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Company Registration Number 3306668

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

Report and Financial Statements

31 December 2008

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

CONTENTS

	Page
Officers and professional advisors	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Independent auditors' report	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 14

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Mr T Dolan

Mr B W Spencer

Mr R L Phillips

Appointed 23 July 2008

SECRETARY

Mr R L Phillips

REGISTERED OFFICE

Capital Tower

91 Waterloo Road

London

SE1 8RT

AUDITORS

Deloitte LLP

Chartered Accountants

London

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2008.

Principal activities, results and business review

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

As shown in the profit and loss account on page 7 the turnover increased by 18% over last year to £5,863k (2007: £4,975k) and profit before tax increased by 72% to £778k (2007: £454k) due to business growth, better efficiencies and cost reductions.

The company's balance sheet on page 8 shows a net increase in net assets to £1083k (2007: £830k).

Dividends paid during the year were £300k (2007: £Nil).

Interserve plc, the ultimate parent undertaking, manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for the understanding of the development, performance or position of the business. The performance of the Specialist Services Division of Interserve plc, which includes the company, is discussed in the group's Annual report which does not form part of this report.

Creditor payment policy

The company does not follow any code or standard on payment practice. It agrees appropriate terms and conditions for its transactions with each supplier; these range from standard written terms to individually negotiated contracts. Payments to suppliers should be made in accordance with those terms and conditions, provided that the supplier has met its obligations under those terms and conditions. Trade creditors at 31 December 2008 represented 35 days of purchases (2007: 76 days).

Employees

The company gives full consideration to applications for employment made by persons with reduced mobility, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event that an employee becomes disabled, every effort is made to ensure their continued employment and to arrange appropriate training. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as practicable, be identical to that of a person who does not suffer from a disability. The company has continued its policy of regularly consulting and communicating with its employees through newsletters, briefing meetings and announcements on notice boards.

Donations

There were no charitable or political donations in the year (2007: £nil).

Principal risks and uncertainties including financial risk management

The company's operations expose it to a variety of financial risks that include the effects of credit risk and liquidity risk. The directors actively manage these by monitoring levels of risk and the related costs.

The company has implemented credit control policies including carrying out appropriate credit checks on potential customers before sales are made and reviewing collection periods. The company utilises group finance to ensure that the company has sufficient available funds for its operations and its required level of working capital.

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

DIRECTORS' REPORT

Going Concern

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

Auditors

Each of the persons who is a director at the date of approval of this report confirms that:

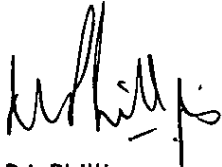
- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Deloitte LLP have been appointed auditors of the company and they have expressed their willingness to continue in office as auditors and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

Deloitte & Touche LLP changed its name to Deloitte LLP on 1 December 2008.

Approved by the Board of Directors and signed on behalf of the Board.



R L Phillips

Secretary

26 October 2009

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; ; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERSERVE ENVIRONMENTAL SERVICES LIMITED

We have audited the financial statements of Interserve Environmental Services Ltd for the year ended 31 December 2008 which comprises the profit and loss account, the balance sheet and the related notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

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 in the Statement of Directors' Responsibilities.

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 Directors' Report is consistent with 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 Directors' Report 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INTERSERVE
ENVIRONMENTAL SERVICES LIMITED (CONTINUED)**

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 2008 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 Directors' Report is consistent with the financial statements.



**Deloitte LLP
Chartered Accountants and Registered Auditors
London, United Kingdom**

26 October 2009

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2008

	Note	2008 £'000	2007 £'000
Turnover	2	5,863	4,975
Cost of Sales		(4,665)	(3,838)
Gross profit		<u>1,198</u>	<u>1,137</u>
Administrative Expenses		(420)	(683)
Profit on ordinary activities before taxation	3	<u>778</u>	<u>454</u>
Tax charge on profit on ordinary activities	6	(224)	(167)
Retained profit for the financial year		<u>554</u>	<u>287</u>
Dividend	7	(300)	-
Retained profit for the financial year		<u><u>254</u></u>	<u><u>287</u></u>

All of the company's activities are classified as continuing.

The above results are stated on an historical cost basis.

There were no recognised gains or losses during either the current year or previous year other than the profit above. Accordingly no separate statement of recognised gains and losses has been presented.

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

BALANCE SHEET At 31 December 2008

	Note	2008 £'000	2007 £'000
Fixed Assets			
Tangible Assets	8	13	19
Current Assets			
Debtors	9	<u>8,753</u>	<u>4,633</u>
Creditors: amounts falling due within one year	10	<u>(7,683)</u>	<u>(3,822)</u>
Net Assets		<u>1,083</u>	<u>830</u>
Capital and Reserves			
Called up share capital	12	-	-
Profit and loss account	13	<u>1,083</u>	<u>830</u>
Shareholders' funds		<u>1,083</u>	<u>830</u>

The financial statements were approved by the Board of Directors on **26 October** 2009.

Signed on behalf of the Board of Directors.



B W Spencer

Director

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below, they have been applied consistently throughout the year and the proceeding year:

Convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Turnover

Turnover comprises the value of work executed in respect of contracts excluding Value Added Tax.

Where the company acts as an agent only, no turnover is disclosed in the accounts.

Current Taxation

Current tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred Taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Work in Progress

Contract work in progress is valued at cost plus attributable profit less foreseeable losses. Attributable profit is included when the outcome of a contract can be assessed with reasonable certainty. The value of contract work in progress is accounted for within turnover and in accordance with Statement of Standard Accounting Practice 9 (Revised) - Stocks and Long Term Contracts, the excess of the book value over payments receivable is included in debtors as "Amounts recoverable on contracts". Payments receivable in excess of book value on an individual contract basis are included in creditors.

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2008

1. ACCOUNTING POLICIES (Continued)

Pensions

The company operates two principal pension schemes for the benefit of permanent members of staff: the Interserve Pension Scheme which has defined benefit and defined contribution sections and the Interserve Retirement Plan which is a defined contribution scheme. Actuarial valuations of the Interserve Pension Scheme are carried out every three years.

For the purposes of Financial Reporting Standard 17 "Retirement Benefits", the company has been unable to identify its share of the underlying assets and liabilities in the main group scheme on a consistent and reasonable basis. Therefore, the company accounts for contributions to the Scheme as if it were a defined contribution scheme. Note 33 to the 2008 annual report and financial statements of the Group sets out the details of the International Accounting Standard 19 "Employee Benefits" net pension liability of £153.1 million (2007: £83.1 million).

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

Going Concern

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

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

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

2. TURNOVER

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

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2008

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2008 £'000	2007 £'000
Operating profit is arrived at after charging:		
Depreciation of owned assets	10	10
Hire of plant and machinery	221	154
Operating lease rentals	35	22
Fees payable to the company's auditors for the audit of the company's annual accounts:	2	2
	<u>2</u>	<u>2</u>

4. EMPLOYEES

	2008 No.	2007 No.
The average number of persons employed by the Company (including directors) within each category of person was:		
Production Staff	52	68
Sales Staff	-	-
Administration Staff	12	8
	<u>64</u>	<u>76</u>

The costs incurred in respect of these employees were:

	£'000	£'000
Wages and salaries	2,007	2,432
Social security costs	191	240
Other pension costs	67	61
	<u>2,265</u>	<u>2,733</u>

5. DIRECTORS

Emoluments, including pension contributions, of directors of the Company are included in employee costs of the holding company Interserve Specialist Services (Holdings) Ltd and fellow subsidiary Interserve Technical Services Ltd.

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2008

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2008 £'000	2007 £'000
UK Corporation tax charge at 28% (2007: 30%):		
- Current year charge	225	138
- Prior period adjustment	-	28
- Deferred tax	(1)	(1)
	<u>224</u>	<u>167</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2008: 30%).

The actual tax charge for the current and the previous year is different to the standard rate for the reasons set out in the following reconciliation:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	778	454
Tax charge on profit on ordinary activities at standard rate	220	138
Prior year adjustment	-	28
Expenditure not deductible for tax purposes	3	-
Capital allowances in excess of depreciation	2	-
Total actual amount of current tax charge	<u>225</u>	<u>166</u>
Deferred tax provided on accelerated capital allowance	<u>1</u>	<u>1</u>

7. DIVIDENDS

	2008 £'000	2007 £'000
Dividend paid to Interserve Specialist Services (Holdings) Ltd	<u>300</u>	<u>-</u>

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2008

8. TANGIBLE ASSETS

	Furniture and Office Equipment £'000	Plant and machinery £'000	Total £'000
Cost			
At 1 January 2008	-	74	74
Additions	4	-	4
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2008	4	74	78
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 January 2008	-	55	55
Charge for the year	-	10	10
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 December 2008	-	65	65
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2008	<u>4</u>	<u>9</u>	<u>13</u>
	<hr/>	<hr/>	<hr/>
At 31 December 2007	<u>-</u>	<u>19</u>	<u>19</u>
	<hr/>	<hr/>	<hr/>

9. DEBTORS

	2008 £'000	2007 £'000
Trade debtors	849	657
Amounts owed by group undertakings	7,305	3,950
Prepayments and accrued income	597	1
Corporation Tax Recoverable	-	24
Deferred tax	2	1
	<hr/>	<hr/>
	8,753	4,633
	<hr/>	<hr/>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2008 £'000	2007 £'000
Trade creditors	-	19
Amounts owed to group undertakings	6,879	3,287
Other taxes and social security	39	65
Accruals and deferred income	694	451
Corporation tax	71	-
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	7,683	3,822
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INTERSERVE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2008

11. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Motor vehicles	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Operating leases which expire				
- within one year	-	-	4	14
- between two and five years	38	26	23	116
- after five years	-	-	-	-
	<u>38</u>	<u>26</u>	<u>27</u>	<u>130</u>

12. CALLED UP SHARE CAPITAL

	2008 £'000	2007 £'000
Authorised: 1,000 ordinary shares at £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and called up: 1 ordinary shares at £1 each	<u>1</u>	<u>1</u>

13. PROFIT AND LOSS ACCOUNT

	2008 £'000	2007 £'000
At 1 January	830	543
Profit/(Loss) for the financial year	553	287
Dividend	(300)	-
At 31 December	<u>1,083</u>	<u>830</u>

14. CONTINGENT LIABILITIES

At 31 December 2008 and 31 December 2007 there were no contingent liabilities in respect of guarantees given in the ordinary course of business.

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 December 2008

15. CASH FLOW STATEMENT

The Company is not presenting a cash flow statement. It has taken advantage of the exemption contained in Financial Reporting Standard 1 [Revised] - Cash Flow Statements not to do so as the ultimate parent undertaking, Interserve Plc, has included a consolidated cash flow statement in the group accounts.

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exception under the rules of FRS8 not to disclose related party transactions as over 90% of the voting rights of the company is controlled by the group headed by Interserve Plc., for which group accounts are prepared. There are no other related party transactions.

17. ULTIMATE PARENT COMPANY

Interserve PLC, a company registered in England and Wales, is the company regarded by the directors as the ultimate parent company and controlling party and is the smallest and largest group for which group financial statements are prepared. Copies of the financial statements of Interserve PLC can be obtained from the Company Secretary, Intersection House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU.

The market price of Interserve Plc Shares at 31 December 2008 was 227.25p. The highest and lowest market prices of ordinary shares during the financial year were 518.50p and 173.25p respectively.