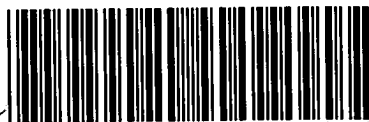


REGISTERED NUMBER: 01261946 (England and Wales)

Strategic Report, Report of the Directors and
Financial Statements for the Period 1 January 2020 to 30 June 2021
for
Interserve Engineering Limited

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Interserve Engineering Limited

Contents of the Financial Statements
for the Period 1 January 2020 to 30 June 2021

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Interserve Engineering Limited

Company Information

for the Period 1 January 2020 to 30 June 2021

DIRECTORS:

C J Edwards
J M White

REGISTERED OFFICE:

Capital Tower
91 Waterloo Road
London
SE1 8RT

REGISTERED NUMBER:

01261946 (England and Wales)

AUDITORS:

Grant Thornton UK LLP
Victoria House
4th Floor
199 Avebury Boulevard
Milton Keynes
MK9 1AU

Interserve Engineering Limited

Strategic Report

for the Period 1 January 2020 to 30 June 2021

The directors present their strategic report for the period 1 January 2020 to 30 June 2021.

PRINCIPAL ACTIVITIES

As at the 30th June 2021 the principal activity of the Company is that of an investment holding company. The principal subsidiary undertakings affecting the profits or net assets of the Company in the period are listed in the notes to the financial statements. During the period the Company sold its investment in Adyard Abu Dhabi LLC for a net consideration of £13,575,000 which resulted in a loss on disposal of £10,025,000.

The directors intend to place the company into an orderly Members Voluntary Liquidation process by the end of 2023.

REVIEW OF BUSINESS

The directors consider that the Company's key performance indicator is profit/loss before taxation.

The Company's loss from ordinary activities before taxation was £7,949,000 (2019: £10,236,000). The results of the Company are as set out in the financial statements.

The Company impaired £4,132,000 of intercompany debtors during the period being £3,589,000 due from Interserve Finance Limited and £543,000 due from Interserve Group Limited.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has exposure to a variety of risks which are managed with the purpose of minimising any potential adverse effect on the Company's performance and net assets. The directors have policies for managing each of these risks and they are summarised below.

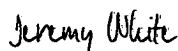
The principal risk that the Company faces is that the carrying value of its investments decline. The directors carry out reviews of the Company's operating subsidiaries on an annual basis to determine if any impairments have occurred.

The directors are satisfied that, given the nature of this Company, there are no other principal risks and uncertainties to consider. Group risks are discussed in the Annual Report and Financial Statements of Interserve Group Limited for the period ended 30 June 2021, which does not form part of this Strategic Report.

GOING CONCERN

The directors have assessed the going concern status of the company and have concluded that given that the Company has net liabilities, no longer has access to available cash and debt facilities provided by the Interserve Group to enable it to meet any future funding shortfalls and the Directors intend to liquidate the Company by the end of 2023, it is not appropriate to prepare these financial statements for the period ended 30 June 2021 on a going concern basis. Accordingly, the directors have prepared the financial statements on a basis other than the going concern basis of preparation. This basis includes, where applicable, writing the company's assets down to net realisable value. No provision has been made for the future costs of terminating the business as no such costs were committed at the reporting date.

APPROVED BY THE BOARD OF DIRECTORS:



J M White - Director

20 January 2023

Interserve Engineering Limited

Report of the Directors
for the Period 1 January 2020 to 30 June 2021

The directors present their report with the financial statements of the Company for the period 1 January 2020 to 30 June 2021.

The principal risks and uncertainties of the Company are not included within the Report of the Directors as they are shown in the Strategic Report on page 2.

DIVIDENDS

An interim dividend of £nil (2019: £nil) was paid during the period under review. The directors do not recommend payment of a final dividend (2019: £nil).

FUTURE DEVELOPMENTS

The directors are intending to dissolve the Company by the end of 2023.

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in the notes to the financial statements.

DIRECTORS

The directors who have held office during the period from 1 January 2020 to the date of this report are as follows:

C J Edwards - appointed 3 February 2021
A J McDonald - resigned 4 February 2021
J M White - appointed 29 July 2021
A K Smythe - resigned 30 July 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Strategic Report and 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 International Financial Reporting Standards (IFRS) in conformity with the requirements of the Companies Act 2006. 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 UK accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business (as explained in the strategic report the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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

So far as each director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) 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.

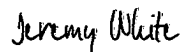
Interserve Engineering Limited

Report of the Directors
for the Period 1 January 2020 to 30 June 2021

AUDITORS

The auditors, Grant Thornton UK LLP, have been re-appointed as the Company's auditors and will continue in office.

APPROVED BY THE BOARD OF DIRECTORS:



J M White - Director

20 January 2023

Independent Auditors' Report to the Members of
Interserve Engineering Limited

Opinion

We have audited the financial statements of Interserve Engineering Limited (the 'Company') for the period from 1 January 2020 to 30 June 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of its loss for the period then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Statements prepared on a basis other than going concern

We draw your attention to Note 2 to the financial statements, which sets out that, given the company has net liabilities, no longer has access to any financial support from the Interserve Group to enable it to meet its liabilities as they fall due and the directors intend to dissolve the company by the end of 2023, it is not appropriate to prepare these financial statements for the period ended 30 June 2021 on a going concern basis. Accordingly, the directors have prepared the financial statements on a basis other than the going concern basis of preparation. This basis includes where applicable, writing the company's assets down to net realisable value. No provision has been made for the future costs of terminating the business as no such costs were committed at the reporting date. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Independent Auditors' Report to the Members of
Interserve Engineering Limited

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 material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors for the financial statements

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant legal and regulatory frameworks are those that relate to the reporting framework, namely IFRS and compliance with the Companies Act, 2006.
- We understood how the Company is complying with those frameworks by making inquiries of management and those charged with governance. We corroborated our inquiries through inspection of Board meeting minutes. We considered the results from our other tests to identify instances of non-compliance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by challenging where fraud is most likely to occur. This included understanding how management are incentivised by the company's investors and where there may be opportunities to perpetrate fraud.

Independent Auditors' Report to the Members of
Interserve Engineering Limited

- Based on this understanding we designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved contacting the entity's legal representatives to obtain confirmation of any non-compliance with laws and regulations.
- Our audit procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of management. In addition, we completed audit procedures to conclude on the compliance of disclosures in the financial statements with the applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with audit engagement of a similar nature and complexity through appropriate training and participation
 - Knowledge of the industry in which the client operates
 - Understanding of the legal and regulatory requirements specific to the Company including:
 - The provisions of the applicable legislation
 - The regulator's rules and related guidance, including guidance issued by relevant authorities that interprets those rules
 - The applicable statutory provisions
- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - The company's operations, including the nature of its revenue sources and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - The applicable statutory provisions

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Grant Thornton UK LLP

Charlotte Anderson BSc FCA (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Victoria House
4th Floor
199 Avebury Boulevard
Milton Keynes
MK9 1AU

20 January 2023

Interserve Engineering LimitedStatement of Profit or Loss and Other Comprehensive Income
for the Period 1 January 2020 to 30 June 2021

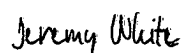
	Notes	Period 1.1.20 to 30.6.21 £'000	Year Ended 31.12.19 £'000
DISCONTINUED OPERATIONS			
Revenue		-	-
Administrative expenses		<u>-</u>	<u>-</u>
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS		-	-
Exceptional items	4	<u>(14,157)</u>	<u>(10,236)</u>
OPERATING LOSS		(14,157)	(10,236)
Dividend income	5	<u>6,208</u>	<u>-</u>
LOSS BEFORE TAXATION	6	(7,949)	(10,236)
Taxation	7	<u>-</u>	<u>-</u>
LOSS FOR THE PERIOD		(7,949)	(10,236)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		<u>(7,949)</u>	<u>(10,236)</u>

The notes form part of these financial statements

Interserve Engineering Limited (Registered number: 01261946)Statement of Financial Position
30 June 2021

	Notes	2021 £'000	2019 £'000
ASSETS			
NON-CURRENT ASSETS			
Investments	8	-	<u>23,600</u>
CURRENT ASSETS			
Trade and other receivables	9	-	663
Cash and cash equivalents	10	<u>9</u>	<u>12</u>
		<u>9</u>	<u>675</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	<u>5,000</u>	<u>21,317</u>
NET CURRENT LIABILITIES		<u>(4,991)</u>	<u>(20,642)</u>
NET (LIABILITIES)/ASSETS		<u>(4,991)</u>	<u>2,958</u>
SHAREHOLDERS' EQUITY			
Called up share capital	12	-	-
Retained earnings	13	<u>(4,991)</u>	<u>2,958</u>
TOTAL EQUITY		<u>(4,991)</u>	<u>2,958</u>

The financial statements were approved by the Board of Directors and authorised for issue on 20 January 2023 and were signed on its behalf by:



J M White - Director

The notes form part of these financial statements

Interserve Engineering LimitedStatement of Changes in Equity
for the Period 1 January 2020 to 30 June 2021

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2019	-	13,194	13,194
Changes in equity			
Loss for the year	-	(10,236)	(10,236)
Other comprehensive income	-	-	-
Balance at 31 December 2019	-	2,958	2,958
Changes in equity			
Loss for the period	-	(7,949)	(7,949)
Other comprehensive income	-	-	-
Balance at 30 June 2021	-	(4,991)	(4,991)

The notes form part of these financial statements

Interserve Engineering LimitedStatement of Cash Flowsfor the Period 1 January 2020 to 30 June 2021

		Period 1.1.20 to 30.6.21 £'000	Year Ended 31.12.19 £'000
	Notes		
Cash flows from operating activities			
Cash generated from operations	15	-	-
Cash flows from investing activities			
Costs of sale of fixed asset investments		(3)	-
Dividends received	5	-	-
Net cash from investing activities		(3)	-
Cash flows from financing activities			
Intercompany loans		-	-
Decrease in cash and cash equivalents		(3)	-
Cash and cash equivalents at beginning of period		<u>12</u>	<u>12</u>
Cash and cash equivalents at end of period		<u>9</u>	<u>12</u>

All other transactions were funded via cash movements in other Interserve Group companies and were recharged via inter-company accounts.

Interserve Engineering LimitedNotes to the Financial Statementsfor the Period 1 January 2020 to 30 June 2021**1. STATUTORY INFORMATION**

Interserve Engineering Limited is a private company, limited by shares, registered in England and Wales and bound by the Companies Act 2006. The Company's registered number and registered office address can be found on the Company Information page. The Group accounts can be obtained from Capital Tower, 91 Waterloo Road, London, England, SE1 8RT.

2. ACCOUNTING POLICIES**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

First time adoption of IFRS

The Company has adopted IFRS as of the 1st January 2020. Previously the financial statements were prepared under FRS 101- Reduced Disclosure Framework and as there are no major differences in terms of recognition and measurements principles, there were no adjustments to prior numbers as a result of the adoption.

As a result of previously reporting in accordance with FRS 101 (Financial Reporting Standard 101) 'Reduced Disclosure Framework' the prior year financial statements did not include a cash flow statement but this information is now presented as comparative figures in the current period cash flow statement.

The Company has extended its year end reporting date from 31 December 2020 to 30 June 2021 in order to provide additional time to reflect the impact of decisions made about the future of the business. As a result, the comparative figures for the twelve months ended 31 December 2019 shown in these accounts are not comparable with the current eighteen-month reporting period

The Company's financial statements are presented in sterling and all values are rounded to the nearest thousand except when otherwise indicated.

Going concern

The directors have assessed the going concern status of the company and have concluded that given that the Company has net liabilities, no longer has access to available cash and debt facilities provided by the Interserve Group to enable it to meet any future funding shortfalls and the Directors intend to liquidate the Company by the end of 2023, it is not appropriate to prepare these financial statements for the period ended 30 June 2021 on a going concern basis. Accordingly, the directors have prepared the financial statements on a basis other than the going concern basis of preparation. This basis includes, where applicable, writing the company's assets down to net realisable value. No provision has been made for the future costs of terminating the business as no such costs were committed at the reporting date.

Basis of consolidation

The financial statements contain information about Interserve Engineering Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent, Interserve Group Limited.

Cash and cash equivalents

Cash represents cash in hand and deposits held on demand with financial institutions. Cash equivalents are short-term, highly-liquid investments with original maturities of three months or less (as at their date of acquisition). Cash equivalents are readily convertible to known amounts of cash and subject to an insignificant risk of change in that cash value.

In the presentation of the Statement of Cash Flows, cash and cash equivalents also include bank overdrafts. Any such overdrafts are shown within borrowings under 'current liabilities' on the Statement of Financial Position.

Interserve Engineering LimitedNotes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**2. ACCOUNTING POLICIES - continued****Taxation**

Current tax, including UK corporation tax and foreign 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 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.

Current tax

Current tax is recognised in the Statement of Comprehensive Income, except when they relate to items that are recognised in other comprehensive income, in which case, the current tax is also recognised in other comprehensive income.

Investments in subsidiaries

Investments are stated at cost less provision for any impairment at the balance sheet date. Impairment reviews are performed by the directors when there has been an indication of impairment and are based upon an assessment of the value of the net assets in the balance sheets of the subsidiaries

Finance costs

Borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred. Differences between borrowing costs payable in the year and costs actually paid are shown in accruals in the balance sheet.

Dividend income

Dividend income from investments is recognised when received.

Financial instrumentsImpairment of financial assets

IFRS 9 impairment requires the use of more forward looking information to evaluate expected credit losses. The new standards expected credit loss model (ECL) replaces IAS 39's incurred loss model. Instruments within the scope of IFRS 9 included loans measured at amortised cost, trade receivables and contract assets recognised and measured under IFRS 15.

Recognition of credit losses is no longer reliant on the Group first identifying a credit loss event but instead the Group considers a wider range of information when assessing credit risk and measuring expected credit losses. This information includes past events, current conditions and reasonable forecasts in respect of the collectability of future cash flows of the instruments.

Debtors

Debtors are initially measured at fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in Statement of Comprehensive Income where there is objective evidence that the asset is impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly-liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Bank and other borrowings

Interest-bearing bank loans, intercompany loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis in the Statement of Comprehensive Income and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Creditors

Creditors are initially measured at fair value and subsequently measured at amortised cost.

Interserve Engineering LimitedNotes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**2. ACCOUNTING POLICIES - continued**Equity instruments

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangement.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Contingent liabilities

Contingent liabilities are disclosed in the notes to the financial statements in respect of guarantees given to the Interserve Group's subsidiaries and associated undertakings. Due to the nature of the guarantees, it would be difficult to reliably measure the Company's potential obligation. As the Company considers it unlikely that there will be a requirement to make a financial settlement of these guarantees, no liability has been recognised in the financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company accounting policies, which are described above, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revisions affect only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There are no critical judgements, apart from those involving estimates (which are dealt with separately below), 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.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires judgement. In making these judgements, net assets of subsidiaries at the balance sheet date are taken into consideration. The carrying amount of the investments in subsidiaries and associates at the balance sheet date was £nil (2019: £23.6m) with no impairments made in the period ended 30 June 2021 (2019: £4.1m).

Carrying value of amounts owed by group undertakings

The recoverability of receivables from Group subsidiaries requires a review of those companies' balance sheets to determine if they have the means to repay the loans. The carrying amount of these assets at the balance sheet date was £nil (2019: £0.7m) after impairments of £4.1m (2019: £6.2m) recognised in the period.

Interserve Engineering LimitedNotes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**3. EMPLOYEES AND DIRECTORS**

The average number of employees (including executive directors) for the period ended 30 June 2021 was Nil (2019: Nil).

There were no staff costs for the period ended 30 June 2021 nor for the year ended 31 December 2019.

During the period Messrs A Smythe, CJ Edwards and A McDonald were remunerated for their services to the Group by Interserve Group Limited. Their 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.

4. EXCEPTIONAL ITEMS

Exceptional items for the period ended 30 June 2021 of £14,157,000 consist of a £10,025,000 loss on disposal of the company's investment in Adyard Abu Dhabi LLC and impairments of intercompany receivable balances of £4,132,000.

The loss on disposal of Adyard Abu Dhabi LLC of £10,025,000 represents deemed proceeds on sale of £14,784,000 less costs of disposal amounting to £1,209,000 less net book value of the investment sold of £23,600,000.

For the year ended 31 December 2019 exceptional items of £10,236,000 included £6,158,000 of intercompany receivable balance impairments and a £4,078,000 impairment of the investment in Adyard Abu Dhabi LLC.

5. DIVIDEND INCOME

	Period 1.1.20 to 30.6.21 £'000	Year Ended 31.12.19 £'000
Dividends received from Group undertakings	<u>6,208</u>	<u>-</u>

The dividend of £6,208k represents a dividend in specie that was received as part of the disposal arrangements in respect of the sale of Adyard Abu Dhabi LLC in April 2020.

6. LOSS BEFORE TAXATION

The audit fee of £16,000 (2019: £1,000) for the current period and preceding year was borne by the ultimate parent company.

Interserve Engineering LimitedNotes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**7. TAXATION****Analysis of tax charge**

No liability to UK corporation tax arose for the period ended 30 June 2021 nor for the year ended 31 December 2019.

Factors affecting the tax charge

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

	Period 1.1.20 to 30.6.21 £'000	Year Ended 31.12.19 £'000
Loss before income tax	<u>(7,949)</u>	<u>(10,236)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	(1,510)	(1,945)
Effects of:		
Tax not due on dividend income	(1,180)	-
Impairment of current intercompany balances	785	1,170
Impairment of investments	-	775
Sale of investments	1,905	-
	<u> </u>	<u> </u>
Tax charge	<u> </u>	<u> </u>

The Company has been advised that Group tax relief is available and that payment will be made at the standard rate of 19% (2019: 19%) of the amount of tax losses surrendered. During the period, the applicable rate of corporation tax was 19% which is expected to remain until 1 April 2023. From 1 April 2023, the main rate of corporation tax will increase to 25% applying to taxable profits over £250,000. As such, the company expects to pay tax at this higher rate in the future.

Interserve Engineering LimitedNotes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**8. INVESTMENTS**

	Shares in group undertakings £'000
COST	
At 1 January 2020	27,678
Disposals	(27,678)
At 30 June 2021	-
PROVISIONS	
At 1 January 2020	4,078
Eliminated on disposal	(4,078)
At 30 June 2021	-
NET BOOK VALUE	
At 30 June 2021	-
At 31 December 2019	23,600

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Falcon Holdco Limited (formerly Interserve Engineering & Construction (UAE) Limited)

Registered office: PO Box HM 1022, Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda

Nature of business: Oilfield maintenance and fabrication

	%
Class of shares:	holding
Ordinary	100.00

The investment in Interserve Engineering & Construction (UAE) Limited, through which the Company held Adyard Abu Dhabi LLC, was sold in April 2020 for a consideration of £14.8m. The consideration consisted of an initial cash receipt of \$12.5m and deferred consideration of \$17.9m which related to the collection of various receivables of \$4.7m as at the disposal date and to an agreed level of future profits made by the disposed company, Adyard Abu Dhabi LLC, in the three years after disposal, up to a maximum of \$13.2m. The \$4.7m, of various receivables have been collected but Adyard Abu Dhabi LLC has not met the profit threshold required to satisfy these conditions in the first two years after disposal and the company has therefore decided that it would not be appropriate to recognise any of the £13.2m future profit share as consideration.

Interserve Engineering & Construction (UAE) Limited changed its name to Falcon Holdco Limited following the April 2020 disposal. Following the exercise of a put and call option, the Company regained the legal ownership of Falcon Holdco Limited in August 2020, for nil consideration. Falcon Holdco Limited has no net assets and subsidiaries and is in the process of being liquidated. The process is expected to complete by the end of January 2023.

Interserve Engineering LimitedNotes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**8. INVESTMENTS - continued**

In accordance with section 409 of the Companies Act 2006, a full list of the related undertakings of the Company, as at 30 June 2021, is disclosed above. Unless otherwise stated:

- (a) the principal operations of each related undertaking are conducted in its country of incorporation or registration;
- (b) the shareholding of each related undertaking relates to ordinary, common or unclassified share capital and is equivalent to the percentage of voting rights held by the Company; and
- (c) the equity capital of each related undertaking is directly held by the Company.

9. TRADE AND OTHER RECEIVABLES

	2021 £'000	2019 £'000
Current:		
Intra Group trade balances	663	663
Intra Group trade provisions	(663)	-
Intra Group loans	9,627	6,158
Intra Group loans provisions	(9,627)	(6,158)
	<u>-</u>	<u>663</u>

The intercompany trade balances incur no interest and are repayable on demand.

Interserve Engineering LimitedNotes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**10. CASH AND CASH EQUIVALENTS**

	2021	2019
	£'000	£'000
Cash in hand	<u>9</u>	<u>12</u>

11. TRADE AND OTHER PAYABLES

	2021	2019
	£'000	£'000
Current:		
Intra group trade balances	<u>5,000</u>	<u>21,317</u>

Intra Group trade balances are non-interest bearing as they are typically of a short-term nature.

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			2021	2019
Number:	Class:	Nominal value:		£
2	Ordinary	£1	<u>£ 2</u>	<u>2</u>

The authorised ordinary share capital is unlimited. Each ordinary share entitles the holder to 1 vote per share and all shares have the same rights.

13. RESERVES

	Retained earnings £'000
At 1 January 2020	2,958
Deficit for the period	<u>(7,949)</u>
At 30 June 2021	<u>(4,991)</u>

14. CONTINGENT LIABILITIES

In the ordinary course of business the Company has given guarantees covering bank overdrafts to its fellow subsidiary undertakings. At 31 December 2021 these amounted to £195,687k (2019: £319,188k).

Due to the nature of the guarantees, it would be difficult to reliably measure the Company's potential obligation. As the Company considers it unlikely that there will be a requirement to make a financial settlement of these guarantees, no liability has been recognised in the financial statements.

Interserve Engineering LimitedNotes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021**15. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	Period 1.1.20 to 30.6.21 £'000	Year Ended 31.12.19 £'000
Loss before taxation	(7,949)	(10,236)
Dividend income	(6,208)	-
	<u>(14,157)</u>	<u>(10,236)</u>
Loss on disposal of investment	10,025	-
Impairment of investments and intercompany receivables	4,132	10,236
	<u>14,157</u>	<u>10,236</u>
Cash generated from operations	<u><u>-</u></u>	<u><u>-</u></u>

16. RELATED PARTY DISCLOSURES**Balances with related parties**

	2021 £'000	2019 £'000
Group Undertakings - Debtors		
Interserve Finance Limited	3,589	120
Interserve Group Limited	543	543
Bandt Ltd	6,158	6,158
Impairments of debtors	<u>(10,290)</u>	<u>(6,158)</u>
	<u>-</u>	<u>663</u>

Group Undertakings - Creditors

West's Group International Ltd	(5,000)	(5,000)
Interserve Finance Limited	<u>-</u>	<u>(16,197)</u>
	<u>(5,000)</u>	<u>(21,197)</u>

Transactions with related parties

	Period 1.1.20 to 30.6.21 £'000	2019 £'000
Dividend income from Interserve Finance Limited	<u>6,028</u>	<u>-</u>

Interserve Engineering Limited

Notes to the Financial Statements - continued
for the Period 1 January 2020 to 30 June 2021

17. POST BALANCE SHEET EVENT

Since the balance sheet date, Interserve Group Limited management has been working with its external advisers to implement a Corporate Resolution Plan to enable an orderly dissolution over time of most of the remaining subsidiaries of the Interserve Group and this exercise is currently still ongoing.

18. ULTIMATE CONTROLLING PARTY

The Company's immediate parent company is West's Group International Limited, a company registered in England and Wales.

As at 30 June 2021, Interserve Group Limited, a company registered in England and Wales was the company regarded by the directors as the ultimate parent company and controlling party and was the smallest and largest group for which group financial statements were prepared. A copy of the financial statements of Interserve Group Limited can be obtained via the Interserve website at www.interserve.com

Interserve Engineering Limited
Reconciliation of Equity and Loss at
1 January 2020

The Company has adopted IFRS as of the 1st January 2020. Previously the financial statements were prepared under FRS 101 – Reduced Disclosure Framework.

There was no impact on either the Company's equity or its loss arising from transitioning from FRS 101 to IFRS as at 1st January 2020.