

**REGISTERED NUMBER: 03230309 (England and Wales)**

Report of the Directors and  
Financial Statements for the Year Ended 31 December 2011  
for  
Building & Property (Holdings) Limited

THURSDAY



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Building & Property (Holdings) Limited (Registered number 03230309)

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for the Year Ended 31 December 2011

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Building & Property (Holdings) Limited

Company Information  
for the Year Ended 31 December 2011

**DIRECTORS:**

B Melizan  
S Ashdown

**SECRETARY:**

S Pound

**REGISTERED OFFICE:**

Capital Tower  
91 Waterloo Road  
London  
SE1 8RT

**REGISTERED NUMBER:**

03230309 (England and Wales)

**AUDITOR**

Deloitte LLP  
Chartered Accountants  
London  
United Kingdom

Report of the Directors  
for the Year Ended 31 December 2011

The directors present their report with the financial statements of the company for the year ended 31 December 2011

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a holding company for Interservefm Ltd. Interservefm's subsidiary undertakings provide comprehensive management and maintenance services to the defence industry, other public sector organisations and private companies. The directors expect that this will continue to be the principal activity of the group for the foreseeable future.

**REVIEW OF BUSINESS**

The subsidiary companies' relations with their major clients continue to be good. The directors consider that these companies are in a good position to continue the development shown in the current year. The principal risks and uncertainties faced by the subsidiaries are discussed in the financial statements of the subsidiaries and do not form part of these financial statements.

The results of the company for the year ended 31 December 2011 are set out in the financial statements on pages 5 to 13.

**DIVIDENDS**

Interim dividends per share were paid as follows

'A' Ordinary 1p shares	£90	- 21 November 2011
'B' Ordinary 1p shares	£90	- 21 November 2011

The directors recommend that no final dividends be paid.

The total distribution of dividends for the year ended 31 December 2011 was £7,500,000 (2010: £5,000,000).

**DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2011 to the date of this report.

B Melizan  
S Ashdown

**FINANCIAL RISK MANAGEMENT**

The directors have reviewed the financial risk management objectives and policies of the company. Where there is a significant exposure to financial risks, the group policy laid down by the parent company, Interserve Plc, is followed. The company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It does not enter into any speculative financial instruments.

The company, through its subsidiaries, has exposure to a variety of financial risks which are managed with the purpose of minimising any potential adverse effect on the company's performance. The board has policies for managing each of these risks and these are summarised in the subsidiaries' financial statements. Group risks are discussed in the group's annual report which does not form part of these financial statements.

**GOING CONCERN**

The key risks and uncertainties affecting the company through its subsidiaries are considered to relate to market change, major contracts, key people, the health and safety regime, financial risks and damage to reputation. Financial risks are discussed in the directors' report, further discussion on other risks and uncertainties, in the context of the group as a whole, is provided in the group's annual report which does not form part of this report.

The directors have considered the company's next 12 months' working capital requirements from the date of signing these financial statements and in relation to its cash position at 31 December 2011. It is noted the company is in a net current liabilities position and is also in an overdraft position. However, due to the nature of the funding within the group, the majority of the liabilities are intercompany balances that have no fixed repayment date and are not expected to be recalled in the short term. Financing is also provided on a group basis and is offset by positive cash positions in other group companies; the overdraft is expected to be available for the foreseeable future. Based on this and after due enquiry, the directors conclude that the company will continue to operate normally for the foreseeable future and therefore continue to prepare the financial statements on the going concern basis.

Report of the Directors - continued  
for the Year Ended 31 December 2011

**DIRECTORS' RESPONSIBILITIES STATEMENT**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 United Kingdom 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- (2) 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 auditor is aware of that information.

**AUDITOR**

The auditor, Deloitte LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**ON BEHALF OF THE BOARD.**



S Ashdown - Director

22 May 2012

Report of the Independent Auditor to the Members of  
Building & Property (Holdings) Limited

We have audited the financial statements of Building & Property (Holdings) Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

**Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

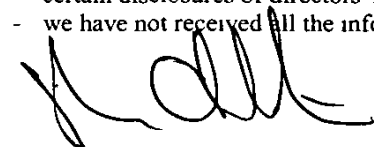
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



John Charlton (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London  
United Kingdom

22 May 2012

Building & Property (Holdings) Limited (Registered number 03230309)

Profit and Loss Account  
for the Year Ended 31 December 2011

	Notes	2011 £'000	2010 £'000
<b>TURNOVER</b>		-	-
<b>OPERATING PROFIT</b>	4	-	-
Income from shares in group undertakings		<u>10,000</u>	<u>5,000</u>
		10,000	5,000
Interest payable and similar charges	5	<u>(3,103)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		6,897	5,000
Tax on profit on ordinary activities	6	<u>822</u>	<u>-</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	13	<u><u>7,719</u></u>	<u><u>5,000</u></u>

**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 and previous year

The notes form part of these financial statements

Building & Property (Holdings) Limited (Registered number 03230309)

Balance Sheet  
31 December 2011

	Notes	2011 £'000	2010 £'000
<b>FIXED ASSETS</b>			
Investments	8	70,000	70,000
<b>CURRENT ASSETS</b>			
Debtors	9	39,178	38,765
<b>CREDITORS</b>			
Amounts falling due within one year	10	(89,782)	(89,588)
<b>NET CURRENT LIABILITIES</b>		<u>(50,604)</u>	<u>(50,823)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES, BEING NET ASSETS</b>		<u>19,396</u>	<u>19,177</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1	1
Share premium	13	18,808	18,808
Capital redemption reserve	13	191	191
Profit and loss account	13	<u>396</u>	<u>177</u>
<b>SHAREHOLDERS' FUNDS</b>	17	<u>19,396</u>	<u>19,177</u>

The financial statements were approved by the Board of Directors on 22 May 2012 and were signed on its behalf by



S Ashdown - Director

The notes form part of these financial statements

Notes to the Financial Statements  
for the Year Ended 31 December 2011

**1 ACCOUNTING POLICIES**

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

**Basis of preparing the financial statements**

The company is exempt by virtue of Section 400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

**Accounting convention**

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

**Going concern**

The key risks and uncertainties affecting the company through its subsidiaries are considered to relate to market change, major contracts, key people, the health and safety regime, financial risks and damage to reputation. Financial risks are discussed in the directors' report, further discussion on other risks and uncertainties, in the context of the group as a whole, is provided in the group's annual report which does not form part of this report.

The directors have considered the company's next 12 months' working capital requirements from the date of signing these financial statements and in relation to its cash position at 31 December 2011. It is noted the company is in a net current liabilities position and is also in an overdraft position. However, due to the nature of the funding within the group, the majority of the liabilities are intercompany balances that have no fixed repayment date and are not expected to be recalled in the short term. Financing is also provided on a group basis and is offset by positive cash positions in other group companies, the overdraft is expected to be available for the foreseeable future. Based on this and after due enquiry, the directors conclude that the company will continue to operate normally for the foreseeable future and therefore continue to prepare the financial statements on the going concern basis.

**Cash flow statement**

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

**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.

In accordance with Financial Reporting Standard 19 'Deferred Tax', deferred tax is provided in full on timing differences which represent an asset or liability at the balance sheet 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 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.

**Investments**

Investments are stated at cost less provision for any impairment in value.

**2 STAFF COSTS**

The company had no employees in either year and therefore there were no staff costs for the year ended 31 December 2011 nor for the year ended 31 December 2010.

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

**3 DIRECTORS' EMOLUMENTS**

	2011 £	2010 £
Directors' remuneration	<u>-</u>	<u>-</u>

Mr Melizan is a director of the ultimate parent company, Interserve Plc, and his remuneration for services to the group as a whole are disclosed in the accounts of that company

During the year Mr Ashdown was remunerated for his services to the group by Interservefm Ltd, his remuneration is disclosed in the accounts of that company

It is not considered practicable to allocate their remuneration between the companies of which they are a director.

There were no directors who were members of a defined benefit pension scheme in either year

**4 OPERATING PROFIT**

Auditor's remuneration and all indirect costs of the company are borne by Interservefm Ltd, a subsidiary undertaking, and not recharged. The audit fee for Interservefm Ltd, its subsidiary companies and its immediate parent undertaking was £229,900 (2010 £240,490). The fee assigned to this company only but not recharged was £1,000 (2010 £1,000).

**5 INTEREST PAYABLE AND SIMILAR CHARGES**

	2011 £'000	2010 £'000
Interest payable	<u>3,103</u>	<u>-</u>

**6 TAXATION**

**Analysis of the tax credit**

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

	2011 £'000	2010 £'000
Current tax		
UK corporation tax	<u>(822)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>(822)</u>	<u>-</u>

UK corporation tax has been charged at 26.49% (2010 28%)

**Factors affecting the tax credit**

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

	2011 £'000	2010 £'000
Profit on ordinary activities before tax	<u>6,897</u>	<u>5,000</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.49% (2010 28%)	1,827	1,400
Effects of UK dividend income	<u>(2,649)</u>	<u>(1,400)</u>
Current tax credit	<u>(822)</u>	<u>-</u>

**6 TAXATION - continued**

**Factors that may affect future tax charges**

The 2011 Budget introduced a reduction in the main rate of corporation tax from 26% to 25% effective 1 April 2012. This change was substantively enacted on 19 July 2011 and as such deferred tax at the balance sheet date has been recognised at the 25% rate on the basis that it will materially reverse after 1 April 2012.

In the 2012 Budget, issued on 21 March 2012, the Chancellor announced that the main rate of corporation tax would further reduce to 24% with effect from 1 April 2012, with further annual 1% rate reductions down to 22% by 1 April 2014. As these future rate reductions had not been enacted at the balance sheet date, they have not been reflected in these financial statements. The effect of these tax rate reductions will be accounted for in the period they are substantively enacted.

**7 DIVIDENDS**

	2011	2010
	£'000	£'000
Dividend paid of £90 (2010 £60) per share	<u>7,500</u>	<u>5,000</u>

Building & Property (Holdings) Limited (Registered number 03230309)

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

8 **FIXED ASSET INVESTMENTS**

<b>Shares in group undertakings</b>	<b>£'000</b>
<b>Cost</b>	
At 1 January 2011	
and 31 December 2011	<u>70,000</u>
<b>Net Book Value</b>	
At 31 December 2011	<u><u>70,000</u></u>
At 31 December 2010	<u><u>70,000</u></u>

The company's principal subsidiary undertakings and other investments are

<b>Subsidiary undertakings</b>	<b>Country of incorporation/registration and operation</b>	<b>Activity</b>	<b>Percentage of ordinary shares held</b>
		<b>Holding Company</b>	
Interservefm Ltd	England and Wales		100%
		<b>Management and maintenance services</b>	
Interserve (Defence) Ltd*	England and Wales		100%
		<b>Management and maintenance services</b>	
Interserve (Facilities Management) Ltd*	England and Wales		100%
		<b>Management and maintenance services</b>	
Interserve (Facilities Services-Slough) Ltd*	England and Wales		100%
		<b>Management and maintenance services</b>	
Landmarc Support Services Ltd*	England and Wales		51%
		<b>Management and maintenance services</b>	
PriDE (SERP) Limited*	England and Wales		50%
		<b>Management and maintenance services</b>	
Interserve (Facilities Services) Ltd*	England and Wales		100%
Building & Property Trustees Ltd*	England and Wales	Dormant	100%
Maintenance and Technical Management (London) Limited*	England and Wales	Dormant	100%
Maintenance and Technical Management (Midlands) Limited*	England and Wales	Dormant	100%
Maintenance and Technical Management (Northern) Limited*	England and Wales	Dormant	100%
Maintenance and Technical Management (Scotland) Limited*	England and Wales	Dormant	100%

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

**8 FIXED ASSET INVESTMENTS (continued)**

South East Building Management Limited*	England and Wales	Dormant	100%
<b>Other Investments</b>	<b>Country of incorporation and operation</b>	<b>Activity</b>	<b>Percentage of equity owned</b>
Newcastle Estate Partnership Holdings Limited*	England and Wales	Construction and management services	20%

\* Companies owned through Interservefm Ltd

**9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2011 £'000	2010 £'000
Amounts owed by group undertakings	38,765	38,765
Corporation tax	413	-
	<u>39,178</u>	<u>38,765</u>

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

	2011 £'000	2010 £'000
Bank loans and overdrafts (see note 11)	757	563
Amounts owed to group undertakings	89,023	89,023
Social security and other taxes	2	2
	<u>89,782</u>	<u>89,588</u>

**11 LOANS**

An analysis of the maturity of loans is given below

	2011 £'000	2010 £'000
Amounts falling due within one year or on demand		
Bank overdrafts	<u>757</u>	<u>563</u>

**12 CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid Number	Class	Nominal value	2011 £	2010 £
25,000	'A' Ordinary	1p	250	250
58,335	'B' Ordinary	1p	<u>583</u>	<u>583</u>
			<u>833</u>	<u>833</u>

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

**12 CALLED UP SHARE CAPITAL - continued**

'A' and 'B' ordinary shares of 1p each

'A' and 'B' ordinary shares rank pari passu except under certain conditions of sale, listing or a members' voluntary winding up, the 'B' ordinary shares may be redeemed for an aggregate of 1p up to a maximum of 16,667 shares. The remaining 'B' ordinary shares may be redeemed at a value equal to

$$\frac{X + (Y - Z)}{2}$$

where

X is the proportion of the required exit value attributable to the 'B' ordinary shares if there were no redemption under this clause

Y is the exit value

Z is the required exit value. The required exit value is the exit value which would result in the value of each unit producing an internal rate of return of 35% if there were no redemption under this clause

**13 RESERVES**

	Profit and loss account £'000	Share premium £'000	Capital redemption reserve £'000	Totals £'000
At 1 January 2011	177	18,808	191	19,176
Profit for the financial year	7,719	-	-	7,719
Dividends	(7,500)	-	-	(7,500)
At 31 December 2011	<u>396</u>	<u>18,808</u>	<u>191</u>	<u>19,395</u>

**14 CONTINGENT LIABILITIES**

At 31 December 2011 there were contingent liabilities in respect of guarantees given in the ordinary course of business. The company has given guarantees covering banking facilities made available to the parent and fellow subsidiary undertakings. At 31 December 2011 these amounted to £nil (2010: £nil).

**15 RELATED PARTY DISCLOSURES**

The company is a wholly owned subsidiary of Interserve Plc and has accordingly taken advantage of the exemption available under Financial Reporting Standard 8 'Related Party Disclosures' from disclosing transactions with group entities which are also wholly owned by the group.

**16 ULTIMATE CONTROLLING PARTY**

Interservefm (Holdings) Ltd, a company registered in England and Wales, is the company regarded by the directors as the immediate parent company.

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

Notes to the Financial Statements - continued  
for the Year Ended 31 December 2011

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

	2011	2010
	£'000	£'000
Profit for the financial year	7,719	5,000
Dividends	<u>(7,500)</u>	<u>(5,000)</u>
<b>Net addition to shareholders' funds</b>	219	-
Opening shareholders' funds	<u>19,177</u>	<u>19,177</u>
<b>Closing shareholders' funds</b>	<u>19,396</u>	<u>19,177</u>