

REGISTERED NUMBER: 03230309 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2016
for
Building & Property (Holdings) Limited

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Building & Property (Holdings) Limited

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for the Year Ended 31 December 2016

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Building & Property (Holdings) Limited

Company Information

for the Year Ended 31 December 2016

DIRECTORS:

B Melizan
P Clark
C Ling

SECRETARY:

S Pound

REGISTERED OFFICE:

Capital Tower
91 Waterloo Road
London
SE1 8RT

REGISTERED NUMBER:

03230309 (England and Wales)

AUDITORS:

Grant Thornton UK LLP
Chartered Accountants and Statutory
Auditor
Crawley
United Kingdom

The directors present their strategic report for the year ended 31 December 2016.

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 2016 are set out in the financial statements on pages 6 to 14.

Key Financial Performance Indicators

Interserve Plc Group manages its operations on a divisional basis, further information can be found in the Interserve Plc financial statements. For this reason, the directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

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.

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 Interserve plc's annual report, which does not form part of these financial statements.

GOING CONCERN

The directors have considered the company's working capital requirements in relation to its cash position at the date of signing the financial statements. It is noted that the company is in a net current liabilities 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. Based on this, the directors conclude that the company will continue to operate normally for the foreseeable future being at least twelve months from the date of the financial statements and therefore continue to prepare the financial statements on the going concern basis.

ON BEHALF OF THE BOARD:



S Pound - Secretary

23 August 2017

Report of the Directors
for the Year Ended 31 December 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

DIVIDENDS

A dividend of £24,000,000 was proposed and paid during the year (2015: £18,000,000). No further dividends are proposed.

DIRECTORS

B Melizan has held office during the whole of the period from 1 January 2016 to the date of this report.

Other changes in directors holding office are as follows:

P Clark was appointed as a director on 7 February 2017, prior to the date of this report.

C Ling was appointed as a director on 15 August 2017, prior to the date of this report.

M Watson ceased to be a director on 8 February 2017, prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 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 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Building & Property (Holdings) Limited

Report of the Directors
for the Year Ended 31 December 2016

AUDITORS

In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors was proposed and agreed at the Annual General Meeting held on 12 May 2017.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'S Pound', written over a horizontal line.

S Pound - Secretary

23 August 2017

Independent Auditors' Report 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 2016 which comprise the statement of total comprehensive income, the balance sheet, the statement of changes in equity and the related notes. 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), including FRS 101 Reduced Disclosure Framework.

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 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

As explained more fully in the Statement of Directors' Responsibilities set out on page four, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2016 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

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.



Jonathan Maile BSc (Hons) FCA (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and Statutory
Auditor
Crawley
United Kingdom

24~~28~~ August 2017

Building & Property (Holdings) Limited

Statement of Total Comprehensive Income
for the Year Ended 31 December 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|--|-------|----------------|----------------|
| TURNOVER | | <u>-</u> | <u>-</u> |
| OPERATING PROFIT | | - | - |
| Income from shares in group undertakings | | <u>26,000</u> | <u>22,000</u> |
| | | 26,000 | 22,000 |
| Interest payable and similar expenses | 4 | <u>(2,951)</u> | <u>(2,942)</u> |
| PROFIT BEFORE TAXATION | 5 | 23,049 | 19,058 |
| Tax on profit | 6 | <u>590</u> | <u>1,038</u> |
| PROFIT FOR THE FINANCIAL YEAR | | 23,639 | 20,096 |
| OTHER COMPREHENSIVE INCOME | | <u>-</u> | <u>-</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | <u>23,639</u> | <u>20,096</u> |

The notes form part of these financial statements

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

Balance Sheet
31 December 2016

| | Notes | 2016 £'000 | 2015 £'000 |
|--|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Investments | 8 | 70,000 | 70,000 |
| CURRENT ASSETS | | | |
| Debtors | 9 | 92,061 | 67,079 |
| Cash in hand | | <u>2,380</u> | <u>3,689</u> |
| | | 94,441 | 70,768 |
| CREDITORS | | | |
| Amounts falling due within one year | 10 | <u>(143,058)</u> | <u>(119,024)</u> |
| NET CURRENT LIABILITIES | | <u>(48,617)</u> | <u>(48,256)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>21,383</u> | <u>21,744</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 11 | 1 | 1 |
| Share premium | 12 | 18,808 | 18,808 |
| Capital redemption reserve | 12 | 191 | 191 |
| Retained earnings | | <u>2,383</u> | <u>2,744</u> |
| SHAREHOLDERS' FUNDS | | <u>21,383</u> | <u>21,744</u> |

The financial statements were approved by the Board of Directors on 23 August 2017 and were signed on its behalf by:



B Melizan - Director

Building & Property (Holdings) Limited

Statement of Changes in Equity
for the Year Ended 31 December 2016

| | Called up share capital £'000 | Retained earnings £'000 | Share premium £'000 | Capital redemption reserve £'000 | Total equity £'000 |
|------------------------------------|--|-------------------------------|---------------------------|---|--------------------------|
| Balance at 1 January 2015 | 1 | 648 | 18,808 | 191 | 19,648 |
| Changes in equity | | | | | |
| Dividends | - | (18,000) | - | - | (18,000) |
| Total comprehensive income | - | 20,096 | - | - | 20,096 |
| Balance at 31 December 2015 | 1 | 2,744 | 18,808 | 191 | 21,744 |
| Changes in equity | | | | | |
| Dividends | - | (24,000) | - | - | (24,000) |
| Total comprehensive income | - | 23,639 | - | - | 23,639 |
| Balance at 31 December 2016 | 1 | 2,383 | 18,808 | 191 | 21,383 |

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

Building & Property (Holdings) Limited is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the company's operation and its principal activities are set out in the strategic report on page 2.

2. **ACCOUNTING POLICIES**

Basis of preparation

These financial statements were prepared in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' as issued by the Financial Reporting Council.

The financial statements have been prepared on the historical cost basis.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to business combinations, share based payment, non-current assets held for sale, financial instruments, capital measurement, presentation of comparative information in respect of certain assets, presentation of a cashflow statement, standards not yet effective, impairment of assets and related party transactions. Where required, equivalent disclosures are given in the group accounts of Interserve Plc.

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts on the basis that group accounts are prepared for its ultimate parent undertaking, Interserve Plc, a company incorporated in the UK. These financial statements present information about the Company as an individual undertaking and not about any wider group.

Taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of total comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

2. ACCOUNTING POLICIES - continued

Financial instruments

Company borrowings are principally denominated in sterling, these borrowings are on floating rates. All material foreign currency trading exposures are fully hedged through Interserve Plc, who evaluate the total group position and offset any exposure as part of the Group banking facilities.

Provisions and contingent liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using an appropriate rate that takes into account the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in the notes to the financial statements in respect of guarantees given to the Company's subsidiaries, associated undertakings, joint ventures and pension scheme. Due to the nature of the guarantees it would be difficult to reliably measure the Company's potential obligation and the Company considers it unlikely that there will be requirement to make a financial settlement as a result of these guarantees.

Going concern

The directors have considered the company's next 12 months' working capital requirements in relation to its cash position at the date of signing the financial statements. It is noted the company is in a net current liabilities 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. Based on this, 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.

Fixed asset investments

Fixed asset investments, including investments in subsidiaries and associates, are shown at cost less provision for impairment.

Critical accounting judgements and key sources of estimation uncertainty

In the preparation of the financial statements, management makes certain judgements and estimates that impact the financial statements. While these judgements are continually reviewed the facts and circumstances underlying these judgements may change resulting in a change to the estimates that could impact the results of the company.

There are no critical judgements that the directors have made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2016 nor for the year ended 31 December 2015.

Directors

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 Messrs Watson & Clark were remunerated for their services to the group by Interservefm Ltd. It is not considered practicable to allocate their remuneration between the companies of which they are directors.

4. INTEREST PAYABLE AND SIMILAR EXPENSES

| | 2016 | 2015 |
|------------------|--------------|--------------|
| | £'000 | £'000 |
| Interest payable | <u>2,951</u> | <u>2,942</u> |

Building & Property (Holdings) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

5. **PROFIT BEFORE TAXATION**

Audit fees of £500 have been borne by Interservefm Limited for 2016. (2015: £500).

6. **TAXATION**

Analysis of tax income

| | 2016 | 2015 |
|--------------------------------------|--------------|----------------|
| | £'000 | £'000 |
| Current tax: | | |
| Corporation Tax | <u>(590)</u> | <u>(1,038)</u> |
| Total tax income in income statement | <u>(590)</u> | <u>(1,038)</u> |

Factors affecting the tax expense

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

| | 2016 | 2015 |
|--|---------------|----------------|
| | £'000 | £'000 |
| Profit before income tax | <u>23,049</u> | <u>19,058</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.250%) | 4,610 | 3,859 |
| Effects of: | | |
| UK Dividend income | (5,200) | (4,455) |
| Prior period adjustment | <u>-</u> | <u>(442)</u> |
| Tax income | <u>(590)</u> | <u>(1,038)</u> |

7. **DIVIDENDS**

| | 2016 | 2015 |
|--|---------------|---------------|
| | £'000 | £'000 |
| Dividend paid of £216 per share (2015: £144 per share) | <u>24,000</u> | <u>18,000</u> |

Building & Property (Holdings) Limited

Notes to the Financial Statements - continued for the Year Ended 31 December 2016

8. INVESTMENTS

| | |
|-------------------------------------|---------------|
| Shares in group undertakings | £'000 |
| Cost | |
| At 1 January 2016 | |
| and 31 December 2016 | <u>70,000</u> |
| Net Book Value | |
| At 31 December 2016 | <u>70,000</u> |
| At 31 December 2015 | <u>70,000</u> |

The company's principal subsidiary undertakings and other investments are:

| Subsidiary undertakings | Country of incorporation/registration and operation | Activity | Percentage of ordinary shares held |
|---|--|--|---|
| Interservefm Limited | England and Wales | Holding company Management and maintenance | 100% |
| Interserve (Defence) Limited* | England and Wales | services Management and maintenance | 100% |
| Interserve (Facilities Management) Limited* | England and Wales | services | 100% |
| Building & Property Trustees Limited* | England and Wales | Dormant | 100% |
| Interserve (Facilities Services) Limited* | England and Wales | Dormant | 100% |
| | | Contract cleaning and related | |
| Interserve FS (UK) Limited* | England and Wales | services | 100% |
| Axiam Limited** | England and Wales | Dormant | 50% |
| Landmarc Solutions Limited** | England and Wales | Dormant | 100% |
| | | Management and maintenance | |
| Interserve (Facilities Services-Slough) Limited*** | England and Wales | services | 100% |
| Interserve Catering Services Limited**** | England and Wales | Catering services | 100% |
| Interserve Integrated Services Limited**** | England and Wales | Support services | 100% |
| Knightsbridge Guarding Holdings Limited**** | England and Wales | Holding company Maintenance and | 100% |
| Modus FM Limited**** | England and Wales | facilities services Fire suppression and detection | 100% |
| | | systems | |
| Phoenix Fire Services Limited**** | England and Wales | systems | 100% |
| MSS Facilities Management Limited**** | England and Wales | Dormant | 100% |
| Interserve Building Services (UK) Limited**** | England and Wales | Dormant | 100% |
| Interserve Hospital Services Limited**** | England and Wales | Dormant | 100% |
| Interserve Fire Services Limited**** | England and Wales | Dormant | 100% |
| Insitu Cleaning Limited**** | England and Wales | Dormant | 100% |
| Benchmark Carpet Care Limited**** | England and Wales | Dormant | 100% |
| Central Window Cleaning Company Limited**** | England and Wales | Dormant | 100% |
| Hi-Tech Cleaning Solutions Limited**** | England and Wales | Dormant | 100% |
| Phonotas Cleaning Services Limited**** | England and Wales | Dormant | 100% |
| Retail Cleaning Services Limited**** | England and Wales | Dormant | 100% |
| St James Cleaning and Support Services Limited**** | England and Wales | Dormant | 100% |

Building & Property (Holdings) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

| Subsidiary undertakings | Country of incorporation/registration and operation | Activity | Percentage of ordinary shares held |
|--|--|--------------------------------------|---|
| Lancaster Office Cleaning Company Limited**** | England and Wales | Dormant | 100% |
| KGL Business Services Limited**** | England and Wales | Dormant | 100% |
| Perception UK LLP**** | England and Wales | Dormant | 100% |
| Interserve Security (Knightsbridge) Limited***** | England and Wales | Manned guarding security services | 100% |
| Lancaster Payroll Company Limited***** | England and Wales | Dormant | 100% |
| Lancaster Employment Business Limited***** | England and Wales | Dormant | 100% |

Joint Ventures

| | | | |
|---|-------------------|--|-----|
| Landmarc Support Services Limited** | England and Wales | Management and maintenance services | 49% |
| PriDE (SERP) Limited** | England and Wales | Management and maintenance services | 50% |
| Landmarc Pension Scheme Trustees Limited***** | England and Wales | Corporate trustee of pension scheme Facilities management services | 49% |
| Sussex and Estates Facilities LLP***** | England and Wales | Facilities management services | 35% |

* Companies owned through Interservefm Limited

** Companies owned through Interserve (Defence) Limited

*** Companies owned through Interserve (Facilities Services) Limited

**** Companies owned through Interserve FS (UK) Limited

***** Companies owned through Interserve (Facilities Management) Limited

***** Companies owned through Knightsbridge Guarding Holdings Limited

***** Companies owned through Landmarc Support Services Limited

***** Companies owned through Lancaster Office Cleaning Company Limited

All of the above subsidiary undertakings and joint ventures have the following registered office:

Registered office: Capital Tower, 91 Waterloo Road, London SE1 8RT

| Entity | Latest Year End | Net Assets £000's | Total Comprehensive Income £000's |
|--|------------------------|------------------------------|--|
| Landmarc Support Services Limited | 31 March 2016 | 8,362 | 2,693 |
| PriDE (SERP) Limited | 31 March 2016 | 5 | 951 |
| Landmarc Pension Scheme Trustees Limited | 31 March 2016 | - | - |
| Sussex and Estates Facilities LLP | 31 July 2016 | 2,353 | 2,138 |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

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

| | 2016 | 2015 |
|----------------------------|---------------|---------------|
| | £'000 | £'000 |
| Intra Group trade balances | 91,765 | 66,781 |
| Corporation tax | 296 | 298 |
| | <u>92,061</u> | <u>67,079</u> |

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

| | 2016 | 2015 |
|------------------------------------|----------------|----------------|
| | £'000 | £'000 |
| Amounts owed to group undertakings | 73,561 | 73,561 |
| Intra group trade balances | <u>69,497</u> | <u>45,463</u> |
| | <u>143,058</u> | <u>119,024</u> |

The intercompany loan exists with Interserve Finance Limited. Interest is charged at 4% and the loan is repayable on demand.

11. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

| Number: | Class: | Nominal Value: | 2016 | 2015 |
|---------|----------|----------------|------------|------------|
| | | | £ | £ |
| 83,300 | Ordinary | 1p | <u>833</u> | <u>833</u> |

12. **RESERVES**

| | Retained earnings £'000 | Share premium £'000 | Capital redemption reserve £'000 | Totals £'000 |
|---------------------|----------------------------|------------------------|-------------------------------------|-----------------|
| At 1 January 2016 | 2,744 | 18,808 | 191 | 21,743 |
| Profit for the year | 23,639 | - | - | 23,639 |
| Dividends | <u>(24,000)</u> | <u>-</u> | <u>-</u> | <u>(24,000)</u> |
| At 31 December 2016 | <u>2,383</u> | <u>18,808</u> | <u>191</u> | <u>21,382</u> |

Share premium

The value of £18,808k relates to shares that were issued in the period ending 31 December 1997 at a premium.

Capital redemption reserve

The value of £191k relates to the purchase of own shares in the period ending 31 December 1998.

13. **CONTINGENT LIABILITIES**

At 31 December 2016 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 its ultimate parent and fellow subsidiary undertakings. At 31 December 2016 these amounted to £2,380,000 (2015: £3,689,000).

14. **RELATED PARTY DISCLOSURES**

The Company has taken advantage of the exemption under FRS 101 paragraph 8(k) and not disclosed transactions with group undertakings as it is a wholly owned subsidiary of Interserve plc.

15. 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.