

**SLOUGH ENTERPRISE LIMITED**

**Report and Financial Statements**

**31 December 2009**



<b>CONTENTS</b>	<b>Page</b>
<b>Directors' report</b>	<b>1</b>
<b>Statement of directors' responsibilities</b>	<b>3</b>
<b>Independent auditors' report</b>	<b>4</b>
<b>Profit and loss account</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7</b>

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2009

### **BUSINESS REVIEW & PRINCIPAL ACTIVITIES**

Slough Enterprise Limited'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.

Turnover decreased in the year from £15.3m in 2008 to £14.2m in 2009. The profit for the year was £1.2m (2008 £0.9m profit).

### **PRINCIPAL RISKS & UNCERTAINTIES**

Slough Enterprise'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.

Although the greater part of Slough Enterprise'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 Enterprise 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 Enterprise 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 are due to actions taken by Slough Enterprise. As Slough Enterprise has not taken any such actions, participation in the scheme does not hold the financial risks normally associated with defined benefit schemes.

### **GOING CONCERN**

After making enquiries, and based on the assumptions outlined in note 1 to the financial statements, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

### **DIVIDENDS**

No dividend was paid in the year ended 31 December 2009 (2008: £nil).

### **DIRECTORS AND DIRECTORS' INTERESTS**

D McGill

D Atherton

M Joyce

G Stygalls

R West

**DIRECTORS' REPORT (continued)**

**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 (2008 £nil)

**AUDITORS**

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 2006) 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

The confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue as the company's auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting in accordance with section 485 of the Companies Act 2006

Approved by the Board of Directors  
and signed by order of the Board,



Secretary  
22 March 2010

## **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). 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 judgments 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

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

We have audited the financial statements of Slough Enterprise Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Statement of Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 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 explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

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



**Timothy Edge (Senior Statutory Auditor)**  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditors  
Manchester, United Kingdom

25 March 2010

# SLOUGH ENTERPRISE LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2009

	Note	2009 £'000	2008 £'000
Turnover	2	14,173	15,323
Cost of sales		(11,314)	(12,948)
<b>Gross profit</b>		<b>2,859</b>	<b>2,375</b>
Administrative expenses		(1,694)	(1,636)
<b>Operating profit</b>		<b>1,165</b>	<b>739</b>
Interest receivable and similar income	6	23	100
<b>Profit on ordinary activities before taxation</b>	3	<b>1,188</b>	<b>839</b>
Tax (charge)/credit on profit on ordinary activities	7	(2)	38
<b>Profit after taxation transferred to reserves</b>	15	<b>1,186</b>	<b>877</b>

The above results all relate to continuing operations in the year

The company has no recognised gains or losses in the current year or preceding year other than those passing through the profit and loss account. Accordingly, a separate statement of total recognised gains and losses has not been prepared.

**SLOUGH ENTERPRISE LIMITED**  
Company Number 4590691

**BALANCE SHEET**  
**31 December 2009**

	Notes		31 December 2009 £'000	31 December 2008 £'000
<b>Fixed assets</b>				
Tangible assets	8		<u>136</u>	<u>179</u>
			136	179
<b>Current assets</b>				
Stocks	9	10		17
Debtors	10	7,740		5,834
Cash at bank		<u>22</u>		<u>-</u>
		7,772		5,851
<b>Creditors' amounts falling due within one year</b>	11	<u>(6,034)</u>		<u>(5,342)</u>
<b>Net current assets</b>			<u>1,738</u>	<u>509</u>
<b>Net assets</b>			<u>1,874</u>	<u>688</u>
<b>Capital and reserves</b>				
Called up share capital	13		<u>1</u>	<u>1</u>
Profit and loss account	14		<u>1,873</u>	<u>687</u>
<b>Shareholder's funds</b>	15		<u>1,874</u>	<u>688</u>

These financial statements were approved by the board of directors on 22 March 2010 and were signed on its behalf by

Director





**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2009****1 ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards which have been consistently applied throughout the current and prior years. The particular accounting policies adopted are described below.

**Going concern**

The performance, financial position and the key risks impacting the company are detailed in the Directors' Report on page 1. The company is a subsidiary of Enterprise Group Holdings Limited, which manages its working capital on a pooled basis across the Group. Based on the strong trading relationship between this company and the parent company, the directors of this company have sought and received a confirmation from the parent company that it will provide support as may be necessary for the foreseeable future. In relying on this parent company support, the directors of this company are cognisant of the following going concern disclosure which appears in the financial statements of Enterprise Group Holdings Limited for the year ended 31 December 2009.

The group has considerable secured financial resources through to March 2015 together with contracts of a long term nature with a significant number of its customers who are principally blue chip utility companies or government authorities. The services which the group delivers are primarily essential maintenance in nature. As a consequence the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook and the potential impact on the Group's customers.

The Directors, in their consideration of going concern, have reviewed the Group's future cash forecasts, profit projections and covenant compliance and based on these forecasts and projections believe that it is appropriate to prepare the financial statements of the Group on the going concern basis.

Management is of the opinion that the Group's forecasts and projections show that the Group should be able to operate within its available facilities and comply with its banking covenants. The Group has committed facilities through to March 2015 and there is no repayment of debt until that time.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Leasehold improvements	25% per annum
Plant and machinery, fixtures and fitting, tools	10% - 33% per annum
Motor vehicles	25% per annum

**Stocks**

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**1 ACCOUNTING POLICIES (continued)**

**Leases**

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

**Turnover**

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

Turnover is recognised when the service is delivered. Revenue from trade waste contracts is spread over the length of the contract

**Post retirement benefits**

The company operates a money purchase scheme for its directors and senior employees. The assets of the scheme are held separately from those of the company in independently administered funds. The unpaid contributions outstanding at the year end are included in "accruals and deferred income"

The company also participates in a local government run defined benefit scheme. The risks and rewards remain primarily with the local government so the company accounts for these as defined contribution schemes

**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

**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

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**2. ANALYSIS OF TURNOVER AND LOSS 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**

	2009 £'000	2008 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation and other amounts written off tangible fixed assets owned	77	98
Hire of plant and machinery – rentals payable under operating leases	59	247
	<u>136</u>	<u>345</u>

Auditors' remuneration of £16k has been borne by another group company in the current year. There were no non audit services provided by the auditors in either year.

**4 REMUNERATION OF DIRECTORS**

The company paid no emoluments to directors in the year. Directors' emoluments are borne by another group 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:

	2009	2008
Average number of persons employed		
Administration and management	54	40
Street cleaning, refuse collection, highways and ground operatives	102	107
	<u>156</u>	<u>147</u>

The aggregate payroll costs for these persons were as follows:

	2009	2008
Wages and salaries	4,404	3,901
Social security costs	440	367
Other pension costs	140	132
	<u>4,984</u>	<u>4,400</u>

**6 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2009 £'000	2008 £'000
Intercompany interest receivable	17	48
Bank interest receivable	6	52
	<u>23</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**7. TAXATION**

	2009 £'000	2008 £'000
<b>Analysis of charge in year*</b>		
<i>UK corporation tax</i>		
Current tax on income for the year	-	-
Total current tax	-	-
Deferred tax (see note 12)	(2)	(4)
Deferred tax (prior year)	4	(34)
Tax on charge/(credit) on ordinary activities	2	(38)

The current tax charge for the year is lower (2008 lower) than the standard rate of corporation tax in the UK of 28% (2008 28.5%). The differences are explained below

	2009 £'000	2008 £'000
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	1,188	839
Current tax at 28% (2008 28.5%)	333	239
Effects of		
Group relief claimed	(336)	(243)
Depreciation in excess of capital allowances	3	4
Total current tax charge (see above)	-	-

**8. TANGIBLE FIXED ASSETS**

	Leasehold improvements £'000	Vehicles, plant and machinery £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost</b>				
At 1 January 2009	81	480	79	640
Additions	-	34	-	34
At 31 December 2009	81	514	79	674
<b>Depreciation</b>				
At 1 January 2009	71	329	61	461
Charge for the year	2	65	10	77
At 31 December 2009	73	394	71	538
<b>* Net book value</b>				
31 December 2009	8	120	8	136
31 December 2008	10	151	18	179

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**9 STOCKS**

	<b>31 December 2009 £'000</b>	<b>31 December 2008 £'000</b>
Consumables	10	17

**10 DEBTORS**

	<b>31 December 2009 £'000</b>	<b>31 December 2008 £'000</b>
Amounts due from fellow group companies	5,922	2,159
Trade debtors	1,761	3,383
Deferred tax asset (see note 12)	47	49
Prepayments and accrued income	10	243
	<b>7,740</b>	<b>5,834</b>

**11. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>31 December 2009 £'000</b>	<b>31 December 2008 £'000</b>
Bank overdraft	-	19
Trade creditors	330	972
Amounts owed to group undertakings	4,007	3,001
Taxation and social security	368	181
Other creditors	-	204
Accruals and deferred income	1,329	965
	<b>6,034</b>	<b>5,342</b>

**12. DEFERRED TAX**

	<b>31 December 2009 £'000</b>	<b>31 December 2008 £'000</b>
At 1 January 2008	49	11
(Charge)/credit to the profit and loss for the year	(2)	38
At 31 December 2009	<b>47</b>	<b>49</b>
The elements of deferred taxation are as follows		
	<b>£'000</b>	<b>£'000</b>
Difference between accumulated depreciation and amortisation and capital allowances	45	49
Other timing differences	2	-
Deferred tax asset (see note 10)	<b>47</b>	<b>49</b>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ended 31 December 2009**

**13. CALLED UP SHARE CAPITAL**

	31 December 2009 £'000	31 December 2008 £'000
Authorised, allotted, called up and fully paid Equity 1,001 ordinary shares of £1 each	1	1

**14. PROFIT AND LOSS ACCOUNT**

	Year ended 31 December 2009 £'000	Year ended 31 December 2008 £'000
At 1 January 2009	687	(190)
Profit for the financial year	1,186	877
At 31 December 2009	1,873	687

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	31 December 2009 £'000	31 December 2008 £'000
Profit for the financial year	1,186	877
Net addition to shareholder's funds	1,186	877
Opening shareholder's funds/(deficit)	688	(189)
Closing shareholder's funds	1,874	688

**16. COMMITMENTS**

Annual commitments under non-cancellable operating leases are as follows

	Other than land and buildings 31 December 2009 £'000	31 December 2008 £'000
Operating leases which expire In the second to fifth years inclusive	73	274
	73	274

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### Year ended 31 December 2009

#### 17 PENSION SCHEME

The company participated in a defined contribution pension scheme, (the Accord Group Personal Pension Plan) However, by January 2009 Slough Enterprise Limited no longer had any members in the scheme The pension cost charge for the year, representing contributions payable by the company to the scheme, therefore amounted to £nil (2008 £8,349) and at the year end, contributions amounting to £nil (2008 £nil) were payable to the scheme

In addition, the company contributes to a defined benefit scheme, the Royal County of Berkshire Pension Scheme This contains staff in Slough Enterprise 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 Enterprise 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 year represents contributions payable by the group to the scheme under these arrangements and amounted to £139,553 (2008 £123,651) At the year end, contributions amounting to £14,975 (2008 £9,000) were payable to the scheme and are included in creditors

#### 18. PARENT COMPANY AND ULTIMATE CONTROLLING PARTY

The company's immediate parent company is Accord Limited, a company incorporated in England and Wales The company's ultimate parent company is Enterprise Group Holdings Limited, a company registered in England and Wales 31 plc, through various managed funds, is considered by the directors to be the ultimate controlling party

The smallest group in which the results of the company were consolidated was that headed by Enterprise plc The largest group in which the results of the company were consolidated was that headed by Enterprise Group Holdings Limited Copies of the Enterprise Group Holdings financial statements can be obtained from its registered office at Lancaster House, Centurion Way, Leyland, Lancashire, PR26 6TX

#### 19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS8 'Related Party Disclosures' and has not disclosed details of transactions with other group undertakings

#### 20 CONTINGENT LIABILITIES

The company is party to a composite guarantee and mortgage debenture in favour of Lloyds TSB Bank plc to secure the borrowings of Enterprise plc At 31 December 2009 the borrowings of Enterprise plc secured by this guarantee were £540 million (2008 £540 million)