

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

Report and Financial Statements

31 December 2004

Company Registration No. 3306668



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COMPANIES HOUSE 14/03/2006

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

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INTERSERVE ENVIRONMENTAL SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 2004.

ACTIVITIES

The Company commenced trading on 1st July 2004. It trades specifically in the surveying, record management and removal of asbestos materials.

REVIEW OF THE BUSINESS & FUTURE DEVELOPMENTS

Turnover was £1,104,437 (2003: £nil) and loss before tax £49,966 (2003: £nil)

The directors consider that the future prospects are satisfactory.

RESULTS

The results of the Company and its position at the year end are set out in the profit and loss account on page 6 and the balance sheet on page 7.

DIVIDENDS

No final dividend was proposed (2003: £nil).

DIRECTORS

The directors who served during the year since 1 January 2004 are set out below:

Mr S B Hagerty
Mr A Corless
Mr T P O'Cleirigh
Mr J A Collings
Mr A W Oliver
Mr K Heilbron
Mr I Woods
Mr M A Scaife

None of the directors has any beneficial interest in the shares of the Company.

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

REPORT OF THE DIRECTORS

DIRECTORS (CONTINUED)

Interests in shares, and options to purchase shares, of those directors who are also directors of Interserve Plc are disclosed in the accounts of Interserve Plc.

The interests of the directors at 31 December 2004, who are not also directors of Interserve Plc, in the capital of the ultimate parent undertakings are as stated below.

	Ordinary shares of 10p each		Options over shares of 10p each			31 Dec 2004	Exercise Price	Period of exercise	
	1 Jan 2004	31 Dec 2004	1 Jan 2004	Granted in year	Lapsed in year				
A Corless	-	-	-	28,000	-	28,000	253.3p	26.05.07	25.05.14
			5,529	-	-	5,529	542.5p	26.03.04	25.03.11
			8,000	-	-	8,000	566.5p	19.03.05	18.03.09
			9,471	-	-	9,471	542.5p	26.03.04	25.03.08
T O'Cleirigh	-	-	8,670	-	-	8,670	346.0p	14.06.03	13.06.10
			10,000	-	-	10,000	566.5p	19.03.05	18.03.09
			15,000	-	-	15,000	542.5p	26.03.04	25.03.08
			1,330	-	-	1,330	346.0p	14.06.03	13.06.07
K Heilbron	-	-	-	28,000	-	28,000	253.3p	26.05.07	25.05.14
			5,295	-	-	5,295	566.5p	19.03.05	18.03.12
			4,705	-	-	4,705	566.5p	19.03.05	18.03.09
			241	-	-	241	441.0p	01.06.05	30.11.05
			1,640	-	1,640	-	439.4p	01.06.04	30.11.04
I Woods	-	-	-	28,000	-	28,000	253.3p	26.05.07	25.05.14
			5,295	-	-	5,295	566.5p	19.03.05	18.03.12
			4,705	-	-	4,705	566.5p	19.03.05	18.03.09
			241	-	-	241	441.0p	01.06.05	30.11.05
			1,322	-	1,322	-	439.4p	01.06.04	30.11.04
J A Collings	-	-	-	28,000	-	28,000	253.3p	26.05.07	25.05.14
			5,110	-	-	5,110	542.5p	26.03.04	25.03.11
			10,000	-	-	10,000	566.5p	19.03.05	18.03.09
			16,890	-	-	16,890	542.5p	26.03.04	25.03.08
			1,640	-	1,640	-	439.4p	01.06.04	30.11.04
A Oliver	-	-	-	28,000	-	28,000	253.3p	26.05.07	25.05.14
			8,670	-	-	8,670	346.0p	14.06.03	13.06.10
			10,000	-	-	10,000	566.5p	19.03.05	18.03.09
			9,330	-	-	9,330	346.0p	14.06.03	13.06.07
M Scaife	-	-	-	11,846	-	11,846	253.3p	26.05.07	25.05.14
			-	16,154	-	16,154	253.3p	26.05.07	25.05.14

No options were exercised during the year.

The mid-market price of the ordinary shares in Interserve Plc at 31 December 2004 was 342.50 pence (2003: 240.0 pence). The range of closing prices during the year was 235.5 pence to 342.75 pence. The Directors have no other interests in any group undertaking (2003: nil).

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

REPORT OF THE DIRECTORS

EMPLOYEE INVOLVEMENT

Within the bounds of commercial confidentiality management disseminates information to all levels of staff about matters that affect progress of the Company and are of interest and concern to them as employees.

A newsletter is also distributed at regular intervals to all employees which includes articles about the Company's activities and its performance.

DISABLED PERSONS

The Company has an established policy that disabled persons, especially should they become disabled in the course of their employment with the Company, are employed where circumstances permit. The Company endeavours to ensure that disabled employees benefit from training and career development programmes in common with other employees.

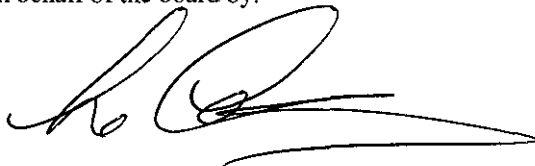
CREDITOR PAYMENT POLICY

It is the Company's normal practice to agree payment terms with its suppliers and abide by those terms. Payment becomes due when it can be confirmed that goods and/or services have been provided in accordance with the relevant contractual conditions. Trade creditors for the Company at 31 December 2004, calculated in accordance with the requirements of the Companies Act 1985 are not applicable, as the Company does not have its own bank account and all its suppliers are paid by the immediate parent company Interserve Industrial Services on its behalf. The Interserve Industrial Services Ltd trade creditors were 68 days (2003: 65 days). This represents the ratio, expressed in days between the amounts invoiced to the Company in the year by its supplies and the amounts due, at the year end to trade creditors falling due for payment within one year.

AUDITORS

A resolution to re-appoint Deloitte & Touche LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed
on behalf of the board by:



A Corless
Director

13th MARCH 2006

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those 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;
- 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.

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

We have audited the financial statements of Interserve Environmental Services Limited for the year ended 31 December 2004 which comprises, the profit and loss account, the balance sheet, and the related notes 1 to 14. 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 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.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company have 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 transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche
Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Birmingham

13 March 2006

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 December 2004

	Note	2004 £	2003 Unaudited £
TURNOVER	2	<u>1,104,437</u>	-
Cost of Sales		(981,838)	-
GROSS PROFIT		<u>122,599</u>	-
Administrative Expenses		(172,565)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(49,966)</u>	-
Tax credit on loss on ordinary activities	6	<u>14,527</u>	-
RETAINED LOSS FOR THE FINANCIAL YEAR	10	<u>(35,439)</u>	-

All losses arise from continuing operations.

A statement of total recognised gains and losses is not presented as there have been no recognised gains and losses other than the loss for the current year set out above.

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

BALANCE SHEET
As at 31 December 2004

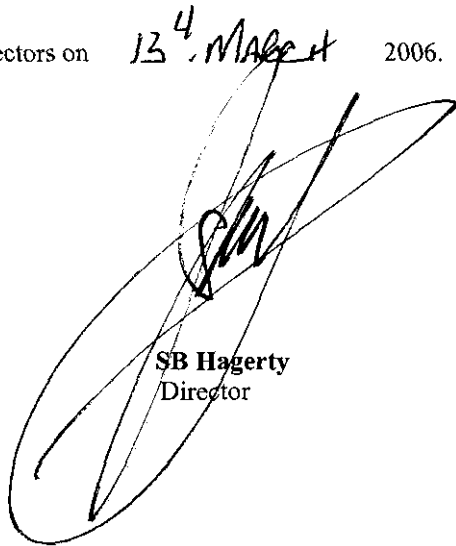
	Note	£	2004 £	£	2003 Unaudited £
CURRENT ASSETS					
Debtors	7	<u>701,800</u>			1
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR					
	8	<u>(737,238)</u>			-
NET (LIABILITIES)/ASSETS			<u>(35,438)</u>		<u>1</u>
CAPITAL AND RESERVES					
Called up share capital	9		1		1
Profit and loss account	10		<u>(35,439)</u>		-
SHAREHOLDERS' (DEFICIT)/FUNDS, ALL EQUITY			<u>(35,438)</u>		<u>1</u>

The financial statements were approved by the Board of Directors on *13th March* 2006.

Signed on behalf of the Board of Directors



A Corless
 Director



SB Hagerty
 Director

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below:

a) Convention

The financial statements have been prepared in accordance with the historical cost convention.

b) Turnover

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

c) Current Taxation

Current 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.

d) 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 regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

e) 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.

f) Pensions

The Company operates two principal pension schemes for the benefit of permanent members of staff, the Interserve Pension Scheme which is of the defined benefit type and the Interserve Retirement Plan which is of the defined contribution type. The Company also now has a defined contribution section of the Interserve Pension Scheme.

For the purposes of FRS 17, the Company is unable to identify its share of the underlying assets and liabilities in the main Group scheme, the Interserve Pension Scheme, on a consistent and reasonable basis. Therefore, following full implementation of FRS 17, the Company will account for contributions to the Scheme as if it were a defined contribution scheme. At 31 December 2004, the valuation of the Scheme for the purposes of FRS 17 showed a net pension liability of £89.2 million (2003: £88.8 million), as set out in note 7b to the report and accounts of Interserve Plc.

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

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.

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2004	2003
	£	Unaudited £
This is stated after charging:		
Group recharges - Hire of plant and machinery	10,852	-
Group recharges - Operating lease rentals	13,849	-
Remuneration payable to auditors:		
Audit fees	<u>2,000</u>	<u>-</u>

4. EMPLOYEES

	2004	2003
	Number	Unaudited Number
The average number of persons employed by the Company (including directors) within each category of Person was:		
Production Staff	16	-
Sales Staff	4	-
Administration Staff	<u>5</u>	<u>-</u>
	<u>25</u>	<u>-</u>
The costs incurred in respect of these employees were:	£	£
Wages and salaries	565,739	-
Social security costs	43,953	-
Other pension costs	<u>12,558</u>	<u>-</u>
	<u>622,250</u>	<u>-</u>

5. DIRECTORS

Emoluments, including pension contributions, of directors of the Company are included in employee costs of the holding company Interserve Industrial Services Ltd.

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

6. TAX ON LOSS ON ORDINARY ACTIVITIES

	2004	2003
	£	Unaudited £
UK Corporation tax credit at 30% (2003: 30%)	<u>14,527</u>	-
Total current tax credit	<u>14,527</u>	<u>-</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30% (2003: 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:

	2004	2003
	£	Unaudited £
Loss on ordinary activities before tax	<u>49,966</u>	-
Tax credit on loss on ordinary activities at standard rate	14,990	-
Factors affecting charge for the period:		
Expenses not deductible for tax purposes	<u>(463)</u>	-
Total actual amount of current tax credit	<u>14,527</u>	<u>-</u>

There is no provided or unprovided deferred tax (2003: £nil)

7. DEBTORS

	2004	2003
	£	Unaudited £
Amounts recoverable within one year:		
Amounts recoverable on contracts	85,862	-
Trade debtors	601,410	-
Amounts owed by group undertakings	1	1
Group relief debtor	<u>14,527</u>	-
	<u>701,800</u>	<u>1</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004	2003
	£	Unaudited £
Amounts owed to group undertakings	563,174	-
Other taxes and social security	139,130	-
Accruals and deferred income	<u>34,934</u>	-
	<u>737,238</u>	<u>-</u>

INTERSERVE ENVIRONMENTAL SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2004

9. CALLED UP SHARE CAPITAL

	2004	2003
	£	Unaudited £
Authorised:		
1,000 ordinary shares at £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and unpaid:		
1 ordinary shares at £1 each	<u>1</u>	<u>1</u>

10. RESERVES

	Profit & Loss Account	Total
	£	£
At 1 January 2004	-	-
Retained loss for the financial year	<u>(35,439)</u>	<u>(35,439)</u>
At 31 December 2004	<u>(35,439)</u>	<u>(35,439)</u>

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2004	2003
	£	Unaudited £
Loss attributable to members of the Company	(35,439)	-
Opening Shareholders' Funds	<u>1</u>	<u>1</u>
Closing Shareholders' (Deficit)/Funds	<u>(35,438)</u>	<u>1</u>

12. CONTINGENT LIABILITIES

At 31 December 2004 there were contingent liabilities in respect of guarantees given in the ordinary course of business.

13. 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 incurred a consolidated cash flow statement in the group accounts.

14. ULTIMATE PARENT COMPANY

The Company's immediate parent undertaking is Interserve Industrial Services Ltd and the ultimate parent undertaking, and ultimate controlling party, is Interserve Plc, which is incorporated in Great Britain. The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 – Related Party Transactions not to report transactions with investee companies in the Interserve Group which are eliminated in the consolidated financial statements of Interserve Plc. The group accounts of Interserve Plc are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.