

**REGISTERED NUMBER: 4638952**

**Report of the Directors and**  
**Financial Statements for the Year Ended 31 December 2006**  
**for**  
**Inspace Maintain Limited**

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**Inspace Maintain Limited**

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for the Year Ended 31 December 2006**

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**Inspace Maintain Limited**

**Company Information**  
**for the Year Ended 31 December 2006**

**DIRECTORS:**

Duncan Forbes MCIOB  
Colin Enticknap FCIOB, MRICS  
Karim Khan MRICS  
Andrew Telfer ACA, BSc (Eng)  
Jayne Watkins FCA, BSc (Econ)  
Catherine Weir  
David Hansell MBA  
Helen Cooper MCIOB, BSc (Hons)

**SECRETARY:**

Anne Lister

**REGISTERED OFFICE:**

Spirella 2  
Icknield Way  
Letchworth Garden City  
Hertfordshire  
SG6 4GY

**REGISTERED NUMBER:**

4638952

**AUDITORS:**

Baker Tilly UK Audit LLP  
Registered Auditor and Chartered Accountants  
First Floor  
46 Clarendon Road  
Watford  
Hertfordshire  
WD17 1JJ

## **Inspace Maintain Limited**

### **Report of the Directors for the Year Ended 31 December 2006**

The directors present their report with the financial statements of the company for the year ended 31 December 2006

#### **REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements

The company specialises in the improvement and maintenance of public and private sector non-housing real estate. It has for several years been one of the UK's largest fabric maintenance businesses, delivering an integrated 24/7 reactive service through its national infrastructure across England, Scotland and Wales

The profit for the year after taxation was £768,548 (2005 - £1,313,849)

The directors do not expect any change in the activities of the company in the foreseeable future

A review of the company and Inspace's Corporate Assets division are also contained within the Executive Chairman's Statement, the Chief Financial Officer's Report and the Business Review sections of the published Inspace plc Annual Report and Accounts 2006.

#### **DIVIDENDS**

No interim dividend was paid during the year (2005 100 Op per share). The directors recommended and paid a final dividend of 25 Op per share (2005 195 9p per share)

The total distribution of dividends for the year ended 31 December 2006 was £250,000 (2005 £2,959,500).

#### **DIRECTORS**

The directors during the year under review were.

Duncan Forbes MCIOB		
Helen Cooper MCIOB, BSc (Hons)	- appointed 1 1 07	
Colin Enticknap FCIOB, MRICS		
David Hansell MBA	- appointed 1 1 07	
Tom Kennedy	- resigned 10 1 07	
Karim Khan MRICS		
Paul Ryder	- appointed 1.1.06	- resigned 21 3 06
Andrew Telfer ACA, BSc (Eng)		
Jayne Watkins FCA, BSc (Econ)		
Catherine Weir	- appointed 1 1 06	
David Batchelor FCA (Non-Executive)	- appointed 22 8 06	- resigned 1 1 07

## **Inspace Maintain Limited**

### **Report of the Directors for the Year Ended 31 December 2006**

#### **EMPLOYEES**

It is the policy of the company to employ the most suitably qualified persons regardless of age, religion, gender, sexual orientation or ethnic origin or any other grounds not related to a person's ability to work safely and effectively for the company. The company encourages the employment and career development of disabled persons and the continued employment of employees who may be injured or disabled in the course of their employment.

The company recognises the importance of ensuring that relevant business information is provided to employees. This is achieved through the regular operation of a communications programme.

#### **PAYMENT OF SUPPLIERS**

It is company policy to agree the terms of payment as part of the commercial arrangements negotiated with suppliers and to then pay according to those terms. Trade creditor days, based on creditors at 31 December 2006, were 52 days (2005: 40 days).

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **THE DISCLOSURE OF INFORMATION TO THE AUDITORS**

The directors confirm that, having made enquiries of fellow directors and of the company's auditors, to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware. Each of the directors has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

**Inspace Maintain Limited**

**Report of the Directors**  
**for the Year Ended 31 December 2006**

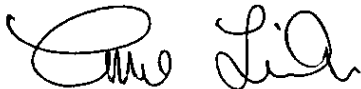
**AUDITORS**

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

**ANNUAL GENERAL MEETINGS**

Elective resolutions have been passed to dispense with the holding of annual general meetings and the laying of reports and accounts before the company in general meeting. Under Section 253 (2) of the Companies Act 1985, each member has the right to require the laying of reports and accounts before a general meeting. Such right is exercisable by a member giving notice in writing to that effect deposited at the registered office of the company before the end of the period of 28 days from the date on which the accompanying financial statements were sent to members.

**ON BEHALF OF THE BOARD:**

A handwritten signature in black ink, appearing to read 'Anne Lister', written over a horizontal line.

Anne Lister - Secretary

6 July 2007

**Report of the Independent Auditors to the Shareholders of  
Inspace Maintain Limited**

We have audited the financial statements of Inspace Maintain Limited for the year ended 31 December 2006 on pages seven to sixteen

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

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

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

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

**Basis of audit opinion**

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

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

**Report of the Independent Auditors to the Shareholders of  
Inspace Maintain Limited**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements



Baker Tilly UK Audit LLP  
Registered Auditor and Chartered Accountants  
First Floor  
46 Clarendon Road  
Watford  
Hertfordshire  
WD17 1JJ

6 July 2007



**Inspace Maintain Limited****Profit and Loss Account  
for the Year Ended 31 December 2006**

	Notes	31.12 06 £	£	31 12 05 £	£
<b>TURNOVER</b>			54,974,244		53,463,183
Cost of sales			41,197,510		39,691,691
<b>GROSS PROFIT</b>			13,776,734		13,771,492
Distribution costs		158,644		135,912	
Administrative expenses		12,131,724		11,254,859	
			12,290,368		11,390,771
<b>OPERATING PROFIT</b>	3		1,486,366		2,380,721
Interest payable and similar charges	4		531,439		453,727
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>			954,927		1,926,994
Tax on profit on ordinary activities	5		186,379		613,145
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>			768,548		1,313,849

**CONTINUING OPERATIONS**

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

**TOTAL RECOGNISED GAINS AND LOSSES**

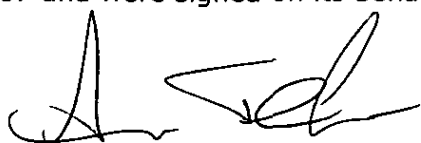
The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

**Inspace Maintain Limited****Balance Sheet**  
**31 December 2006**

	Notes	31.12.06		31.12 05	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	7		162,036		232,554
Investments	8		-		-
			162,036		232,554
<b>CURRENT ASSETS</b>					
Stocks	9	140,668		170,390	
Debtors	10	14,258,588		13,297,054	
Cash in hand		119,820		30,562	
		14,519,076		13,498,006	
<b>CREDITORS</b>					
Amounts falling due within one year	11	12,845,968		12,413,964	
<b>NET CURRENT ASSETS</b>			1,673,108		1,084,042
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,835,144		1,316,596
<b>CAPITAL AND RESERVES</b>					
Called up share capital	13		1,000,000		1,000,000
Profit and loss account	14		835,144		316,596
<b>SHAREHOLDERS' FUNDS</b>	17		1,835,144		1,316,596

The financial statements were approved and authorised for issue by the Board of Directors on 6 July 2007 and were signed on its behalf by:



Andrew Telfer ACA, BSc (Eng) - Director

## **Inspace Maintain Limited**

### **Notes to the Financial Statements** **for the Year Ended 31 December 2006**

#### **1 ACCOUNTING POLICIES**

##### **Basis of accounting**

The financial information has been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom

##### **Exemption from preparing consolidated financial statements**

The financial statements contain information about Inspace Maintain Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Inspace plc, a company registered in England

##### **Turnover**

Turnover is the aggregate of all invoiced external sales adjusted for amounts recoverable on contracts at the beginning and end of the year, stated net of value added tax

##### **Tangible fixed assets**

Tangible fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at the following rates, calculated to write each asset down to its estimated residual value evenly over its expected useful economic life,

Short leasehold buildings	The earlier of 5 years or until the next break point in the lease
Furniture and equipment	10% - 25% per annum

Where fixed assets are impaired in value or use they are written down to their economic value

##### **Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based upon estimated selling price. Provision is made for obsolete and slow-moving items

##### **Deferred tax**

Full provision is made for deferred taxation arising from the difference between the treatment of items in the financial information and their treatment for taxation purposes. Deferred taxation is measured on a non-discounted basis.

##### **Investments**

Investments are included at cost less amount written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

##### **Operating leases**

The total payments made under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease

## **Inspace Maintain Limited**

### **Notes to the Financial Statements - continued** **for the Year Ended 31 December 2006**

#### **1 ACCOUNTING POLICIES - continued**

##### **Amounts recoverable on contracts**

Amounts recoverable on contracts are valued at cost with appropriate addition or provision for estimated profits or losses and after deduction of amounts received and applications for payment receivable. All foreseeable losses are provided for in full.

Turnover and profit is ascertained in a manner appropriate to the stage of completion of the contract, and credit taken for profit earned when the outcome of work under the contract can be assessed with reasonable certainty.

##### **Dividends**

Dividends are recognised in the accounting period in which they are declared and approved in accordance with Financial Reporting Standard 21.

##### **Cash flow statement**

The company qualifies under Financial reporting Standard 1, paragraph 8 for the exemption from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary of a UK company that publishes a consolidated cash flow statement.

#### **2 STAFF COSTS**

	31.12.06	31.12.05
	£	£
Wages and salaries	16,011,155	14,402,818
Social security costs	1,715,739	1,498,409
	<u>17,726,894</u>	<u>15,901,227</u>

The average monthly number of employees during the year was as follows:

	31.12.06	31.12.05
Office and administration	194	181
Site and production	356	384
	<u>550</u>	<u>565</u>

Six directors (2005 - five directors) were remunerated by the company's parent company Inspace plc for their services to the group as a whole.

#### **3 OPERATING PROFIT**

The operating profit is stated after charging/(crediting)

	31.12.06	31.12.05
	£	£
Hire of plant and machinery	1,951,009	2,255,527
Depreciation - owned assets	102,188	107,642
(Profit)/Loss on disposal of fixed assets	(3,946)	1,003
Operating lease rentals - other	383,325	250,284
Auditors' remuneration - statutory audit	15,000	11,000
Auditors' remuneration - tax compliance services	4,000	3,000
	<u>229,726</u>	<u>359,313</u>

**Inspace Maintain Limited****Notes to the Financial Statements - continued  
for the Year Ended 31 December 2006****3 OPERATING PROFIT - continued**

Auditor's remuneration for audit and other services is paid by Inspace plc

Information regarding the highest paid director is as follows

	31 12 06	31 12 05
	£	£
Emoluments etc	<u>121,040</u>	<u>157,163</u>

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	31 12 06	31 12 05
	£	£
Group interest paid	<u>531,439</u>	<u>453,727</u>

**5 TAXATION****Analysis of the tax charge**

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

	31 12 06	31 12 05
	£	£
Current tax		
UK Corporation tax	<u>210,047</u>	<u>611,286</u>
Deferred tax		
Origination and reversal of timing differences	(2,853)	1,859
Prior year adjustment	<u>(20,815)</u>	<u>-</u>
Total deferred tax	<u>(23,668)</u>	<u>1,859</u>
Tax on profit on ordinary activities	<u>186,379</u>	<u>613,145</u>

UK corporation tax has been charged at 30% (2005 - 30%)

**Inspace Maintain Limited****Notes to the Financial Statements - continued  
for the Year Ended 31 December 2006****5 TAXATION - continued****Factors affecting the tax charge**

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

	31.12.06 £	31.12.05 £
Profit on ordinary activities before tax	954,927	1,926,994
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005 - 30%)	286,478	578,098
Effects of		
Expenses not deductible for tax purposes	46,610	35,047
Capital allowances for the period in excess of depreciation	2,853	(1,859)
Group relief	(125,894)	-
Current tax charge	210,047	611,286

The movement in the deferred tax asset of £23,668 (2005 liability of £1,859) was transferred to the parent company.

**6 DIVIDENDS**

	31.12.06 £	31.12.05 £
Ordinary shares of £1 each		
Final	250,000	2,959,500

The directors declared and paid a final dividend in respect of 2005 of 25 0p per ordinary share during 2006 totalling £250,000 (2005: 195 9p per ordinary share totalling £1,959,500). No interim dividend was declared during 2006 (2005: 100 0p per ordinary share totalling £1,000,000).

**Inspace Maintain Limited****Notes to the Financial Statements - continued  
for the Year Ended 31 December 2006****7. TANGIBLE FIXED ASSETS**

	Short leasehold land and buildings £	Furniture and equipment £	Totals £
<b>COST</b>			
At 1 January 2006	266,511	625,619	892,130
Additions	-	18,966	18,966
Disposals	-	(34,496)	(34,496)
Reclassification/transfer	(150,030)	265,490	115,460
At 31 December 2006	116,481	875,579	992,060
<b>DEPRECIATION</b>			
At 1 January 2006	183,591	475,985	659,576
Charge for year	20,958	81,230	102,188
Eliminated on disposal	-	(30,232)	(30,232)
Reclassification/transfer	(88,068)	186,560	98,492
At 31 December 2006	116,481	713,543	830,024
<b>NET BOOK VALUE</b>			
At 31 December 2006	-	162,036	162,036
At 31 December 2005	82,920	149,634	232,554

**8. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £
<b>COST</b>	
Additions	150,000
At 31 December 2006	150,000
<b>PROVISIONS</b>	
Provision for year	150,000
At 31 December 2006	150,000
<b>NET BOOK VALUE</b>	
At 31 December 2006	-

**Inspace Maintain Limited****Notes to the Financial Statements - continued  
for the Year Ended 31 December 2006****8 FIXED ASSET INVESTMENTS - continued**

The company's investments at the balance sheet date in the share capital of companies include the following.

**Inspace Environment Ltd**

Nature of business: Non-trading

Class of shares	% holding	31 12 06	31 12 05
Ordinary	100 00	£	£
Aggregate capital and reserves		(51,064)	(51,064)
Loss for the year		-	(201,503)
		<u>          </u>	<u>          </u>

The provision for the year was transferred from the company's parent company, Inspace plc, and therefore there was no charge in the profit and loss account

**9 STOCKS**

	31.12.06	31.12.05
	£	£
Stocks	<u>140,668</u>	<u>170,390</u>

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

	31 12 06	31 12 05
	£	£
Trade debtors	6,340,008	6,195,579
Amounts recoverable on contracts	7,742,484	6,984,111
Other debtors	4,923	571
Prepayments	171,173	116,793
	<u>14,258,588</u>	<u>13,297,054</u>

**11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	31 12 06	31 12 05
	£	£
Payments on account	1,014,472	594,610
Trade creditors	5,120,232	3,897,695
Amounts owed to group undertakings	5,563,138	6,672,590
Other creditors	37,141	-
Accruals and deferred income	1,110,985	1,249,069
	<u>12,845,968</u>	<u>12,413,964</u>



**Inspace Maintain Limited****Notes to the Financial Statements - continued  
for the Year Ended 31 December 2006****12 OPERATING LEASE COMMITMENTS**

Obligations under operating leases at 31 December 2006 were as follows

	Land and buildings		Other operating leases	
	31 12 06 £	31 12 05 £	31.12.06 £	31 12 05 £
Expiring				
Within one year	122,223	31,000	-	1,507
Between one and five years	136,750	152,650	6,805	1,153
	<u>258,973</u>	<u>183,650</u>	<u>6,805</u>	<u>2,660</u>

**13. CALLED UP SHARE CAPITAL**

Authorised, allotted, issued and fully paid  
Number Class

		Nominal value £1	31.12.06 £	31 12 05 £
1,000,000	Ordinary		<u>1,000,000</u>	<u>1,000,000</u>

**14 RESERVES**

	Profit and loss account £
At 1 January 2006	316,596
Profit for the year	768,548
Dividends	<u>(250,000)</u>
At 31 December 2006	<u>835,144</u>

**15 ULTIMATE PARENT COMPANY**

Throughout the period the Company was controlled by its ultimate parent company, Inspace plc. The Annual Report and Accounts of Inspace plc for the year ended 31 December 2006 can be viewed at [www.inspace.co.uk](http://www.inspace.co.uk)

In the opinion of the directors the company is entitled to the exemption from disclosing related party transactions with entities within the group in accordance with Financial Reporting Standard 8. There were no other transactions with related parties.

## **Inspace Maintain Limited**

### **Notes to the Financial Statements - continued** **for the Year Ended 31 December 2006**

#### **16 CONTINGENT LIABILITIES**

The company has provided a guarantee to the Royal Bank of Scotland in respect of a loan facility afforded by the bank to the company's ultimate parent company Inspace plc. As at 31 December 2006 the balance of the loan amounted to £31,574,000.

The company has also given certain guarantees to customers, landlords and finance companies in respect of agreements entered into by companies within the group in the normal course of business.

#### **17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31 12 06 £	31 12 05 £
Profit for the financial year	768,548	1,313,849
Dividends	(250,000)	(2,959,500)
<b>Net addition/(reduction) to shareholders' funds</b>	<b>518,548</b>	<b>(1,645,651)</b>
Opening shareholders' funds	1,316,596	2,962,247
<b>Closing shareholders' funds</b>	<b>1,835,144</b>	<b>1,316,596</b>

#### **18 FINANCIAL INSTRUMENTS**

The company's financial instruments principally comprise of debtors and creditors that arise in the normal course of business.

The balances shown as owing to or from group undertakings reflect the floating arrangement entered into with the company's ultimate parent company, Inspace plc.

All of the activities of the company take place in the United Kingdom and consequently there is no exchange risk. It is the company's policy not to enter into any foreign currency contracts.

The company has taken advantage of the exemption in respect of the disclosure of short-term debtors and creditors.

The fair value of the company's financial assets and liabilities are not considered to be materially different from their book values.