

Report & Financial Statements

For the year ended 31 March 2008

**CIP (Business Services)
Limited**

Registered Number: 3548649



CIP (BUSINESS SERVICES) LIMITED

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CIP (BUSINESS SERVICES) LIMITED

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COMPANY INFORMATION

DIRECTORS: Mr Colin Hume
Mr Edward Locke
Mr David Martin
Mr Richard Norris
Mr Robert Wheeler

SECRETARY: Mr Stephen Ferry

REGISTERED ADDRESS: 3a Loveridge Mews
London
NW6 2DP

REGISTERED NUMBER: 3548649

AUDITORS: Menzies LLP
Ashcombe House
5 The Crescent
Leatherhead
Surrey KT22 8DY

SOLICITORS: Leonie Cowen & Associates
3a Loveridge Mews
London
NW6 2DP

BANKERS: HSBC plc
High Street Hounslow
127 High Street
Hounslow
MIDDLESEX TW3 1QP

DIRECTORS' REPORT for the Year ended 31 March 2008

The Board of Directors have pleasure in submitting their report and financial statements for the year ended 31 March 2008. The report and statements comply with the Companies Act 1985.

Incorporation

CIP Business Services ("CIPBS") incorporated in April 1998, is a company limited by shares. CIP BS is one of four companies within the CIP Group of Companies.

The CIP Group of Companies was formed in 1997 and took a transfer of services from the London Borough of Hounslow ("LBH") in May 1998. These services were transferred pursuant to two contracts, a funding agreement and letters of intent relating to the property which was transferred. There was also an Asset to Transfer Agreement. The intention was that these arrangements would last a minimum of 10 years with the possibility of a contractual extension and leases would be granted of the properties which were transferred in 1998.

The CIP Group of Companies was the first organisation in the country to take a transfer of such a wide range of services. These arrangements however have not been extended, so the services and staff were transferred to new providers on 30 June 2008, pursuant to a tendering process by LBH.

CIP Group Ltd ("CIP") provided central support services to other companies in the group but to no other organisations. Hounslow Cultural and Community Services ("HCCS") provided cultural services, heritage, arts, management of the parks and other miscellaneous matters, Hounslow Sport and Recreation Services ("HSRS") runs the leisure centres, community halls and some ancillary and supporting services and CIP Business Services Limited ("CIPBS") provided grounds maintenance services both for the parks, which were run by HCCS, and also for a number of external bodies, and for the London Borough of Hounslow by virtue of separate contracts.

HSRS is a direct subsidiary of HCCS, which is in turn a subsidiary of CIP Group Limited. In March 2004 CIP BS, became a direct subsidiary of HSRS.

These four companies together form the CIP Group of Companies.

Objects of the Company

The objects of the Company are to carry on business as a general commercial company.

Governance and Management

The governing document of CIPBS is the Memorandum and Articles of Association of the company.

The maximum number and minimum number of Directors are determined by Ordinary Resolution in General Meeting of the Company. There is no maximum number and the minimum number of Directors is one. A member of CIPBS who becomes a local authority person shall resign their membership in writing to the Company.

Directors elect the Chairperson of the Board of Directors from their number, the position presently being held by Robert Wheeler. Whilst overall governance and responsibility rests with the Board of Directors, CIPBS is managed day-to-day by its senior management which is accountable for every aspect of the operation of the company.

The Board also has an Audit Committee, which is chaired by Richard Norris. Prior to November 2006, the Committee comprised all Directors except for the Chairperson of the Board. In November 2006, the Directors agreed to establish a separate Audit Committee of three Directors or Trustees to be independent of the Board.

DIRECTORS' REPORT (continued)

The Audit Committee is a generic audit committee for all four companies within the CIP Group of Companies. Audit Meetings are also attended by the General Manager and the Financial Controller, by invitation. The Committee is responsible for reviewing a wide range of financial matters including the Financial Statements and monitoring areas of financial risk.

The Audit Committee's terms of reference include advising the Board on the appointment of auditors, their remuneration, and the nature and scope of the annual external audit with the auditors. The Internal Audit Function is sub-contracted to external suppliers, so it is important that the work of both internal and external auditors is planned to achieve maximum efficiency. An internal audit plan is determined and reviewed by the Committee, and the internal audit function reports to the committee on a regular basis.

The Directors appointed Leonie Cowen and Associates as their legal advisor to replace Trowers and Hamlins in November 2006.

Directors' Interests

The directors set out in the table below have held office during the whole period from 1 April 2007 to the date of this report:-

Mr Colin Hume
Mr Edward Locke
Mr David Martin
Mr Richard Norris
Mr Robert Wheeler

None of the directors have any beneficial interest in any of the companies within the group.

No Directors received any remuneration during the year or the previous year ended March 2007.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Reports 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 year. 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;
- 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.

DIRECTORS' REPORT (continued)**Management and Staffing**

Day to day management of the Group, of which CIPBS forms an important part, was decentralised in February 2007 in response to the Group's need to rationalise and consolidate its services and costs, the business structure of the Group was realigned from a directorship model to its legal and business model. Since then, rather than operating as one company with four divisions, the Group now is operating as four individual companies. The positions of Heads of the four Group directorates were replaced by General Managers. Stephen Ferry was appointed General Manager for CIPBS whose remit has been to manage the day to day operations of the business for efficiency and best practice in line with the commercial objects of CIPBS.

CIPBS recognises the important contribution of its staff to the delivery of the values and objectives of the company, and has achieved Investors in People (IiP) accreditation. There has been a wide ranging training programme, which apart from ensuring statutory requirements (e.g. for health & safety) and job requirements are met, has included developmental activities. Open Staff Meetings have been held throughout the Group as a way to engage and consult staff on issues relating to the operations of the Group.

The emphasis of management in 2007/08 has been to rationalise and consolidate activities, control expenditure, maintain a high level of services, and work toward extending the contracts with the London Borough of Hounslow as these were due to expire in June 2008.

Financial Position

Turnover for the Company was £3,984,727 (2007: £4,411,273). This resulted in a profit before tax of £298,388 for the year (2007: £234,635); no additional payment has been received from LBH as a result of the compromise of claims. None of this surplus has been Gift aided to its parent company (2007: £100,000), so provision has been made for Corporation tax of £100,000 to be paid (2007: £44,044). The resultant retained profit of £198,388 has been added to the balance brought forward from previous years, and results in Net Tangible Assets of £204,022 to be carried forward (2007: £5,634).

Gift Aid

In the last four years the company has used Gift Aid to donate £798,000 to its parent company Hounslow Sport and Recreation Services. This is done in furtherance of the objectives of the Group in reinvesting surpluses to benefit the community.

If this had not been done the shareholder's funds would actually be in a surplus of about £948,000 before tax provisions.

Performance during the Year

HCCS commissioned CIPBS to carry out various services, primarily grounds maintenance, arboriculture and landscape management services within Hounslow. CIPBS also provided services to a wide range of clients including Highway Departments, Housing Associations, Schools, Sports Grounds and Industrial estates both within Hounslow and in West London.

The company had a successful year's trading as indicated by the profit and loss account on page 9.

DIRECTORS' REPORT (continued)*LBH Leisure Contract*

The retention of the leisure and cultural services contract with LBH was a major focus during the year and considerable time and other resource investments were made in preparing and coordinating the documentation and presentations that formed part of the overall CIP bid for the various contract lots. The Directors were informed in February 2008 that their application was unsuccessful and the Group would not be included in the final selection process.

Quality Standards

CIPBS successfully achieved ISO 9001: 2000 certification in October 2007 and further work was undertaken in respect of securing Environmental Management System standard ISO 14001. Green Flag Awards were also successfully retained at Bedfont Lakes Country Park, Boston Manor Park and Cranford Park for 2007/2008.

Business Development

Further progress was made in respect of the development of a proposed kitchen/green waste recycling facility as a key component of CIPBS's business development agenda. The focus this year was the selection of the preferred technology, securing external financial investment and the commencement of public consultation.

Environmental Projects

CIPBS delivered a number of environmental improvement projects on behalf of Hounslow Council during the year including its annual street tree planting programme, the upgrading of the Thames Path between Corney Reach and Barnes Bridge in Chiswick, and landscaping works at Cranford Community School, amongst others.

Future Developments*LBH Leisure Contracts*

The Company has been committed to ensuring the successful transfer of all relevant services to the London Borough of Hounslow's new leisure contract provider and to determine the future management arrangements in relation to its other grounds maintenance and arboriculture contracts.

Quality Standards

Four sites have been submitted for the Green Flag Award for 2008/09 and the Company is therefore committed to retain its existing three Green Flag Awards and to secure a fourth for Beaversfield Park.

Dividends

In accordance with the Memorandum and Articles of Association the directors do not propose to pay a dividend (2007 £Nil).

Statement as to disclosure of information to Auditors

So far as the Directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

DIRECTORS' REPORT (continued)

Auditors

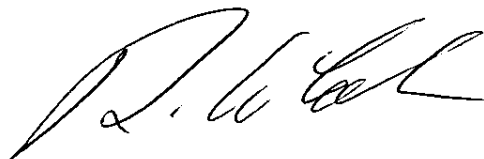
On 1 July 2008, Menzies, the Company's auditors, transferred its business to Menzies LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treat the appointment of Menzies as extending to Menzies LLP with effect from 1 July 2008 under the provisions of section 26(5) of the Companies Act 1989.

Accordingly, a resolution approving the re-appointment of Menzies LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board
and signed on its behalf by:

Robert Wheeler
Chair of the Board

8 December 2008

A handwritten signature in black ink, appearing to read 'R. Wheeler', is written over a horizontal line.

CIP (BUSINESS SERVICES) LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
CIP (BUSINESS SERVICES) LIMITED**

We have audited the financial statements of CIP (Business Services) Limited for the year ended 31 March 2008 which comprise the profit and loss account, the balance sheet and related notes. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's member 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 member those matters we are required to state to them in the 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 member 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 the financial statements.

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

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

Basis of 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 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 AUDITOR'S REPORT TO THE MEMBER OF
CIP (BUSINESS 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 March 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.

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MENZIES LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
Ashcombe House
5 The Crescent
Leatherhead
Surrey KT22 8DY

8 December 2008

PROFIT AND LOSS ACCOUNT**For the year ended 31 March 2008**

	Notes	2008 £	2007 £
TOTAL INCOME	2	3,984,727	4,411,273
Staff costs	4	(2,203,323)	(2,350,744)
Other operating costs		(1,483,430)	(1,826,305)
OPERATING PROFIT BEFORE INTEREST AND TAXATION		297,974	234,224
Interest receivable		414	411
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	298,388	234,635
Gift Aid to Hounslow Sport and Recreation Services		-	(100,000)
Taxation	5	(100,000)	(44,044)
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		198,388	90,591
Profit/(loss) brought forward		5,624	(84,967)
PROFIT CARRIED FORWARD	12	£204,012	£5,624

The company's turnover and expenses all relate to continuing operations (see note 1(d)).

The company has no recognised gains or losses other than the profit for the year.

BALANCE SHEET as at 31 March 2008

	Notes	As at 31 March 2008 £	As at 31 March 2007 £
FIXED ASSETS			
Tangible assets	6	132,038	168,180
CURRENT ASSETS			
Stock	7	-	22,550
Debtors	8	738,609	2,520,146
Cash at bank and in hand		98,614	8,743
		<u>837,223</u>	<u>2,551,439</u>
CREDITORS: Amounts falling due within one year	9	<u>(765,239)</u>	<u>(2,713,985)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>71,984</u>	<u>(162,546)</u>
		<u>£204,022</u>	<u>£5,634</u>
CAPITAL AND RESERVES			
Called up share capital	11	10	10
Profit and loss account	12	204,012	5,624
SHAREHOLDER'S FUNDS	12	<u>£204,022</u>	<u>£5,634</u>

Approved by the Board
and signed on its behalf by:

Robert Wheeler
Chair of the Board

8 December 2008



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

1. ACCOUNTING POLICIES

The principal accounting policies of the company are set out below.

BASIS OF ACCOUNTING

(a) Accounting convention

These accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Comparative figures

The comparative figures are for the year ended 31 March 2007 or the balance as at the 31 March 2007.

(c) Exemption applied

Since the company's ultimate parent, CIP Group Limited publishes consolidated financial statements in which the results of CIP BS are included, it is not required to prepare a cash flow statement or to disclose details of transactions with entities belonging to the group.

(d) Going concern

The due date for payment of payroll costs for the group was on receipt of the contract income from the London Borough of Hounslow for the following month. At the year end two months payroll should be outstanding and this is payable on receipt of contract income relating to the subsequent accounting period.

Note 9 details the specific amounts as at the 31 March 2008 and 31 March 2007.

The majority of the Group's contracts for the supply of services to the London Borough of Hounslow expired on 30 June 2008 so operations ceased on that date.

Following on from the loss of the contracts the company has divested itself of all fixed assets and stocks, and all staff have been transferred to the new contract operators.

The accounts have been prepared on a going concern basis. The company has sufficient resources to enable it to meet its existing obligations as they fall due. If the company were not to be a going concern then there would be no significant further write down of the value of the assets held.

(e) Turnover

Turnover represents amounts earned, excluding value added tax, in respect of all services carried out in the year ended 31 March 2008, all of which is derived in the UK.

(f) Pension costs

Contributions payable to the company's pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. The pension charge is calculated on the basis of actuarial advice.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008 (continued)

1. ACCOUNTING POLICIES (continued)

(g) Fixed assets and depreciation

Expenditure on computer equipment; fixtures, fittings and equipment; and leasehold improvements over £100 is capitalised.

Depreciation is calculated on these assets so as to write off the cost of the assets in equal monthly instalments over their useful economic lives. The estimated useful lives of the asset categories adopted by the company are:-

Computer equipment and software	3 years
Fixtures, fittings and equipment	4 years
Improvements to leasehold premises	over the remaining term of the lease

(h) Stock

Consumables are now charged to the profit and loss account in the year they are purchased.

(i) Deferred Taxation

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date except as otherwise required by FRS19. Deferred tax assets are recognised to the extent that the directors consider the amounts recoverable by the company.

(j) Operating leases

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

2. INCOME

	Year to 31 March 2008 £	Year to 31 March 2007 £
Grounds maintenance fees	3,978,349	4,404,043
Consultancy fees	6,378	7,230
	<u>£3,984,727</u>	<u>£4,411,273</u>

All income is derived in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008 (continued)

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAX	Year to 31 March 2008 £	Year to 31 March 2007 £
The profit on ordinary activities before taxation is stated after charging:		
Depreciation – owned assets	113,505	106,557
Auditors' remuneration		
- audit fee accrued for the year	10,600	9,500
Hire of plant and machinery under operating leases	7,550	25,278
	<u> </u>	<u> </u>

4. STAFF COSTS	Year to 31 March 2008 £	Year to 31 March 2007 £
Wages and salaries	1,915,497	2,065,117
Social security costs	118,402	130,137
Other pension costs	166,850	155,490
Other staff costs	2,574	-
	<u>£2,203,323</u>	<u>£2,350,744</u>

No Director (2007: Nil) received any remuneration in the year (2007: £Nil) for professional services outside their normal responsibilities as Directors. No Director accrued any benefits in respect of pension schemes (2007: £Nil).

	2008 Number	2007 Number
The average number of persons employed by the company during the year was:		
Management	3	3
Administration	8	8
Service and Sales	43	56
	<u>54</u>	<u>67</u>

Management and administration of the company is carried out by the parent company, CIP Group Limited.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008 (continued)

5. TAX ON ORDINARY ACTIVITIES

	Year to 31 March 2008 £	Year to 31 March 2007 £
(a) Analysis of charge in the year		
Current UK corporation tax at 29.67% (2007: 26.54%)	100,000	44,044
	<u>£100,000</u>	<u>£44,044</u>
(b) Factors affecting tax charge for year		
Profit on ordinary activities before tax	298,388	134,635
Profit on ordinary activities multiplied by the standard rate of corporation tax of 30% (2007 30%)	89,516	40,390
Expenses disallowed for tax purposes	228	356
Rate differences	(1,092)	(5,747)
Difference between accelerated capital allowances and depreciation charges	9,547	9,045
(Utilisation) of tax loss	-	-
Other short term timing differences	1,801	-
	<u>£100,000</u>	<u>£44,044</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008 (continued)

6. TANGIBLE FIXED ASSETS	Computer equipment	Improvements to leasehold property	Fixtures, Fittings and Equipment	Total
	£	£	£	£
COST				
At 1 April 2007	77,938	27,366	377,996	483,300
Additions in the year	11,733	-	67,443	79,176
Disposals in year	-	-	(17,485)	(17,485)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2008	89,671	27,366	427,954	544,991
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
At 1 April 2007	65,439	20,598	229,083	315,120
Charge for the year	10,383	5,802	97,320	113,505
Depreciation on disposals	-	-	(15,672)	(15,672)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2008	75,822	26,400	310,731	412,953
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
At 31 March 2008	<u>£13,849</u>	<u>£966</u>	<u>£117,223</u>	<u>£132,038</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2007	<u>£12,499</u>	<u>£6,768</u>	<u>£148,913</u>	<u>£168,180</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. STOCK	At 31 March 2008 £	At 31 March 2007 £
Consumables	-	22,550
	<u> </u>	<u> </u>
	£ -	£22,550
	<u> </u>	<u> </u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	At 31 March 2008 £	At 31 March 2007 £
Trade debtors	373,153	634,488
Other debtors	783	710
Prepayments and accrued income	7,296	90,125
Amounts owed by group undertakings	357,377	1,794,823
	<u> </u>	<u> </u>
	<u>£738,609</u>	<u>£2,520,146</u>
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008 (continued)

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	At 31 March 2008 £	At 31 March 2007 £
Trade creditors	493,271	755,420
Amounts owed to group undertakings	126,833	1,825,252
Accruals and deferred income	8,885	53,896
Corporation tax payable	100,000	44,044
Other taxation payable	36,250	35,373
	<u>£765,239</u>	<u>£2,713,985</u>

10. DEFERRED TAXATION

The deferred tax asset position as at 31 March 2008 is as follows:

	At 31 March 2008 Provided £	At 31 March 2008 Unprovided £	At 31 March 2007 Provided £	At 31 March 2007 Unprovided £
Accelerated capital allowances	-	18,000	-	10,000
Trading losses	-	-	-	-
Provisions	-	-	-	-
	<u>£ -</u>	<u>£18,000</u>	<u>£ -</u>	<u>£10,000</u>

11. SHARE CAPITAL

	At 31 March 2008 £	At 31 March 2007 £
Authorised share capital 1,000 Ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Allotted, issued and called up share capital 10 Ordinary shares of £1 each	<u>£10</u>	<u>£10</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008(continued)

12. RESERVES AND SHAREHOLDER'S FUNDS	Share Capital	Profit and loss account	Total 2008	Total 2007
	£	£	£	£
At 1 April 2007	10	5,624	5,634	(84,957)
Profit for the year	-	198,388	198,388	90,591
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2008	<u>£10</u>	<u>£204,012</u>	<u>£204,022</u>	<u>£5,634</u>

13. PENSION SCHEME

Employees of the company are permitted to join the Local Government Pension Scheme or the LAWDC Pension Scheme. Some employees prior to April 2002 joined the LAWDC Pension Scheme and employees who transferred from Hounslow Cultural and Community Services on the 1 April 2002 remain within the Local Government Pension Scheme.

LAWDC Pension Scheme

Defined benefit

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company in equities and Government bonds. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The last full actuarial valuation was undertaken as at 31 March 2003 by a professionally qualified actuary.

The pension charge for the year was £32,971 (2007: £17,826).

The most recent actuarial valuation showed that the market value of the scheme's assets was £91,000 and that the actuarial value of those assets represented 79.13% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Employer and employee rates of contribution are paid at 12.9% and 5% (2004: 4.5% and 6%) respectively. The rates were increased from 1 April 2004.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008 (continued)

13. PENSION SCHEME (continued)

Composition of the scheme

The company participates in a defined benefits scheme in the UK. A full actuarial valuation was carried out at 31 March 2003 and updated to 31 March 2004 by a qualified independent actuary. The major assumptions used by the actuary were:

31 March 2004

Rate of increase in salaries	3.90%
Rate of increase in pensions payment	2.90%
Discount rate	5.50%
Inflation assumption	2.90%

The assets of the scheme and expected rates of return were:

	Long term rate of return expected at 31 March 2004	Value at 31 March 2004
	%	£
Equities	7.75	104,000
Corporate Bonds	5.50	4,000
Government Bonds	4.75	6,000
Cash	4.00	2,000
Total market value of assets		116,000
Present value of scheme liabilities		(191,000)
Deficit in scheme		(75,000)
Related deferred tax		-
Deficit in the scheme after deferred tax		£(75,000)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008 (continued)

13. PENSION SCHEME (continued)

Analysis of the amount that would be charged to operating profit under FRS17		At 31 March 2004
	£	
Current service cost	21,000	
Past service cost	-	
	<u>£21,000</u>	
Total operating charge	<u>£21,000</u>	
Analysis of the amount that would be charged to other finance income under FRS17		At 31 March 2004
	£	
Expected return on pension scheme assets	6,000	
Interest on pension scheme liabilities	(7,000)	
	<u>£(1,000)</u>	
Net return	<u>£(1,000)</u>	
Analysis of the amount that would be recognised in statement of total recognised gains and losses (STRGL) under FRS17		At 31 March 2004
	£	
Actual return less expected return on pension scheme assets	14,000	
Experience gains and (losses) arising on the scheme liabilities	(32,000)	
Changes in assumptions underlying the present value of the scheme liabilities	(17,000)	
	<u>£(35,000)</u>	
Actuarial loss recognised in STRGL	<u>£(35,000)</u>	
Movement in surplus during the year under FRS17		At 31 March 2004
	£	
Deficit in scheme at beginning of the year	(24,000)	
Movement in year:		
Current service costs	(21,000)	
Contributions	6,000	
Past service costs	0	
Other finance income	0	
Net Return	(1,000)	
Actuarial losses	(35,000)	
	<u>£(75,000)</u>	
Deficit in scheme at end of the year	<u>£(75,000)</u>	

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2008 (continued)

13. PENSION SCHEME (continued)**London Borough of Hounslow Pension Scheme**

The London Borough of Hounslow Pension Scheme Fund is administered by the London Borough of Hounslow under the Regulations governing the Local Government Pension Scheme, a defined benefit scheme. The scheme is a funded multi-employer defined benefit scheme, the assets of which are held in separate trustee administered funds. Responsibility for the overall direction of the Fund's investment policy rests with the Pension Fund Investments Panel of the London Borough of Hounslow. Employees who transferred on the 1 April 2002 remain as members of the Hounslow Cultural and Community Services scheme.

Defined benefit

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company in equities and Government bonds. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The last actuarial valuation was undertaken as at 31 March 2001 by a professionally qualified actuary.

The pension charge for the year was £133,879 (2007: £137,664).

The most recent actuarial valuation showed that the market value of the scheme's assets was £3.60m and that the actuarial value of these assets represented 90.16% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

Employer and employee rates of contribution from the 1 April 2002 were 11.46% and 6% respectively.

Composition of the scheme

The company participates in a defined benefit scheme in the UK. A full actuarial valuation was carried out at 31 March 2004 and updated to 31 March 2006 by a qualified independent actuary.

The major assumptions used by the actuary were:

	31 March 2006
Rate of increase in salaries	4.8%
Rate of increase in pensions payment	3.0%
Discount rate	4.9%
Inflation assumption	3.0%

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008 (continued)

13. PENSION SCHEME (continued)

The company was unable to disclose the fair value of scheme assets at the balance sheet date analysed between classes, disclosing the expected rate of return for the year as required by FRS17. The scheme is a multi-employer scheme and such detail is unavailable.

The assets of the scheme and the present value of the scheme liabilities were:

	Value at 31 March 2006 £m
Market value of the assets of the scheme	10.730
Present value of the scheme liabilities	(15.538)
Present value of the unfunded liabilities	(0.029)
	<hr/>
Deficit in the scheme before deferred tax	(4.837)
Deferred tax	-
	<hr/>
Deficit in the scheme after deferred tax	£(4.837)
	<hr/>

**Analysis of the amount that would be charged to
operating profit under FRS17**

	At 31 March 2006 £m
Current service cost	0.852
Past service cost	-
Curtailments and settlements	0.046
	<hr/>
Total operating charge	£0.898
	<hr/>

**Analysis of the amount that would be charged to other
finance income under FRS17**

	At 31 March 2006 £m
Expected return on pension scheme assets	0.554
Interest on pension scheme liabilities	(0.697)
	<hr/>
Net return	£(0.143)
	<hr/>

**Analysis of the amount that would be recognised in
statement of total recognised gains and losses (STRGL)
under FRS17**

	At 31 March 2006 £m
Actual return less expected return on pension scheme assets	1.445
Experience gains and losses arising on the scheme liabilities	-
Changes in assumptions underlying the present value of the scheme liabilities	<hr/>
	(1.468)
	<hr/>
Actuarial gain recognised in STRGL	£(0.023)
	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008 (continued)

13. PENSION SCHEME (continued)

Movement in deficit during the year	At 31 March 2006 £m
Deficit in scheme at beginning of the year	(4.497)
Movement in year:	
Current service costs	(0.851)
Contributions	0.723
Past service costs	-
Other finance income	(0.143)
Settlements/curtailments	(0.046)
Actuarial loss	(0.023)
	<hr/>
Deficit in scheme at end of the year	<u>£(4.837)</u>

14. ULTIMATE PARENT COMPANY

The ultimate parent company and the company of the smallest and largest group to include CIP (Business Services) Limited in its consolidated financial statements is CIP Group Limited, a company registered in England and Wales. Copies of the consolidated financial statements can be obtained from CIP Group Limited, 3a Loveridge Mews, London, NW6 2DP

15. RELATED PARTIES

While, in the terms of FRS8, CIP (Business Services) Limited and the London Borough of Hounslow are not related parties, CIP (Business Services) Limited receives a substantial amount of income for work commissioned by the London Borough of Hounslow.

As at 31 March 2008, the debtor and creditor position with the London Borough of Hounslow was £221,158 (2007 - £487,464) and £291,222 (2007 - £340,035) respectively.

16. DIRECTORS' INTERESTS IN GROUP COMPANIES

None of the directors had any beneficial interest in any of the group subsidiaries. All directors, who were directors at the year end, became members of CIP Group Limited on the same date that they were appointed as directors and were still members at the year end unless otherwise stated in the Directors' Report of this company.