the contribution 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.

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 statement of total comprehensive income 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.

2. ACCOUNTING POLICIES - continued

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 28 of the 2017 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.

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 2. 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.

3. TURNOVER

The turnover and (loss)/profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2017	2016
	£'000	£'000
United Kingdom	<u>2,489</u>	<u>2,631</u>
	<u>2,489</u>	<u>2,631</u>

4. EMPLOYEES AND DIRECTORS

Staff costs during the year (excluding directors):

	2017	2016
	Number	Number
Production staff	62	32
Administration staff	<u>8</u>	<u>4</u>
	<u>70</u>	<u>36</u>

SSD UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

4. EMPLOYEES AND DIRECTORS – continued

The costs incurred in respect of these employees were:

	2017 £'000	2016 £'000
Wages and salaries	860	1,455
Social security costs	91	124
Pension costs	25	29
	<u>976</u>	<u>1,608</u>

Directors

During the year Messrs Clark, Ling, Flanagan and Moore were remunerated for their services to the group by Interservefm Limited. Their remuneration included in the accounts of that company. It is not considered practicable to allocate their remuneration between the companies of which they are a director.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £'000	2016 £'000
Group interest income	<u>-</u>	<u>2</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017 £'000	2016 £'000
Interest payable	<u>2</u>	<u>-</u>

7. LOSS BEFORE TAXATION

Operating loss on ordinary activities before taxation is stated after charging:

	2017 £'000	2016 £'000
Depreciation on owned assets	5	13
Operating lease rentals:		
- Land and Buildings	4	7
- Other	262	248
- Hire of Plant and Machinery	18	10
- Other Hire	2	6
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	<u>-</u>	<u>-</u>

* Audit fees of £764 have been borne by Interservefm Limited for 2017 (2016: £787).

The operating lease costs shown in the statement of total comprehensive income are based on the usage of the asset by the company in the year. The lease commitment for future years is disclosed in the accounts of the leasing entity as it is responsible for meeting this commitment.

SSD UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

8. **TAXATION**

Analysis of tax income

	2017	2016
	£'000	£'000
Current tax:		
Corporation Tax	(55)	(62)
Prior year Tax Adjustment	<u>2</u>	<u>(44)</u>
Total current tax	<u>(53)</u>	<u>(106)</u>
Deferred tax:		
Deferred tax - current year	(1)	6
Deferred tax - prior period adjustment	<u>(9)</u>	<u>-</u>
Total deferred tax	<u>(10)</u>	<u>6</u>
Total tax income in statement of total comprehensive income	<u>(63)</u>	<u>(100)</u>

Factors affecting the tax expense

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

	2017	2016
	£'000	£'000
Loss before income tax	<u>(289)</u>	<u>(322)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19.250% (2016 - 20%)	(56)	(64)
Effects of:		
not taxable for tax purposes		
Adjustment in respect of previous periods	2	(44)
Change in Deferred tax rate	-	8
Deferred tax prior year adjustment	<u>(9)</u>	<u>-</u>
Tax income	<u>(63)</u>	<u>(100)</u>

SSD UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

9. **TANGIBLE FIXED ASSETS**

	Plant and Machinery £'000	Computer Equipment £'000	Totals £'000
COST			
At 1 January 2017	5	65	70
Additions	<u>6</u>	<u>-</u>	<u>6</u>
At 31 December 2017	<u>11</u>	<u>65</u>	<u>76</u>
DEPRECIATION			
At 1 January 2017	5	62	67
Charge for year	<u>2</u>	<u>3</u>	<u>5</u>
At 31 December 2017	<u>7</u>	<u>65</u>	<u>72</u>
NET BOOK VALUE			
At 31 December 2017	<u>4</u>	<u>-</u>	<u>4</u>
At 31 December 2016	<u>-</u>	<u>3</u>	<u>3</u>

10. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2017 £'000	2016 £'000
Trade debtors	4	11
Other debtors	17	-
Intra Group trade balances	462	514
Corporation tax	55	129
Deferred tax asset	56	46
Prepayments and accrued income	<u>231</u>	<u>181</u>
	<u>825</u>	<u>881</u>

Amounts due from group undertakings are unsecured, interest free and repayable on demand. Intra group trade balances are amounts arising from the company trading with other entities within the group.

Deferred tax asset

	Deferred Tax £'000
At 1 January 2017	46
Credit to statement of total comprehensive income – current year	1
Credit to statement of total comprehensive income – prior year adjustment	<u>9</u>
At 31 December 2017	<u>56</u>

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

SSD UK Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£'000	£'000
Bank loans and overdrafts (see note 12)	27	33
Trade creditors	227	143
Amounts owed to group undertakings	132	167
Social security and other taxes	12	20
Other creditors	19	30
Accruals and deferred income	370	223
	<u>787</u>	<u>616</u>

Amounts due to group undertakings are unsecured, interest free and repayable on demand. Intra group trade balances are amounts arising from the company trading with other entities within the group.

12. FINANCIAL LIABILITIES - BORROWINGS

	2017	2016
	£'000	£'000
Current:		
Bank overdrafts	<u>27</u>	<u>33</u>

Terms and debt repayment schedule

	1 year or less
	£'000
Bank overdrafts	<u>27</u>

Bank facilities have been presented net where an offset arrangement is in place. Interest is charged on the bank overdrafts at LIBOR plus 2% up to 30 November 2017 and LIBOR plus 5.5% from 1 December 2017

13. CALLED UP SHARE CAPITAL

	2017	2016
	£'000	£'000
Called up, allotted and fully paid:		
2,170,000 ordinary shares of £1 each	<u>2,170</u>	<u>2,170</u>

There is a single class of shares and all shares in the class rank pari passu. There are no restrictions in place.

Retained earnings are the profits since inception generated by a company that are not distributed as dividends to the shareholders.

14. CONTINGENT LIABILITIES

At 31 December 2017 contingent liabilities in respect of guarantees given in the ordinary course of business were £nil (2016: £nil).

15. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption under FRS 101 paragraph 8(k) and not disclosed transactions with group undertakings as it is a wholly owned subsidiary of Interserve Plc

16. ULTIMATE CONTROLLING PARTY

Interserve Specialist Services (Holdings) Limited, a company registered in England and Wales, is the company regarded by the directors as the immediate 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, Interserve House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU.

17. EMPLOYEE BENEFIT OBLIGATIONS

The Interserve Pension Scheme is a defined benefit multi-employer scheme, the assets and liabilities of which are held independently from the group. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

For the defined contribution scheme the amount charged to the statement of total comprehensive income 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 International Accounting Standard 19 'Employee 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 is accounting for contributions to the Scheme as if it were a defined contribution scheme. Note 29 to the 2017 annual report and financial statements of the group sets out the details of the International Accounting Standard 19 'Employee Benefits' net pension liability of £48,000k (2016: liability of £52,400k).

The aggregate pension cost incurred by the company for the year for these arrangements was £25k (2016: £29k). There were no amounts due to or from the schemes at either year end.