Slough Accord Ltd

Directors' report and financial statements

Registered number 4590691

Year ended 30 June 2006

Contents

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2006.

Business review & principal activities

Slough Accord Ltd.'s principal activity is the provision of environmental services, mainly through a long term contract with Slough Borough Council. These services include refuse collection, street cleansing, grounds and highway maintenance in addition to the contract with Slough Borough Council, the company undertakes commercial trade waste collections for a variety of customers. The principal activity has not changed during the year and the Directors are not aware, at the date of this review, of any likely major changes in the next year.

As shown in the profit and loss account on page 7, Slough Accord's turnover has increased by 3.7% year on year. This growth is mainly attributable to increased highway maintenance work.

Operating profit has increased over the previous year by £83k, largely resulting from the increased volume of work. Profit after taxation was £378k and a dividend of £300k was paid in the year, resulting in an increase in the net assets of £78k.

Principal risks & uncertainties

Slough Accord's business model is based around operating a long-term, high value partnering contract with Slough Borough Council which is delivered by a business unit with sufficient managerial and entrepreneurial strength to grow locally through winning additional work to sustain a long term viable business.

Although the greater part of Slough Accord's income comes from Slough Borough Council, the company is potentially exposed to some credit risk in its dealings with the non-local authority customers. Therefore there are controls in place over customer acceptance, invoicing and cash collection.

Slough Accord pays careful attention to the management of its cash and working capital position. Controls are in place to ensure that appropriate payment terms are included in contracts with clients, subcontractors and suppliers. Adequate bank facilities are maintained and appropriate working capital management procedures are in place to ensure the company operates within those facilities.

Slough Accord contributes to a defined benefit pension scheme for certain employees who transferred under TUPE – however the risk of fluctuating contribution rates is effectively managed as Slough Borough Council retains liability for any such fluctuations, unless the rate changes due to actions taken by Slough Accord. As Slough Accord has not taken any such actions, participation in the scheme does not hold the financial risks normally associated with defined benefit schemes.

Health & Safety

The nature of Slough Accord Ltd's operations means that Health and Safety is a significant risk. The company recognises this fully, and takes all steps necessary to ensure the safety of its employees and the public. Slough Accord puts a great deal of emphasis on training, and refresher courses are held to ensure that Health and Safety is a high priority. Slough Accord holds the British Safety Council's 5 Star award recognising the company's commitment to operating safely.

Environment

Slough Accord Ltd. holds ISO 14001 accreditation and recognises the importance of its environmental responsibilities. In partnership with its main client (Slough Borough Council) the company operates a "green waste" collection service. There is also a substantial amount of recycling taking place through the depot, including the recycling of tyres, computers monitors, fire extinguishers. In the depot there is a book and CD bank where books and CDs are collected and passed on to charity shops.

Directors' report *(continued)*

Dividends

Dividends paid in the year comprise an interim dividend of £300,000 in respect of the year ended 30 June 2006 *(2005: final dividend of £250,000)*.

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 48 days *(2005: 46 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 22.

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 and end of year	**Exercise price (p)**
The Accord plc 2000 Approved Share Option Scheme		
RD West	14,492	207
A Charlton	24,390	123
The Accord plc Executive Share Option Scheme 2000 (unapproved)		
A Charlton	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 *(2005: £nil).*

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

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

AE Shutkever
Director

8th December, 2006

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

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards, and applicable law (UK Generally Accepted Accounting Practice).

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; and
- 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 its 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

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

Independent auditors' report to the members of Slough Accord Limited

We have audited the financial statements of Slough Accord Limited for the year ended 30 June 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities on page 4, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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 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 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 judgments 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.

Independent auditors' report to the members of Slough Accord Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 June 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.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

15 December 2006

Profit and loss account
for the year ended 30 June 2006

	Note	**2006**	2005
		£000	£000
Turnover	*2*	**13,831**	13,336
Cost of sales		**(11,635)**	(11,393)
Gross profit		**2,196**	1,943
Administrative expenses		**(1,622)**	(1,452)
Operating profit		**574**	491
Interest receivable and similar income	*6*	**3**	-
Interest payable and similar charges	*7*	**-**	(61)
Profit on ordinary activities before taxation	*3*	**577**	430
Tax on profit on ordinary activities	*8*	**(199)**	(160)
Profit after Taxation		**378**	270

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 2006

	Note	**2006 £000**	**2006 £000**	2005 £000	2005 £000
Fixed assets					
Intangible assets	*10*	**1,066**		1,159	
Tangible assets	*11*	**261**		226	
			1,327		1,385
Current assets					
Stocks	*12*	**183**		231	
Debtors	*13*	**1,794**		1,849	
Cash at bank		**220**		21	
		2,197		2,101	
Creditors: amounts falling due within one year	*14*	**(3,193)**		(3,233)	
Net current liabilities			**(996)**		(1,132)
Net assets			**331**		253
Capital and reserves					
Called up share capital	*16*		**1**		1
Profit and loss account	*17*		**330**		252
Equity shareholder's funds	*18*		**331**		253

These financial statements were approved by the board of directors on 8th December, 2006 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 financial statements, except as noted below.

In these financial statements the following new standards have been adopted for the first time:

- FRS 21 'Events after the balance sheet date';
- the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure'; and
- FRS 28 'Corresponding amounts'.

FRS 21 'Events after the balance sheet date' and the presentation requirements of FRS 25 'Financial instruments: presentation and disclosure' have had no material effect on the company. FRS 28 'Corresponding amounts' has also had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985.

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 22.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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 year 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.

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 to the profit and loss account in respect of the defined contribution scheme represents the contributions payable to the scheme in respect of the accounting period.

The company also participates in a defined benefit scheme where the arrangements are for a fixed period only and the terms are such that the company's contributions are effectively fixed for the duration of its participation in the scheme. In addition, the company is not affected by any surplus or deficit in the scheme. This has been accounted for as a defined contribution scheme.

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

	2006	2005
	£000	£000
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	**10**	4
Depreciation and other amounts written off tangible fixed assets: owned	**89**	60
Amortisation of intangible fixed assets	**93**	93
Hire of plant and machinery – rentals payable under operating leases	**946**	204

Notes *(continued)*

4 Remuneration of directors

	Year ended 30 June 2006 £000	Year ended 30 June 2005 £000
Directors' emoluments	**77**	75
Company contributions to money purchase pension schemes	**7**	6
	84	81

	Number of directors 2006	Number of directors 2005
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**1**	1

Three *(2005: Three)* of the directors are also directors of other Accord Plc group companies and do not receive emoluments for their services to this company.

5 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 2006	Number of employees 2005
Administration and management	**16**	15
Street cleaning, refuse collection, highways and ground operatives	**132**	132
	148	147

The aggregate payroll costs for these persons were as follows:	**2006 £000**	2005 £000
Wages and salaries	**3,879**	3,604
Social security costs	**382**	353
Other pension costs	**133**	144
	4,394	4,101

Notes *(continued)*

6 Interest receivable and similar income

	2006 £000	2005 £000
Bank interest receivable	**3**	-

7 Interest payable and similar charges

	2006 £000	2005 £000
Bank interest payable	**-**	61

8 Taxation

	2006 £000	2005 £000
Analysis of charge in period:		
UK corporation tax		
Current tax on income for the year	**-**	-
Payments made to group on receipt of tax losses	**199**	156
Total current tax	**199**	156
Deferred tax (see note 15)	**-**	4
Tax on profit on ordinary activities	**199**	160

The current tax charge for the period is higher *(2005: higher)* than the standard rate of corporation tax in the UK of 30% *(2005: 30%)*. The differences are explained below.

	2006 £000	2005 £000
Current tax reconciliation		
Profit on ordinary activities before tax	**577**	430
Current tax at 30%	**173**	129
Effects of:		
Depreciation in excess of / (less than) capital allowances	**5**	(1)
Permanent differences	**34**	28
Other timing differences	**(13)**	-
Total current tax charge (see above)	**199**	156

Notes *(continued)*

9 Dividends

The aggregate amount of dividends comprises:

	2006 **£000**	2005 £000
Interim dividends paid in respect of the current year (*2005: final dividend*)	**300**	250

10 Intangible fixed assets

	2006 **£000**
Cost	
At beginning and end of year	1,400
Amortisation	
At beginning of year	241
Charge for the year	93
At end of year	334
Net book value	
At 30 June 2006	**1,066**
At 30 June 2005	1,159

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.

Notes *(continued)*

11 Tangible fixed assets

	Leasehold improvements £000	Plant and machinery £000	Fixtures, fittings and equipment £000	Total £000
Cost				
At beginning of year	71	227	46	344
Additions	-	91	33	124
At end of year	**71**	**318**	**79**	**468**
Depreciation				
At beginning of year	32	79	7	118
Charge for the year	19	58	12	89
At end of year	**51**	**137**	**19**	**207**
Net book value				
At 30 June 2006	**20**	**181**	**60**	**261**
At 30 June 2005	39	148	39	226

12 Stocks

	2006 £000	2005 £000
Work in progress	**183**	231

13 Debtors

	2006 £000	2005 £000
Trade debtors	**1,561**	1,589
Deferred tax asset (see note 15)	**2**	2
Prepayments and accrued income	**231**	258
	1,794	1,849

Notes *(continued)*

14 Creditors: amounts falling due within one year

	2006 £000	2005 £000
Trade creditors	**1,630**	1,522
Amounts owed to group undertakings	**1,055**	1,057
Taxation and social security	**350**	281
Other creditors	**51**	56
Accruals and deferred income	**107**	317
	3,193	3,233

Any bank overdrafts are supported by a group cross guarantee and mortgage debentures given by various group companies.

15 Deferred tax

	2006 £000	2005 £000
At beginning of year	**2**	6
Charge to the profit and loss for the year	**-**	(4)
At end of year	**2**	2

The elements of deferred taxation are as follows:

	2006 £000	2005 £000
Difference between accumulated depreciation and amortisation and capital allowances	**(3)**	(3)
Other timing differences	**5**	5
Undiscounted deferred tax asset (see note 13)	**2**	2

16 Called up share capital

	2006 £	2005 £
Authorised, allotted, called up and fully paid		
Equity: 1,001 ordinary shares of £1 each	**1,001**	1,001

Notes *(continued)*

17 Profit and loss account

	2006	2005
	£000	£000
At beginning of year	**252**	232
Profit for the financial year	**378**	270
Dividends	**(300)**	(250)
At end of year	**330**	252

18 Reconciliation of movements in shareholder's funds

	2006	2005
	£000	£000
Profit for the financial year	**378**	270
Dividends	**(300)**	(250)
Net addition to shareholder's funds	**78**	20
Opening shareholder's funds	**253**	233
Closing shareholder's funds	**331**	253

19 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:

	2006	2005
	£000	£000
Overdrafts of group undertakings	**2,482**	-
Value added tax of group undertakings under group registration scheme	**2,267**	4,180
Hire purchase obligations of group undertakings	**8,066**	8,601

Notes *(continued)*

20 Commitments

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

	Other than land and buildings	
	2006	2005
	£000	£000
Operating leases which expire:		
Within one year	**38**	137
In the second to fifth years inclusive	**403**	93
Over five years	**-**	247
	441	477

21 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 (*2005: £11,000*). At the year end, contributions amounting to £2,000 (*2005: £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 £122,000 (*2005: £133,000*). At the year end, contributions amounting to £15,000 *(2005: £15,000)* were payable to the scheme and are included in creditors.

22 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.