

Slough Accord Ltd
Directors' report and financial statements
Registered number 4590691
Year ended 30 June 2005



Contents

Directors' report	1
Statement of directors' responsibilities	3
Report of the independent auditors to the members of Slough Accord Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2005.

Principal activities

The principal activities of the company during the year were those of refuse and recycling, street cleansing, highways maintenance and grounds maintenance, through a long term contract with the Slough Borough Council.

Business review

The results for the year are set out in the profit and loss account on page 5.

The directors have recommended the payment of a dividend of £250,000 (2004: *£nil*).

Policy and practice on payment of creditors

It is the company's policy that payments to suppliers are made in accordance with the credit terms agreed, provided that the supplier is also complying with all relevant terms and conditions. At the end of the year, company creditor days were 46 days (2004: 41 days).

Directors and directors' interests

A Charlton

PW Fellowes-Prynne

AE Shutkever

SH Stefanou

RD West

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. The interests of SH Stefanou, AE Shutkever and PW Fellowes-Prynne in the share capital of the ultimate parent undertaking, Accord Plc, are disclosed in the financial statements of that company, which can be obtained from the address in note 20.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year. The rights of the other directors to subscribe for shares in the ultimate parent undertaking, Accord Plc granted to the directors or their immediate families, or exercised by them, during the financial year were as follows:

	No. of options at start of year	No. of options at end of year	Exercise price (p)
<i>The Accord plc 2000 Approved Share Option Scheme</i>			
RD West	14,492	14,492	207
A Charlton	24,390	24,390	123
<i>The Accord plc Executive Share Option Scheme 2000 (unapproved)</i>			
A Charlton	2,883	2,883	100

Directors' report *(continued)*

Directors and directors' interests *(continued)*

The Accord plc 2000 Approved Share Option Scheme is linked to a contractual savings scheme which allows for options to be exercised either in whole or in part during the year starting with an admission to the Official List of The London Stock Exchange and ending ten years after the grant date.

The Accord plc Executive Share Option Scheme 2000 (unapproved) allows for the options to be exercised up to a maximum of 20% per annum during the year starting with an admission to the Official List of The London Stock Exchange and ending ten years after the grant date.

Employees

The directors recognise the benefits which arise from keeping employees informed of the company's progress and plans, and through their participation in the company's performance. The company is therefore committed to providing its employees with information on a regular basis, to consulting them so that their views may be taken into account in taking decisions which may affect their interests and encouraging their participation in schemes through which they will benefit from the company's progress and profitability.

It is the company's policy to ensure that disabled persons are treated fairly and consistently in terms of recruitment, training, career development and promotion and that their employment opportunities should be based on a realistic assessment of their aptitudes and abilities. Wherever possible, the company will continue the employment of persons who become disabled during the course of their employment with the company through retraining, acquisition of special aids equipment or through the provision of suitable alternative employment.

Political and charitable contributions

The company made no political or charitable contributions during the year (2004: £nil).

Auditors

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditors annually and KPMG LLP will therefore continue in office.

By order of the board



21/12/05

AE Shutkever
Director

Accord House
Albany Place
Bridge Road East
Welwyn Garden City
Hertfordshire
AL7 1HX

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Aquis Court
31 Fishpool Street
St Albans
AL3 4RF
United Kingdom

Report of the independent auditors to the members of Slough Accord Limited

We have audited the financial statements on pages 5 to 15.

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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditor, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, 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 transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards 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 of the state of the company's affairs as at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

22 DEC 2005

Profit and loss account
for the year ended 30 June 2005

	<i>Note</i>	2005 £000	2004 £000
Turnover	2	13,336	11,495
Cost of sales		(11,393)	(10,089)
		<hr/>	<hr/>
Gross profit		1,943	1,406
Administrative expenses		(1,452)	(1,076)
		<hr/>	<hr/>
Operating profit		491	330
Interest payable and similar charges	6	(61)	(61)
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	430	269
Tax on profit on ordinary activities	7	(160)	(81)
		<hr/>	<hr/>
Profit after Taxation		270	188
Dividends		(250)	-
		<hr/>	<hr/>
Profit for the financial year		20	188
		<hr/>	<hr/>

The operating profit for the year and prior period arises from the company's continuing operations.

The company had no recognised gains or losses in the current or preceding period other than those passing through the profit and loss account.

Balance sheet
at 30 June 2005

	<i>Note</i>	2005 £000	2005 £000	2004 £000	2004 £000
Fixed assets					
Intangible assets	8	1,159		1,252	
Tangible assets	9	226		93	
		<hr/>		<hr/>	
			1,385		1,345
Current assets					
Stocks	10	231		667	
Debtors	11	1,849		2,270	
Cash at bank		21		6	
		<hr/>		<hr/>	
		2,101		2,943	
Creditors: amounts falling due within one year	12	(3,233)		(4,055)	
		<hr/>		<hr/>	
Net current liabilities			(1,132)		(1,112)
			<hr/>		<hr/>
Net assets			253		233
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14		1		1
Profit and loss account	15		252		232
			<hr/>		<hr/>
Equity shareholder's funds	16		253		233
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 21st December 2005 and were signed on its behalf by:



AE Shutkever
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements. The company has followed the transitional arrangements of FRS 17 'Retirement Benefits' in these financial statements.

Basis of preparation

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

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of Accord Plc the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Accord Plc, within which this company is included, can be obtained from the address given in note 20.

Intangible fixed assets and amortisation

Purchased intangible fixed assets are capitalised at their cost and is amortised to nil by equal annual instalments over their estimated useful life which has been assessed by the directors as being 15 years.

Tangible fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	3 years
Plant and machinery	-	5 to 8 years
Fixtures, fittings & equipment	-	3 to 5 years

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers.

Turnover on short term contracts is recognised when the contract is completed. Turnover on long term contracts is recognised as cost appropriate to the stage of completion, plus attributable profits, less amounts recognised in previous years.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. 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 Financial Reporting Standard 19.

Notes (continued)

Leases

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

Post-retirement benefits

The company participates in both a defined contribution pension scheme and a pension scheme providing benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company in independently administered funds. The amount charged against profits in respect of the defined contribution scheme represents the contributions payable to the scheme in respect of the accounting period. Contributions to the final salary schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

2 Analysis of turnover and profit on ordinary activities before taxation

All turnover, profits and net assets are derived from the company's principal activity which is refuse and recycling, street cleaning, highways maintenance and grounds maintenance, through a long term contract with Slough Borough Council.

3 Profit on ordinary activities before taxation

	2005 £000	2004 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration	4	15
Depreciation and other amounts written off tangible fixed assets: owned	60	38
Amortisation of intangible fixed assets	93	94
Hire of plant and machinery – rentals payable under operating leases	204	179
Hire of other assets – rentals payable under operating leases	-	-
	<hr/>	<hr/>

Notes (continued)

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2005	Number of employees 2004
Administration and management	15	12
Street cleaning, refuse collection, highways and ground operatives	132	158
	<hr/> 147	<hr/> 170

The aggregate payroll costs for these persons were as follows:

	2005 £000	2004 £000
Wages and salaries	3,604	3,279
Social security costs	353	306
Other pension costs	144	149
	<hr/> 4,101	<hr/> 3,734

5 Remuneration of directors

	Year ended 30 June 2005 £000	Year ended 30 June 2004 £000
Directors' emoluments	75	70
Company contributions to money purchase pension schemes	6	6
	<hr/> 81	<hr/> 76

	Number of directors 2005	Number of directors 2004
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<hr/> 1	<hr/> 1

Three of the directors are also directors of other Accord Plc Group companies and do not receive emoluments for their services to this company.

Notes (continued)

6 Interest payable and similar charges

	2005 £000	2004 £000
Bank interest payable to group undertakings	61	61

7 Taxation

	2005 £000	2004 £000
Analysis of charge in period:		
<i>UK corporation tax</i>		
Current tax on income for the year / period	-	110
Payments made to group on receipt of tax losses	156	-
Adjustments in respect of prior periods	-	(28)
	<hr/>	<hr/>
Total current tax	156	82
Deferred tax (see note 13)	4	(1)
	<hr/>	<hr/>
Tax on profit on ordinary activities	160	81

The current tax charge for the period is higher (2004: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below.

	2005 £000	2004 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	430	269
	<hr/>	<hr/>
Current tax at 30%	129	81
	<hr/>	<hr/>
<i>Effects of:</i>		
Depreciation for the period (less than) / in excess of capital allowances	(1)	1
Permanent differences	28	28
Adjustments to tax charge in respect of previous periods	-	(28)
	<hr/>	<hr/>
Total current tax charge (see above)	156	82

Notes (continued)

8 Intangible fixed assets

	Other 2005 £000
<i>Cost</i>	
At beginning and end of year	1,400
<i>Amortisation</i>	
At beginning of year	148
Charge for the year	93
At end of year	241
<i>Net book value</i>	
At 30 June 2005	1,159
At 30 June 2004	1,252

The intangible asset represents an amount paid as part of the costs of obtaining a multi-service contract from Slough Borough Council. The directors consider the appropriate amortisation period as 15 years for this asset as this reflects the minimum term of the contract.

9 Tangible fixed assets

	Leasehold improvements £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
<i>Cost</i>				
At beginning of year	38	109	4	151
Additions	33	118	42	193
At end of year	71	227	46	344
<i>Depreciation</i>				
At beginning of year	17	40	1	58
Charge for the year	15	39	6	60
At end of year	32	79	7	118
<i>Net book value</i>				
At 30 June 2005	39	148	39	226
At 30 June 2004	21	69	3	93

Notes *(continued)*

10 Stocks

	2005	2004
	£000	£000
Work in progress	231	667

11 Debtors

	2005	2004
	£000	£000
Trade debtors	1,589	2,179
Deferred tax assets (see note 13)	2	6
Prepayments and accrued income	258	85
	1,849	2,270

12 Creditors: amounts falling due within one year

	2005	2004
	£000	£000
Trade creditors	1,522	1,217
Amounts owed to group undertakings	1,057	1,632
Taxation and social security	281	201
Other creditors	56	106
Accruals and deferred income	317	899
	3,233	4,055

The bank overdraft is supported by a group cross guarantee and mortgage debentures given by various group companies.

Notes (continued)

13 Deferred tax

	2005 Deferred tax £000	2004 Deferred tax £000
At beginning of year	6	5
(Charge) / Credit to the profit and loss for the year	(4)	1
	<hr/>	<hr/>
At end of year / period	2	6
	<hr/>	<hr/>

The elements of deferred taxation are as follows:

	2005 £000	2004 £000
Difference between accumulated depreciation and amortisation and capital allowances	(3)	1
Other timing differences	5	5
	<hr/>	<hr/>
Undiscounted deferred tax asset (see note 11)	2	6
	<hr/>	<hr/>

14 Called up share capital

	2005 £	2004 £
<i>Authorised, allotted, called up and fully paid</i>		
Equity: ordinary shares of £1 each	1,001	1,001
	<hr/>	<hr/>

15 Profit and loss account

	2005 £000	2004 £000
At beginning of year / period	232	44
Retained profit for the year / period	20	188
	<hr/>	<hr/>
At end of year / period	252	232
	<hr/>	<hr/>

Notes (continued)

16 Reconciliation of movements in shareholder's funds

	2005 £000	2004 £000
Profit for the financial year	270	188
Dividends	(250)	-
	<hr/>	<hr/>
Net addition to shareholder's funds	20	188
Opening shareholder's funds	233	45
	<hr/>	<hr/>
Closing shareholder's funds	253	233
	<hr/>	<hr/>

17 Contingent liabilities

The company has guaranteed certain overdrafts, value added tax and finance lease obligations of some group companies. The amounts outstanding at the period end were:

	2005 £000	2004 £000
Overdrafts of group undertakings	-	-
	<hr/>	<hr/>
Value added tax of group undertakings under group registration scheme	4,180	4,455
	<hr/>	<hr/>
Hire purchase obligations of group undertakings	8,601	11,789
	<hr/>	<hr/>

18 Commitments

(i) Annual commitments under non-cancellable operating leases are as follows:

	2005 £000	Other than land and buildings 2004 £000
Operating leases which expire:		
Within one year	137	-
In the second to fifth years inclusive	93	243
Over five years	247	247
	<hr/>	<hr/>
	477	490
	<hr/>	<hr/>

Notes (continued)

19 Pension Scheme

The company participates in a defined contribution pension scheme, (the Group Personal Pension Plan). The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £11,000 (2004: £10,000). At the year end, contributions amounting to £1,000 (2004: £1,000) were payable to the scheme and are included in creditors.

In addition, the company contributes to a defined benefit scheme, the Royal County of Berkshire Pension Scheme. This contains staff in Slough Accord Limited who transferred to the company from Slough Borough Council under TUPE transfer arrangements. Except for certain defined circumstances as noted below, under the terms of the transfer agreements with Slough Borough Council the company's contributions to this scheme are effectively fixed at 16.3% for the duration of the contract. Slough Borough Council retains liability for the provision of all pension and related benefits in respect of employees prior to their transfer to Slough Accord Limited. The only obligation of the company is to make additional contributions to reimburse Slough Borough Council for any increase in its *funding liability caused by specific actions undertaken by the company, unless otherwise agreed with Slough Borough Council*. The company has not undertaken, and has no current intention of undertaking, any of these specific actions. Because the company has no liability in respect of the Royal County of Berkshire Pension Scheme *other than as described above and it is not affected by any surplus or deficit in the scheme, it is accounting for its pension costs in respect of the scheme as if it were a defined contribution scheme*. The pension cost charge for the period represents contributions payable by the group to the scheme under these arrangements and amounted to £133,000 (2004: £139,000). At the year end, contributions amounting to £15,000 (2004: £16,000) were payable to the scheme and are included in creditors. The Royal County of Berkshire Pension Scheme is also therefore excluded from FRS 17 disclosures.

20 Parent company and ultimate controlling party

The smallest and the largest group in which the results of the company are consolidated is that headed by Accord plc, incorporated in England and Wales. The consolidated accounts of this company are available to the public and may be obtained from Accord House, Albany Place, Bridge Road East, Welwyn Garden City, Herts, AL7 1HX.

The company's ultimate controlling party is Stelio H Stefanou.