

REGISTERED NUMBER: 06875230 (England and Wales)

Annual Report and
Audited Financial Statements for the Period 1 January 2020 to 30 June 2021
for
Interserve Service Futures Limited

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Interserve Service Futures Limited (Registered number: 06875230)

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for the Period 1 January 2020 to 30 June 2021

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Interserve Service Futures Limited

Company Information

for the Period 1 January 2020 to 30 June 2021

DIRECTORS:

J M White
CJ Edwards

REGISTERED OFFICE:

Capital Tower
91 Waterloo Road
London
SE1 8RT

REGISTERED NUMBER:

06875230 (England and Wales)

AUDITORS:

Grant Thornton UK LLP
Victoria House
199 Avebury Boulevard
Milton Keynes
MK9 1AU

Interserve Service Futures Limited (Registered number: 06875230)**Strategic Report****for the Period 1 January 2020 to 30 June 2021**

The directors present their strategic report for the period 1 January 2020 to 30 June 2021.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the company is the provision of employment positions at HMP Berwyn, a pilot contract awarded to Interserve by the Ministry of Justice in 2017. The contract provides meaningful work for service users, providing new skills and supporting rehabilitation. The company also provides support to the Interserve Community Rehabilitation Companies. All costs incurred on their behalf are recharged in full. Items which are not recharged relate to other overhead activities.

FUTURE DEVELOPMENTS

The directors intend to dissolve the company by the end of 2023.

The key financial and other performance indicators during the period were as follows:

	Period Ended 30 June 2021 £'000	Year Ended 2019 £'000
Turnover	3,509	1,579
Operating Profit before exceptional items	1,231	67
Profit /(loss) after tax	850	(1,431)
Equity shareholders' funds	(40,095)	(40,946)

Significant Events

The HMP Berwyn contract commenced in August 2017 but delays to the build meant that the contract start date was delayed until July 2018. As an interim measure the company agreed to provide a temporary solution for the contract to minimise the impact of the delays however the contract never reached full operational capacity and then Covid stopped all workshop activity. Due to these issues alongside the MOJ decision to renationalise the CRC contracts it was agreed with the MOJ that the contract would be terminated under a no fault agreement on 31 March 2021.

PRINCIPAL RISKS AND UNCERTAINTIES

The risks are reviewed on a regular basis by the Senior Management Team. The principal risks and uncertainties facing the company are broadly grouped as competitive, contractual, and financial instrument risk.

Competitive Risk

In the UK the company is reliant on Central Government for contracts which are subject to periodic competitive tender. Renewal of these contracts is uncertain and based on financial and performance criteria. However, given that the Company will be dissolved by the end of 2023, this risk is no longer considered a key risk.

Contractual Risks

The company has a material contract with Ministry of Justice running to 31 March 2021 which was terminated on that date.

The biggest contractual risk was prior to 31 March 2021 being unable to provide meaningful work for the prescribed number of employment positions set out in the contract. The objective to mitigate this risk was to source a number of viable alternatives if any of the existing operations ceased to operate.

Financial Instrument Risks

In principle the company holds financial instruments such as debtors, creditors, cash and liquid resources which are exposed to financial risks.

The company has established a risk and financial management framework whose primary objectives are to protect it from events that hinder the achievement of the company's performance objectives.

The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

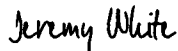
Interserve Service Futures Limited (Registered number: 06875230)

Strategic Report
for the Period 1 January 2020 to 30 June 2021

GOING CONCERN

The directors have assessed the going concern status of the company and have concluded that given that the Company has net liabilities, no longer has access to any financial support from the Interserve Group to enable it to meet its liabilities as they fall due and the Directors intend to dissolve the Company by the end of 2023, it is not appropriate to prepare these financial statements for the period ended 30 June 2021 on a going concern basis. Accordingly, the directors have prepared the financial statements on a basis other than the going concern basis of preparation. This basis includes, where applicable, writing the company's assets down to net realisable value. No provision has been made for the future costs of terminating the business as no such costs were committed at the reporting date.

ON BEHALF OF THE BOARD:



J M White - Director

30 March 2023

Interserve Service Futures Limited (Registered number: 06875230)

Report of the Directors
for the Period 1 January 2020 to 30 June 2021

The directors present their annual report and the audited financial statements for the period 1 January 2020 to 30 June 2021.

DIVIDENDS

An interim dividend of £nil was paid during the period (2019: £nil) and the directors do not recommend a final dividend (2019: £nil).

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

The directors who have held office during the period from 1 January 2020 to the date of this report are as follows:

J H Downman - appointed 1 June 2020, resigned 26 June 2021

K Thornden-Edwards - appointed 31 December 2020, resigned 26 June 2021

S Jones - resigned 30 June 2020

I Mulholland - resigned 31 December 2020

J M White - appointed 22 June 2021

CJ Edwards – appointed 14 December 2021

R Vose - appointed 22 June 2021, resigned 15 December 2021

POLITICAL DONATIONS AND EXPENDITURE

The company made no political donations in this period (2019: £nil)

STRATEGIC REPORT

The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report. This includes a review of the development of the business of the company during the period, of its position at the end of the period and of the likely future developments in its business.

Interserve Service Futures Limited (Registered number: 06875230)

Report of the Directors
for the Period 1 January 2020 to 30 June 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report and 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 International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006. 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 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 (as explained in the strategic report the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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.

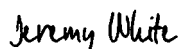
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as each director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

The auditors, Grant Thornton UK LLP, will be proposed for re-appointment for the next accounting period.

ON BEHALF OF THE BOARD:



J M White - Director

30 March 2023

Independent Auditors' Report to the Members of
Interserve Service Futures Limited

Disclaimer of opinion

We were engaged to audit the financial statements of Interserve Service Futures Limited for the period from 1 January 2020 to 30 June 2021, which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows 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 international accounting standards in conformity with the requirements of the Companies Act 2006.

We do not express an opinion on the accompanying financial statements of the company. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The previous ultimate parent of this company, Interserve plc entered administration on 15 March 2019 and Interserve Group Limited was incorporated to become the new ultimate parent of the group. The contract operated by this company on behalf of the Ministry of Justice (MOJ) terminated prior to the balance sheet date following the MOJ decision to renationalise these contracts. As part of this termination, the employees of the company were transferred out to work for the MOJ. The remaining management of the company have been unable to find supporting financial information and documentation for a large number of balances and transactions in the financial statements. Consequently, we were unable to confirm or verify by alternative means: in the Statement of Profit or Loss and Other Comprehensive Income, revenue of £3,509,000, cost of sales of £4,802,000, other operating income of £33,450,000, administrative expenses of £30,926,000, redundancy costs of £753,000 (included in exceptional items) and income tax of £467,000; and, in the Statement of Financial Position, VAT receivable of £357,000 (included in trade and other receivables), trade payables of £1,048,000 and deferred income of £243,000 (included in trade and other payables).

Due to the material and pervasive nature of these findings, we were unable to determine whether any adjustments were necessary in respect of the income and expenses recorded in the Statement of Profit or Loss and Other Comprehensive Income for the period, and in respect of the VAT receivable (included in trade and other receivables), trade payables and deferred income balances (including in trade and other payables) recorded in the Statement of Financial Position, and the related elements making up the Statement of Cash flows and the Statement of Changes in Equity.

Emphasis of matter – Financial statements prepared on a basis other than going concern

We draw your attention to the Going concern note within Note 2 to the financial statements, which describes the basis of preparation of the financial statements. As described in that note, given the company has net liabilities, no longer has access to any financial support from the Interserve Group to enable it to meet any funding shortfalls and the directors intend to liquidate the company by the end of 2023, it is not appropriate to prepare these financial statements for the period ended 30 June 2021 on a going concern basis. Accordingly, the directors have prepared the financial statements on a basis other than the going concern basis of preparation. Our opinion is not modified in respect of this matter.

Opinions on other matters prescribed by the Companies Act 2006

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion whether, based on the work undertaken in the course of the audit:

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

Independent Auditors' Report to the Members of
Interserve Service Futures Limited

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

Notwithstanding our disclaimer of opinion on the financial statements, in the light of the knowledge and understanding of the company and its environment obtained in the course of the audit performed subject to the pervasive limitation described above, we have not identified material misstatements in the strategic report or the report of the directors.

- 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 have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

Arising from the limitation of our work referred to above:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we determined that adequate accounting records have not been kept.

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:

- 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.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page five, 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 responsibility is to conduct an audit of the company's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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.

Independent Auditor's Report to the Members of
Interserve Service Futures Limited

The extent to which the audit is considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant legal and regulatory frameworks are those that relate to the financial reporting framework, being the Companies Act 2006 and international accounting standards in conformity with the requirements of the Companies Act 2006.
- We obtained an understanding of the applicable legal and regulatory frameworks and how the company is complying with those frameworks by making inquiries of management, internal legal representative and those charged with governance. We corroborated our inquiries through inspection of Board meeting minutes. We considered the results from our other tests to identify instances of non-compliance.
- Our audit procedures involved: journal entry testing to the extent possible given the previously discussed restrictions in access to audit evidence, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; and enquiries of management. In addition, we completed audit procedures to conclude on the compliance of disclosures in the financial statements with the applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagement of a similar nature and complexity through appropriate training and participation;
 - Knowledge of the industry in which the company operates; and
 - Understanding of the legal and regulatory requirements specific to the company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

Use of our report

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.

Grant Thornton UK LLP

Charlotte Anderson BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Milton Keynes
30 March 2023

Interserve Service Futures Limited (Registered number: 06875230)Statement of Profit or Loss and Other Comprehensive Income
for the Period 1 January 2020 to 30 June 2021

		Period 1.1.20 to 30.6.21 £'000	Year Ended 31.12.19 £'000
	Notes		
CONTINUING OPERATIONS			
Revenue		3,509	1,579
Cost of sales		<u>(4,802)</u>	<u>(2,914)</u>
GROSS LOSS		(1,293)	(1,335)
Other operating income		33,450	25,311
Administrative expenses		<u>(30,926)</u>	<u>(23,909)</u>
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		1,231	67
Dividend income		148	-
Exceptional items	5	<u>2,227</u>	<u>(232)</u>
OPERATING PROFIT/(LOSS)		3,606	(165)
Finance costs	6	<u>(2,289)</u>	<u>(1,602)</u>
PROFIT/(LOSS) BEFORE TAX	7	1,317	(1,767)
Income tax	8	<u>(467)</u>	<u>336</u>
PROFIT/(LOSS) FOR THE PERIOD		850	(1,431)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		<u>850</u>	<u>(1,431)</u>

Interserve Service Futures Limited (Registered number: 06875230)Statement of Financial Position30 June 2021

	Notes	2021 £'000	2019 £'000
ASSETS			
NON-CURRENT ASSETS			
Investments	9	-	-
CURRENT ASSETS			
Trade and other receivables	10	7,982	18,716
Tax receivable		-	336
		<u>7,982</u>	<u>19,052</u>
TOTAL ASSETS		<u>7,982</u>	<u>19,052</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	43,786	57,666
Financial liabilities - borrowings			
Bank overdrafts	14	3,995	2,228
Tax payable		<u>296</u>	<u>103</u>
		<u>48,077</u>	<u>59,997</u>
TOTAL NET (LIABILITIES)		<u>(40,095)</u>	<u>(40,945)</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	11	1	1
Retained earnings	12	<u>(40,096)</u>	<u>(40,946)</u>
TOTAL EQUITY		<u>(40,095)</u>	<u>(40,945)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 March 2023 and were signed on its behalf by:

Jeremy White

J M White - Director

Interserve Service Futures Limited (Registered number: 06875230)Statement of Changes in Equity
for the Period 1 January 2020 to 30 June 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	1	(39,515)	(39,514)
Changes in equity			
Total comprehensive loss	<u>-</u>	<u>(1,431)</u>	<u>(1,431)</u>
Balance at 31 December 2019	<u>1</u>	<u>(40,946)</u>	<u>(40,945)</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>850</u>	<u>850</u>
Balance at 30 June 2021	<u><u>1</u></u>	<u><u>(40,096)</u></u>	<u><u>(40,095)</u></u>

Interserve Service Futures Limited (Registered number: 06875230)Statement of Cash Flowsfor the Period 1 January 2020 to 30 June 2021

	Notes	Period 1.1.20 to 30.6.21 £'000	Year Ended 31.12.19 £'000
Cash flows from operating activities			
Cash generated from operations	1	312	5,189
Tax recovered		<u>62</u>	<u>-</u>
Net cash from operating activities		<u>374</u>	<u>5,189</u>
 Cash flows from investing activities			
Dividends received from associates and joint ventures		<u>148</u>	<u>-</u>
Net cash from investing activities		<u>148</u>	<u>-</u>
 Cash flows from financing activities			
Interest paid		<u>(2,289)</u>	<u>(1,601)</u>
Net cash from financing activities		<u>(2,289)</u>	<u>(1,601)</u>
 (Decrease)/ increase in cash and cash equivalents		<u>(1,767)</u>	<u>3,588</u>
Cash and cash equivalents at beginning of period	2	<u>(2,228)</u>	<u>(5,816)</u>
 Cash and cash equivalents at end of period	2	<u><u>(3,995)</u></u>	<u><u>(2,228)</u></u>

Interserve Service Futures Limited (Registered number: 06875230)Notes to the Statement of Cash Flows
for the Period 1 January 2020 to 30 June 2021**1. RECONCILIATION OF PROFIT/(LOSS) BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	Period 1.1.20 to 30.6.21 £'000	Year Ended 31.12.19 £'000
Operating profit/(loss)	3,458	(164)
Profit on disposal of investments in joint ventures and impairments	(3,000)	-
Impairment of intercompany debtors	20	-
	<u>478</u>	<u>(164)</u>
Decrease in trade and other receivables	9,502	3,467
(Decrease)/increase in trade and other payables	<u>(9,668)</u>	<u>1,886</u>
Cash generated from operations	<u><u>312</u></u>	<u><u>5,189</u></u>

2. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Period ended 30 June 2021

	30.6.21 £'000	1.1.20 £'000
Bank overdrafts	<u><u>(3,995)</u></u>	<u><u>(2,228)</u></u>

Interserve Service Futures Limited (Registered number: 06875230)

Notes to the Financial Statements
for the Period 1 January 2020 to 30 June 2021

1. STATUTORY INFORMATION

Interserve Service Futures 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 nature of the company's operation and its principal activities are set out in the strategic report on page 2.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

First time adoption of IFRS

The Company has adopted IFRS as of the 1st January 2020. Previously the financial statements were prepared under FRS 101- Reduced Disclosure Framework and as there are no major differences in terms of recognition and measurements principles, there were no adjustments to prior numbers as a result of the adoption.

As a result of previously reporting in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' the prior year financial statements did not include a cash flow statement but this information is now presented as comparative figures in the current period cash flow statement.

The Company has extended its year end reporting date from 31 December 2020 to 30 June 2021 in order to provide additional time to reflect the impact of decisions made about the future of the business. As a result, the comparative figures for the twelve months ended 31 December 2019 shown in these accounts are not comparable with the current eighteen-month reporting period

The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The financial statements contain information about Interserve Service Futures Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Interserve Group Limited.

Interserve Service Futures Limited (Registered number: 06875230)

Notes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021

2. ACCOUNTING POLICIES - continued

Revenue

Revenue earned from the rendering of services is measured at fair value of the consideration received or receivable excluding discounts, rebates and value added tax.

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 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.

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

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

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

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

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Going concern

The directors have assessed the going concern status of the company and have concluded that given that the Company has net liabilities, no longer has access to available cash and debt facilities provided by the Interserve Group to enable it to meet any future funding shortfalls and the Directors intend to dissolve the Company by the end of 2023, it is not appropriate to prepare these financial statements for the period ended 30 June 2021 on a going concern basis. Accordingly, the directors have prepared the financial statements on a basis other than the going concern basis of preparation. This basis includes, where applicable, writing the company's assets down to net realisable value. No provision has been made for the future costs of terminating the business as no such costs were committed at the reporting date.

Interserve Service Futures Limited (Registered number: 06875230)

Notes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021

2. **ACCOUNTING POLICIES - continued**

Fixed asset investments

Investments in subsidiary undertakings and joint ventures are stated at cost less provision for any permanent impairment in value. Impairment reviews are performed by the Directors when there has been an indication of impairment and are based upon an assessment of the value of the net assets in the balance sheet of the subsidiaries.

Exceptional administrative expenses

Exceptional items are those that the company consider to be non-recurring and significant in size or in nature. Exceptional items include redundancy programmes and disposals of investments in subsidiaries.

Financial Instruments

Impairment of financial assets

IFRS 9 impairment requires the use of more forward looking information to evaluate expected credit losses. The new standards expected credit loss model (ECL) replaces IAS 39's incurred loss model. Instruments within the scope of IFRS 9 included loans measured at amortised cost, trade receivables and contract assets recognised and measured under IFRS 15.

Recognition of credit losses is no longer reliant on the group first identifying a credit loss event but instead the group considers a wider range of information when assessing credit risk and measuring expected credit losses. This information includes past events, current conditions and reasonable forecasts in respect of the collectability of future cash flows of the instruments.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Mobilisation costs

As part of the Transforming Rehabilitation contract, the company incurred mobilisation costs relating to ICT infrastructure and CMS. These costs are amortised over the life of the contract. The mobilisation costs are held as other debtors on the balance sheet.

Equity instruments

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Contingent liabilities

Contingent liabilities are disclosed in the notes to the financial statements in respect of guarantees given to the Interserve Group's subsidiaries and associated undertakings. Due to the nature of the guarantees it would be difficult to reliably measure the Company's potential obligation and as the Company considers it unlikely that there will be requirement to make a financial settlement as a result of these guarantees no liability has been recognised in the financial statements.

Finance costs

Borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred. Differences between borrowing costs payable in the year and costs actually paid are shown in accruals in the balance sheet.

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective rate applicable.

Interserve Service Futures Limited (Registered number: 06875230)**Notes to the Financial Statements - continued**
for the Period 1 January 2020 to 30 June 2021**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements, apart from those involving estimates (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying value of amounts owed by group undertakings

The recoverability of loans due from Group subsidiaries requires a review of those companies' balance sheets to determine if they have the means to repay the loans. The carrying amount of these loans at the balance sheet date was £7,625,000 (2019: £6,420,000) with no impairments provided in these periods.

4. EMPLOYEES AND DIRECTORS

	Period 1.1.20 to 20.6.21 £'000	Year Ended 31.12.19 £'000
Wages and salaries	5,782	7,986
Social security costs	603	823
Other pension costs	258	383
	<u>6,643</u>	<u>9,192</u>

The payroll costs are for employees remunerated in full by the company, some of which have been recharged out to other Interserve companies.

The average number of employees during the period were as follows:

	Period 1.1.20 to 20.6.21	Year Ended 31.12.19
Directors	2	2
Administrative and Other	<u>134</u>	<u>184</u>
	<u>136</u>	<u>186</u>

Directors I Mullholland and J Downman were remunerated in full by the company, although their costs were recharged to other Interserve companies. It is not considered practical to allocate their remuneration between the companies of which they are a director.

Interserve Service Futures Limited (Registered number: 06875230)Notes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**5. EXCEPTIONAL ITEMS**

	Period 1.1.20 to 20.6.21 £'000	Year Ended 31.12.19 £'000
Redundancy costs	(753)	(232)
Impairment of intercompany balance	(20)	-
Profit on sale of subsidiaries	3,000	-
	<u>2,227</u>	<u>(232)</u>

The employee redundancy programme forms part of a restructuring of the wider Interserve Group.
The £20k impairment provision is in respect of an amount due from Purple Futures LLP.

The profit on sale of subsidiaries represents the sale of the company's 100% shareholdings in Interserve Working Futures Limited and Interserve Healthcare Holdings Limited, which had previously been impaired in full.

6. NET FINANCE COSTS

	Period 1.1.20 to 30.6.21 £'000	Year Ended 2019 £'000
Finance income:		
Other participating interests	<u>148</u>	<u>-</u>
Finance costs:		
Group interest payable	<u>2,289</u>	<u>1,602</u>
Net finance costs	<u>2,141</u>	<u>1,602</u>

7. PROFIT/(LOSS) BEFORE INCOME TAX

The audit fee for the company of £26,000 (2019: £500) was borne by the ultimate parent company.

Interserve Service Futures Limited (Registered number: 06875230)Notes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**8. INCOME TAX****Analysis of tax expense/(income)**

	Period 1.1.20 to 30.6.21 £'000	Year Ended 31.12.19 £'000
Current tax:		
Corporation Tax	131	(336)
Prior year Tax Adjustment	<u>336</u>	<u>-</u>
Total tax expense/(income) in statement of profit or loss and other comprehensive income	<u>467</u>	<u>(336)</u>

Factors affecting the tax expense

The tax assessed for the period is higher (2019 – equivalent to) than the standard rate of corporation tax in the UK. The difference is explained below:

	Period 1.1.20 to 30.6.21 £'000	Year Ended 31.12.19 £'000
Profit/(loss) before income tax	<u>1,317</u>	<u>(1,766)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	250	(336)
Effects of:		
Non - taxable impairments	4	-
Other permanent differences	539	-
Dividends not subject to tax	(28)	-
Losses utilised	(65)	-
Prior year adjustment	336	-
Non-taxable profit on sale of subsidiaries	<u>(569)</u>	<u>-</u>
Tax expense/(income)	<u>467</u>	<u>(336)</u>

The Company has been advised that Group tax relief is available and that payment will be made at the standard rate of 19% (2019: 19%) of the amount of tax losses surrendered. During the period, the applicable rate of corporation tax was 19% which is expected to remain until 1 April 2023. From 1 April 2023, the main rate of corporation tax will increase to 25% applying to taxable profits over £250,000. As such, the company expects to pay tax at this higher rate in the future.

Interserve Service Futures Limited (Registered number: 06875230)**Notes to the Financial Statements - continued**
for the Period 1 January 2020 to 30 June 2021**9. INVESTMENTS**

	2021 £'000	2019 £'000
Investments	-	-
	-	-
Investments in joint venture undertakings	2021 £'000	2019 £'000
	-	-
Shares at cost as at 30 June 2021	-	-

There is a nil value investment which represents a 49% interest in Rehab Jobfit, an LLP set up to deliver the government's Work Programme and Mandatory Work Activity Programme in South-West England and Wales. The company had a right but not a binding obligation to make loans to Rehab Jobfit LLP up to £320,000 at an 11% pa interest rate. To date no loans have been made to Rehab Jobfit LLP.

There is also an investment which represents a 23.5% interest in Capacity, an LLP set up to deliver a wide range of projects in the North-West of England to improve public services within the community. The investment combines £105,000 of share capital and £275,000 of loans and has been fully impaired and has a nil value.

Investment in subsidiaries	2021 £'000	2019 £'000
Shares at cost as at 1 January	35,807	35,807
Additions	-	-
Fair value adjustment/impairment	-	(35,807)
Sale of shares	(35,807)	-
Shares at cost as at 30 June 2021 and 31 December 2019	-	-

During the current period the Company acquired a 100% interest in Broomco (4110) Limited and Orient Gold Limited for nil consideration.

The investments in subsidiaries represented:

1.100% interest in the 100 Ordinary share of £1 each of Interserve Working Futures Limited and was sold in the year for nil value.

2.100% of interest in Interserve Healthcare Holdings Limited and was sold in the year realising a net gain on disposal of £3,000,000.

Interserve Service Futures Limited (Registered number: 06875230)Notes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**9. INVESTMENTS (continued)**

Subsidiary Undertakings	Business	Registered Address
Directly owned		
Broomco (4110) Limited (100% owned)	Holding company	Capital Tower, 91 Waterloo Road, London SE1 8RT United Kingdom
Orient Gold Limited (100% owned)	Holding company	Capital Tower, 91 Waterloo Road, London SE1 8RT United Kingdom
Indirectly owned		
Triangle Training Holdings Limited (100% owned)	Holding company	Capital Tower, 91 Waterloo Road, London SE1 8RT United Kingdom
Triangle Training Limited (100% owned)	Holding company	Capital Tower, 91 Waterloo Road, London SE1 8RT United Kingdom
ESG (Saudi Arabia) LLC (100% owned)	Training and development	ESG Alkhobar Girl's Technical College, Azizyah, Alkhobar 34724 Saudi Arabia

10. TRADE AND OTHER RECEIVABLES

	2021 £'000	2019 £'000
Current:		
Trade debtors	-	539
Amounts owed by group undertakings	7,625	6,420
Amounts owed by participating interests	-	1,212
Other debtors	-	9,022
Intra Group trade balances	20	-
Provisions against intra Group trade balances	(20)	-
VAT	357	337
Prepayments	-	1,184
	<u>7,982</u>	<u>18,716</u>

Amounts owed by group undertakings are interest free, unsecured and repayable on demand.

11. CALLED UP SHARE CAPITAL

Allotted and issued:				
Number:	Class:	Nominal value:	2021	2019
			£	£
500	Share capital 1	1	<u>500</u>	<u>500</u>

12. RESERVES

	Retained earnings £'000
At 1 January 2020	(40,946)
Profit for the period	<u>850</u>
At 30 June 2021	<u>(40,096)</u>

Interserve Service Futures Limited (Registered number: 06875230)Notes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**13. TRADE AND OTHER PAYABLES**

	2021 £'000	2019 £'000
Current:		
Trade creditors	1,048	5,313
Amounts owed to group undertakings	35,827	48,953
Social security and other taxes	-	225
Other creditors	131	-
Intra group trade balances	6,537	-
Deferred income	243	3,175
	<u>43,786</u>	<u>57,666</u>

Amounts owed to group undertakings are interest free, unsecured and repayable on demand, with the exception of £35,827k (2019: £41,642k), which represents interest bearing amounts borrowed from Interserve Finance Limited. The loan bears interest at 4% pa and is repayable on demand. Included in the £35,827k is £699k (2019: £1,601k) which represents the balance for outstanding interest.

14. FINANCIAL LIABILITIES - BORROWINGS

	2021 £'000	2019 £'000
Current:		
Bank overdrafts	<u>3,995</u>	<u>2,228</u>

Terms and debt repayment schedule

	1 year or less £'000
Bank overdrafts	<u>3,995</u>

15. CONTINGENT LIABILITIES

In the ordinary course of business the Company has given guarantees covering bank overdrafts to its fellow subsidiary undertakings. At 30 June 2021 these amounted to £195,687,000 (2019: £319,188,000).

Due to the nature of the guarantees it would be difficult to reliably measure the Company's potential obligation and as the directors consider it unlikely that there will be requirement to make a financial settlement as a result of these guarantees no liability has been recognised in the financial statements.

Interserve Service Futures Limited (Registered number: 06875230)**Notes to the Financial Statements - continued**
for the Period 1 January 2020 to 30 June 2021**16. ULTIMATE PARENT COMPANY**

Interserve Group Limited, a company registered in England and Wales, is the company regarded by 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 group financial statements of Interserve group Limited are available from Interserve Group Limited, Capital Tower, 91 Waterloo Road, London, England, SE1 8RT.
The immediate parent company is Interserve Service Futures Holdings Limited.

17. RELATED PARTY DISCLOSURES**Balances with related parties**

	2021	2019
	£'000	£'000
Group Undertakings - Debtors		
Purple Futures LLP	20	20
Less impairment	(20)	
Interserve Healthcare Ltd	-	423
Interserve Learning & Employment Services Ltd	-	226
The West Yorkshire CRC Ltd	1,502	1,018
The Humberside, Lincolnshire & North Yorkshire CRC Ltd	1,469	1,044
The Hampshire and Isle of Wight Rehab Company Ltd	1,165	908
The Merseyside CRC Ltd	932	767
The Chester and Greater Manchester CRC Ltd	2,557	2,014

	7,625	6,420
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Associates and joint ventures – Debtors

Interserve Healthcare Ltd	-	1,212
	<u>7,625</u>	<u>7,632</u>

Group Undertakings - Creditors

Interserve Finance Limited	(36,525)	(41,642)
Triangle Training Ltd	(16)	-
Interserve Investments Ltd	(5,823)	(6,821)
Interserve Group Ltd		(457)
Interserve Fm Limited		(27)
Interserve Building Ltd		(6)
	<u>(42,364)</u>	<u>(48,953)</u>

Transactions with related parties

	Period	
	1.1.20	
	to	Year Ended
	30.6.21	2019
	£'000	£'000
Loan interest expense to Interserve Finance Limited	2,289	1,602

18. POST BALANCE SHEET EVENTS

Due to the administration of Interserve plc on 15 March 2019, a Corporate Resolution Plan was put into place to enable an orderly dissolution over time of most of the remaining subsidiaries of the Interserve Group. Execution of this Corporate Resolution Plan commenced before 30 June 2021. Since the balance sheet date, Interserve Group Limited management has continued working with its external advisers to implement this Plan.

Interserve Service Futures Limited (Registered number: 06875230)

Reconciliation of Equity and Loss at

1 January 2020

The Company has adopted IFRS as of the 1st January 2020. Previously the financial statements were prepared under FRS 101 – Reduced Disclosure Framework.

There was no impact on either the Company's equity or its loss arising from transitioning from FRS 101 to IFRS as at 1st January 2020.