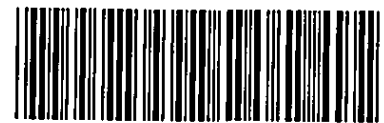


**ENTERPRISE MAINTENANCE SERVICES  
LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2006**

FRIDAY



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# ENTERPRISE MAINTENANCE SERVICES LIMITED

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# ENTERPRISE MAINTENANCE SERVICES LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

### DIRECTORS

J V Gavan (resigned 30 September 2006)  
J McGrory (resigned 6 April 2006)  
J J Flood  
D N Foster  
M Joyce  
N R E Kirkby  
G Parker  
O McLaughlin (appointed 30 September 2006)

### SECRETARY

P Birch

### REGISTERED OFFICE

Lancaster House  
Centuron Way  
Leyland  
Lancashire  
PR26 6TX

### BANKERS

Bank of Scotland  
19-21 Spring Gardens  
Manchester  
M2 1FB

### SOLICITORS

DLA Piper Rudnick Gray Cary UK LLP  
101 Barbirolli Square  
Manchester  
M2 3DL

Turner Parkinson  
Hollins Chambers  
64a Bridge Street  
Manchester  
M3 3BA

### AUDITORS

Deloitte & Touche LLP  
Chartered Accountants  
Manchester

# ENTERPRISE MAINTENANCE SERVICES LIMITED

## DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2006

## ACTIVITIES

The principal activity of the company is that of property maintenance

## REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors are satisfied with the result for the year and are optimistic for the future

Sales decreased by 28.2% in the year to £14.5m. Profit before tax fell by 32.9% from £2.2m to £1.5m

The balance sheet of the company is shown on page 7

Enterprise Plc manages its operations on a divisional basis. For this reason, the Company's directors believe that further key performance indicators are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the Public/Private Sector Maintenance division of Enterprise Plc, which includes this company, is discussed in the Group's Annual Report which does not form part of this report. Principal risks and uncertainties affecting the business are also discussed in the Groups Annual Report.

On 30 April 2007, an offer for the whole of the issued share capital of Enterprise plc by management backed by 3i Group plc was declared wholly unconditional and from 14 May 2007, the company became a subsidiary of Inhoco 3362 Limited.

## RESULTS, DIVIDENDS AND TRANSFERS TO RESERVES

The profit after tax and retained profit for the year of £1,024,000 (2005 - £1,526,000) has been transferred to reserves. The directors have not recommended the payment of dividend (2005 - £nil).

## DIRECTORS AND THEIR INTERESTS

The names of the current directors together with the names of the directors who served during the year are shown on page 1.

As at 31 December 2006, none of the directors had any interest in the share capital of the company and their interests in the share capital of Enterprise plc, the company's ultimate parent, are shown below with the exception of N R E Kirkby and O McLaughlin whose interests are disclosed in the financial statements accounts of Enterprise plc.

Name	Shares		Share options	
	At 31 December 2006	At 31 December 2005	At 31 December 2006	At 31 December 2005
J J Flood	165,285	182,785	96,328	53,543
D N Foster	40,000	40,000	91,499	66,095
M J Joyce	345,144	345,144	92,739	49,972
G Parker	21,398	21,398	131,328	88,543

## EMPLOYMENT

It is the company's policy to provide employees with relevant information on a regular basis and to seek their views on matters that concern them. The company's aims, objectives and financial performance are communicated through management briefings and other less formal communications.

The company's policy is to provide, whenever possible, employment opportunities for disabled people to encourage and assist their recruitment, training, career development and promotion, and to retain employees who become disabled. The company also operates an equal opportunities policy.

**DIRECTORS' REPORT (continued)**

**ENVIRONMENT**

The Enterprise plc group recognises the importance of its environmental responsibilities, monitors its impact on the environment, and designs and implements policies to reduce the damage that might be caused by the group's activities. The company operates within the group's policies, which are described in the group's Annual Report and do not form part of this report. Incentives designed to minimise the company's impact on the environment include recycling and reducing energy consumption.

**STATEMENT OF DISCLOSURE TO AUDITOR**

In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of S234ZA of the Companies Act 1985.

**AUDITORS**

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

By order of the Board



Secretary

29 June 2007

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual Report 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and 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,
- 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 that 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 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENTERPRISE MAINTENANCE SERVICES LIMITED**

We have audited the financial statements of Enterprise Maintenance Services Limited for the year ended 31 December 2006 which comprise profit and loss account, the statement of total recognised gains and losses, the balance sheet, and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom 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, in accordance with the relevant financial reporting framework, and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the information given in the directors' report is not consistent with the financial statements, if 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 audit 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 and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 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.



**Deloitte & Touche LLP**  
Chartered Accountants and Registered Auditors  
Manchester

Date 29 June 2007

# ENTERPRISE MAINTENANCE SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2006

	Note	2006 £'000	2005 £'000
<b>TURNOVER</b>		14,492	20,183
Cost of sales		(12,273)	(17,397)
<b>GROSS PROFIT</b>		2,219	2,786
Administrative expenses		(719)	(560)
<b>OPERATING PROFIT</b>	3	1,500	2,226
Interest payable and similar charges	4	(22)	(22)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		1,478	2,204
Tax on profit on ordinary activities	5	(454)	(678)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>		1,024	1,526
<b>Profit and loss account brought forward</b>		997	(529)
<b>Profit and loss account carried forward</b>		2,021	997

The above results all relate to continuing operations

The company has no recognised gains or losses other than the profit for the current and prior year. Accordingly, a statement of total recognised gains and losses has not been prepared.

In addition there were no other movements in shareholders' funds and as a consequence a reconciliation of movements in shareholders' funds has not been presented.




# ENTERPRISE MAINTENANCE SERVICES LIMITED

## BALANCE SHEET 31 December 2006

	Note		2006 £'000	2005 £'000
<b>FIXED ASSETS</b>				
Intangible fixed assets	6	487	521	
Tangible assets	7	-	-	
		<u>487</u>	<u>521</u>	
<b>CURRENT ASSETS</b>				
Debtors	8	16,097	14,846	
Cash at bank and in hand		62	-	
		<u>16,159</u>	<u>14,846</u>	
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(13,419)</u>	<u>(13,659)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,740</u>	<u>1,187</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>3,227</u>	<u>1,708</u>
<b>CREDITORS: amounts falling due after more than one year</b>	10	<u>(1,196)</u>	<u>(701)</u>	
<b>NET ASSETS</b>			<u>2,031</u>	<u>1,007</u>
<b>CAPITAL AND RESERVES</b>				
Called up share capital	12	10	10	
Profit and loss account		2,021	997	
<b>TOTAL SHAREHOLDERS' FUNDS</b>			<u>2,031</u>	<u>1,007</u>

These financial statements were approved by the Board of Directors on 29 June 2007

Signed on behalf of the Board of Directors

N. W. 

Director

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2006

### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies are described below and have been consistently applied in both years.

The financial statements are prepared under the historical cost convention.

#### Cash flow statement

The company has taken advantage of the exemption included in FRS1 "Cash Flow Statements" in not producing a cash flow statement as its cash flows are included in the consolidated cash flow statement of the ultimate parent company.

#### Turnover

Turnover, all of which arose in the UK, comprises the invoiced value of goods and services supplied by the company net of value added tax and trade discounts.

#### Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation and any provision for impairment.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Computer equipment	20% on cost
Plant and equipment	20% on cost

#### Intangible assets

Intangible assets represent the value of goodwill acquired on the acquisition of the assets and liabilities of T Partington & Sons (Builders) Limited. It is being amortised over 20 years.

#### Contracts

The activities of the company are largely undertaken through long-term framework contracts under which turnover and profit are recognised in line with each separate supply. Where losses are foreseeable in respect of future supplies committed under those framework contracts, provision is made. In addition, a provision is maintained for future remedial works that may be required in respect of supplies already made.

Amounts recoverable on long term contracts which are not framework contracts represent the excess of recorded turnover over payments on account. Profit is recognised on such contracts where the total profit can be assessed with reasonable certainty. Provision is made for the full amount of foreseeable losses on contracts.

#### Leases

Operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

#### Pensions

Contributions to defined contribution pension schemes are charged to the profit and loss account of the accounting year to which the contributions relate.

#### Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2006**

**1. ACCOUNTING POLICIES (continued)**

**Taxation (continued)**

Timing differences are differences between the company's taxable profit and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on the sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets and liabilities have not been discounted.

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

The directors received no remuneration for their services to this company in either the current or preceding year. The directors are all employees of Enterprise Managed Services Limited and are remunerated by that company. It is not practicable to split the remuneration between companies within the group.

	2006 No.	2005 No.
<b>Average number of persons employed</b>		
Administration	25	18
Construction	32	25
	<u>57</u>	<u>43</u>
	<b>£'000</b>	<b>£'000</b>
<b>Staff costs during the year</b>		
Wages and salaries	1,317	910
Social security costs	103	92
Pension costs	22	20
	<u>1,442</u>	<u>1,022</u>

**3. OPERATING PROFIT**

	2006 £'000	2005 £'000
<b>Operating profit is stated after charging:</b>		
Amortisation of intangible assets	34	33
Rentals under operating leases		
Other	4	4

Auditors' remuneration is borne by Enterprise Managed Services Limited, a fellow group undertaking (2005 – same)

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2006**

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	2006 £'000	2005 £'000
Preference dividend	22	22

**5. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2006 £'000	2005 £'000
United Kingdom corporation tax	(450)	(672)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(4)	(6)
	(454)	(678)

The tax assessed for the year is higher (2005 – higher) than that resulting from applying the standard rate of corporation tax in the UK at 30% (last year 30%)

The differences are explained below

	2006 £'000	2005 £'000
Profit on ordinary activities before tax	1,478	2,204
Tax at 30% thereon	(443)	(661)
Effects of		
Expenses not deductible for tax purposes	(11)	(17)
Capital allowances in excess of depreciation	4	6
Current tax for the year	(450)	(672)

**6. INTANGIBLE FIXED ASSETS - GOODWILL**

	£'000
<b>Cost</b>	
At 1 January 2006 and at 31 December 2006	661
<b>Amortisation</b>	
At 1 January 2006	140
Charge for the year	34
At 31 December 2006	174
<b>Net book value</b>	
At 31 December 2006	487
At 31 December 2005	521

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2006**

**7 TANGIBLE FIXED ASSETS**

	<b>Plant &amp; equipment, computer equipment £</b>
<b>Cost</b>	
At 1 January 2006 and 31 December 2006	15
<b>Accumulated depreciation</b>	
At 1 January 2006 and 31 December 2006	15
<b>Net book value</b>	
At 1 January 2006 and 31 December 2006	-

**8. DEBTORS**

	<b>2006 £'000</b>	<b>2005 £'000</b>
<b>Amounts due within one year</b>		
Trade debtors	2,368	2,427
Amounts owed by group undertakings	13,708	12,391
Deferred tax (see note 11)	13	17
Prepayments and accrued income	8	11
	<u>16,097</u>	<u>14,846</u>

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

	<b>2006 £'000</b>	<b>2005 £'000</b>
Bank overdrafts	-	22
Trade creditors	599	931
Amounts owed to group undertakings	11,458	12,030
Corporation tax	659	291
Preference dividends payable	108	86
Taxation and social security	319	240
Accruals and deferred income	176	59
	<u>13,419</u>	<u>13,659</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2006**

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2006 £'000	2005 £'000
Preference share capital	431	431
Trade creditors	765	270
	<u>1,196</u>	<u>701</u>

The preference shares entitle the holders to a 5% dividend, to vote at meetings at which their rights are discussed and to redeem the shares at par

A dividend of £21,550 (2005 - £21,550) has been accrued on the shares in the year. The cumulative dividends of £107,750 (2005 - £86,200) are included as a liability

**11 DEFERRED TAXATION**

	£'000
Balance at 1 January 2006	(17)
Charge to profit and loss account	4
	<u>          </u>
Balance at 31 December 2006	<u>(13)</u>

The analysis of the deferred tax asset is as follows

	2006 £'000	2005 £'000
Depreciation in excess of capital allowances	(13)	(17)
	<u>          </u>	<u>          </u>

There are no unprovided deferred tax balances (2005 – same)

**12 CALLED UP SHARE CAPITAL**

	2006 £'000	2005 £'000
Authorised		
100,000 ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
Called up, allotted and fully paid		
10,001 ordinary shares of £1 each	10	10
	<u>          </u>	<u>          </u>

**13. CONTINGENT LIABILITIES**

The company is party to a composite guarantee and mortgage debenture in favour of Bank of Scotland plc to secure the borrowings of Enterprise plc. At 31 December 2006 the borrowings of Enterprise plc secured by this guarantee were £100.0 million (2005 - £102.4 million)

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2006**

**14. OPERATING LEASE COMMITMENTS**

	<b>Land and buildings</b>	
	<b>31 December</b>	<b>31 December</b>
	<b>2006</b>	<b>2005</b>
	<b>£'000</b>	<b>£'000</b>
Leases which expire		
Within one year	-	4
	<u>          </u>	<u>          </u>

**15. ULTIMATE PARENT COMPANY**

At 31 December 2006, the company's ultimate parent company and controlling party was Enterprise plc, a company registered in England and Wales, whose financial statements may be obtained from the Secretary, Lancaster House, Centurion Way, Leyland, Lancashire PR26 6TX

On 30 April 2007, an offer for the whole of the issued share capital of Enterprise plc by management backed by 3i Group plc was declared wholly unconditional and from 14 May 2007, the company's ultimate parent company and controlling party is Inhoco 3362 Limited, a company registered in England and Wales

**16. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" and has not disclosed transactions with group undertakings