

Strategic Report, Report of the Directors and
Financial Statements for the Period 1 August 2014 to 31 December 2015
for
ESG Intermediate Holdings Limited

FRIDAY



A5GMO0BL

A22

30/09/2016

#125

COMPANIES HOUSE

Contents of the Financial Statements
for the Period 1 August 2014 to 31 December 2015

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Independent Auditor's Report	4
Income Statement	5
Other Comprehensive Income	6
Balance Sheet	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9

ESG Intermediate Holdings Limited

Company Information
for the Period 1 August 2014 to 31 December 2015

DIRECTORS:

R Vince
S Jones

SECRETARY:

R Keen

REGISTERED OFFICE:

Interserve House
Ruscombe Park
Twyford, Reading
Berkshire
RG10 9JU

REGISTERED NUMBER:

06397427 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

Victoria McLoughlin

AUDITORS:

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
Leeds
United Kingdom

ESG Intermediate Holdings Limited (Registered number: 06397427)

Strategic Report
for the Period 1 August 2014 to 31 December 2015

The directors present their strategic report for the period 1 August 2014 to 31 December 2015.

REVIEW OF BUSINESS

The company reported a loss for the period before taxation of £791,262 (2014: £1,895,502) on turnover of £nil (2014: £nil).

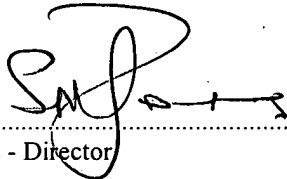
PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the company's and divisions strategy are subject to a number of risks. The key business risk faced by the company is the impact of any factors affecting the financial performance of the company's subsidiaries and hence the value of the company's investment in these are disclosed in the financial statements of the subsidiaries.

KEY PERFORMANCE INDICATORS (KPIs)

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to read 'S Jones', is written over a horizontal dotted line.

S Jones - Director

Date: 27 September 2016

Report of the Directors
for the Period 1 August 2014 to 31 December 2015

The directors present their report with the financial statements of the company for the period 1 August 2014 to 31 December 2015.

DIVIDENDS

No dividends will be distributed for the period ended 31 December 2015.

DIRECTORS

The directors who have held office during the period from 1 August 2014 to the date of this report are as follows:

G Freed - resigned 4 December 2014
J Dobson - resigned 4 December 2014
R Vince - appointed 4 December 2014
S Jones - appointed 4 December 2014

QUALIFYING THIRD PARTY INDEMNITY PROVISION

The company has provided an indemnity for its directors and the secretary, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 judgements and accounting 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

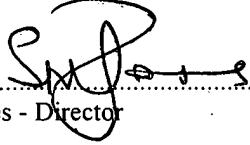
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITOR

The auditor, Grant Thornton UK LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
S Jones - Director

Date: 27 September 2016

Independent Auditor's Report to the Members of
ESG Intermediate Holdings Limited

We have audited the financial statements of ESG Intermediate Holdings Limited for the period ended 31 December 2015 on pages five to fifteen, which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the notes to the financial statements. 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), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 set out on page three, 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2015 and of its loss for the period 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 Strategic Report and the Report of the Directors 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 my audit have not been received from branches not visited by me; 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 my audit.



Victoria McLoughlin (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
Leeds
United Kingdom

Date: 30 September 2016

Statement of Comprehensive Income
for the Period 1 August 2014 to 31 December 2015

	Notes	1 August 2014 to 31 December 2015 £	Year Ended 31 July 2014 £
TURNOVER		-	-
Administrative expenses		<u>(40,503)</u>	<u>(94,110)</u>
OPERATING LOSS		(40,503)	(94,110)
Interest receivable and similar income		<u>9,561</u>	<u>496,767</u>
		(30,942)	402,657
Interest payable and similar charges	4	<u>(760,320)</u>	<u>(2,298,159)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(791,262)	(1,895,502)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL PERIOD		<u><u>(791,262)</u></u>	<u><u>(1,895,502)</u></u>

Other Comprehensive Income
for the Period 1 August 2014 to 31 December 2015

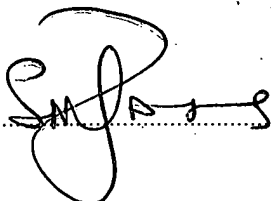
	1 August 2014 to 31 December 2015 £	Year Ended 31 July 2014 £
LOSS FOR THE PERIOD	(791,262)	(1,895,502)
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss:		
Settlement of Loan on Acquisition	<u>22,484,985</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	<u>22,484,985</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>21,693,723</u>	<u>(1,895,502)</u>

Statement of Financial Position
31 December 2015

	Notes	31 December 2015 £	31 July 2014 £
FIXED ASSETS			
Tangible assets	6	86,482	120,639
Investments	7	<u>14,647,008</u>	<u>14,647,008</u>
		<u>14,733,490</u>	<u>14,767,647</u>
CURRENT ASSETS			
Debtors	8	1,065,797	1,740,770
Prepayments and accrued income		-	20,000
Cash at bank		<u>2</u>	<u>-</u>
		1,065,799	1,760,770
CREDITORS			
Amounts falling due within one year	9	<u>(14,613,528)</u>	<u>(14,514,614)</u>
NET CURRENT LIABILITIES		<u>(13,547,729)</u>	<u>(12,753,844)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,185,761	2,013,803
CREDITORS			
Amounts falling due after more than one year	10	-	(22,572,470)
PROVISIONS FOR LIABILITIES	13	<u>(130,589)</u>	<u>(79,884)</u>
NET ASSETS/(LIABILITIES)		<u>1,055,172</u>	<u>(20,638,551)</u>
CAPITAL AND RESERVES			
Called up share capital	14	413,893	413,893
Retained earnings	15	<u>641,279</u>	<u>(21,052,444)</u>
SHAREHOLDERS' FUNDS	17	<u>1,055,172</u>	<u>(20,638,551)</u>

The financial statements were approved by the Board of Directors on 27 September 2016 and were signed on its behalf by:

Director



The notes of page 9 to 14 form part of these financial statements

Statement of Changes in Equity
for the Period 1 August 2014 to 31 December 2015

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 August 2013	413,893	(19,156,942)	(19,156,942)
Changes in equity			
Total comprehensive income	-	(1,895,502)	(1,895,502)
Balance at 31 July 2014	413,893	(21,052,444)	(20,638,551)
Changes in equity			
Total comprehensive income	-	21,693,723	21,693,723
Balance at 31 December 2015	413,893	641,279	1,055,172

The notes of page 9 to 14 form part of these financial statements

Notes to the Financial Statements
for the Period 1 August 2014 to 31 December 2015

1. COMPANY INFORMATION

The company is a private limited company incorporated in England and Wales, with its registered office at Interserve House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU.

These financial statements are prepared for the period 1 August 2014 to 31 December 2015. The period end has been changed to 31 December 2015, extending the accounting period to align the reporting period with that of the ultimate parent company.

The company is a holding company for the subsidiaries of the group.

The accounts present information about ESG Intermediate Holdings Limited as an individual entity and do not consolidate the results of its subsidiaries. It has taken advantage of the exemption available in S400 of the Companies Act 2006 not to prepare group accounts as this information is included in the consolidated financial statements of Interserve PLC as at 31 December 2015 and these financial statements may be obtained from www.interserve.com.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The policies have been applied consistently throughout the period, unless otherwise stated.

The financial statements are presented in Sterling (£), which is the functional currency of the Company.

Going Concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in existence for the foreseeable future. The company therefore continues to adopt the going concern basis in the preparation of its financial statements.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share-based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91 to 99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 Presentation of Financial Statements;
- the requirements of paragraphs 134 to 136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairments of Assets.

Notes to the Financial Statements
for the Period 1 August 2014 to 31 December 2015

2. ACCOUNTING POLICIES - continued

Changes in accounting policies

The Company has early adopted FRS 101 to conform its accounting policy with that of the ultimate parent company.

This is the first period that the financial statements have been prepared in accordance with FRS 101. The date of transition to FRS 101 is 1 August 2013. An explanation of transition is included in note 21 to the financial statements. In applying FRS 101 for the first time, the company has applied early the amendment to FRS 101 which permits a first time adopter not to present an opening statement of financial position at the beginning of the earliest comparative position presented.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets less their estimated residual value over their expected useful lives on the following bases:

Leasehold improvements - straight line over the period of the lease

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

Full provision is made for deferred tax assets and liabilities on a non-discounted basis arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if 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 assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Hire purchase and leasing commitments

Rentals under operating leases are charged on a straight line basis over the lease terms. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

Investment in subsidiaries

Investment in subsidiary undertakings are recorded at cost less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of impairment.

Dilapidation provision

Provision is made for contractual property dilapidation obligations during the period of occupation of each premise.

Parent company

The company's ultimate parent company is Interserve plc, which prepares publicly available consolidated financial statements in accordance with IFRS. This company is included in the consolidated financial statements of Interserve plc for the year ended 31 December 2015. These accounts are available at www.interserve.com.

3. EMPLOYEES AND DIRECTORS

The company has no employees (2014: none) other than the directors who received no emoluments for their services to the company.

Notes to the Financial Statements - continued
for the Period 1 August 2014 to 31 December 2015

4. INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1 August 2014 to 31 December 2015	Year Ended 31 July 2014
	£	£
Loan	<u>760,320</u>	<u>2,298,159</u>

5. LOSS BEFORE TAXATION

The loss before taxation is stated after charging/ (crediting):

	Period 1 August 2014 to 31 December 2015	Year Ended 31 July 2014
	£	£
Depreciation - owned assets	34,157	24,111
Exceptional loan waiver	<u>(22,484,985)</u>	<u>-</u>

During the period the immediate parent undertaking, Interserve Working Futures Limited, formally executed the waiver of the intercompany loan payable. This loan had represented a significant element relating to the acquisition of ESG Holdings Limited and associated companies.

The company has no recognised gains and losses other than the loss for the current and prior period.

There is no difference between the loss on ordinary activities before taxation and the loss for the financial period and their historical cost equivalents.

The auditors' remuneration for the company, together with certain other administrative expenses, has been borne by another group undertaking and not recharged.

6. TAXATION

Analysis of tax expense

No liability to UK corporation tax arose on ordinary activities for the period ended 31 December 2015 nor for the year ended 31 July 2014.

Factors affecting the tax expense

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

	Period 1 August 2014 to 31 December 2015	Year Ended 31 July 2014
	£	£
Loss on ordinary activities before income tax	<u>(791,262)</u>	<u>(1,895,502)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.470% (2014 – 22.300%)	(162,209)	(422,697)
Effects of:		
Expenditure not allowable for tax purposes	-	183,067
Depreciation in excess of capital allowances	-	3,662
losses surrendered to group companies	<u>162,209</u>	<u>235,968</u>
Tax expense	<u>-</u>	<u>-</u>

Notes to the Financial Statements – continued
for the Period 1 August 2014 to 31 December 2015

6. TAXATION – continued

Tax effects relating to effects of other comprehensive income

	Gross £	Tax £	Net £
Settlement of Loan on Acquisition	22,484,985	-	22,484,985
	<u>22,484,985</u>	<u>-</u>	<u>22,484,985</u>

Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2015 and from 21% to 20% from 1 April 2015 was substantively enacted in July 2014.

7. TANGIBLE FIXED ASSETS

	Improvements to property £
COST	
At 1 August 2014 and 31 December 2015	228,796
DEPRECIATION	
At 1 August 2014	108,157
Charge for period	34,157
At 31 December 2015	142,314
NET BOOK VALUE	
At 31 December 2015	86,482
At 31 July 2014	120,639

8. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 August 2014 and 31 December 2015	20,647,008
PROVISIONS	
At 1 August 2014 and 31 December 2015	6,000,000
NET BOOK VALUE	
At 31 December 2015	14,647,008
At 31 July 2014	14,647,008

Notes to the Financial Statements - continued
for the Period 1 August 2014 to 31 December 2015

8. INVESTMENTS - continued

The company holds the share capital of the following principal companies incorporated in England and Wales (*indirectly):

Company	Principal activity	Share class held	%
ESG Corporate Services Limited	Administrative and management services	Ordinary	100
Orient gold Limited	Non trading subsidiary	Ordinary	100
Broomco (4110) Limited	Intermediate holding company	Ordinary	100
Triangle Training Holdings * Limited	Intermediate holding company	Ordinary	100
Triangle Training Limited *	Mobilisation of training services	Ordinary	100
ESG (Skills) Limited	Vocational training	Ordinary	100
Sencia Limited	Provision of training and employment services	Ordinary	100
ESG (Saudi Arabia) LLC *	Vocational training	Ordinary	100

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2015	31 July 2014
	£	£
Amounts owed by group undertakings	1,065,797	1,243,342
Other debtors	-	497,428
	<u>1,065,797</u>	<u>1,740,770</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2015	31 July 2014
	£	£
Amounts owed to group undertakings	14,613,528	14,133,230
Social security and other taxes	-	271,533
Deferred income	-	109,851
	<u>14,613,528</u>	<u>14,514,614</u>

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2015	31 July 2014
	£	£
Other loans (see note 12)	-	22,572,470

12. FINANCIAL LIABILITIES - BORROWINGS

	31 December 2015	31 July 2014
	£	£
Non-current:		
Other loans - 1-2 years	-	22,572,470

On 4th December 2014 the Group was acquired by Interserve Working Futures Limited. As part of the transaction the loan was repaid in full.

Notes to the Financial Statements - continued
for the Period 1 August 2014 to 31 December 2015

13. OPERATING LEASES

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2015	2014
	£	£
Within one year	259,879	256,879
Between one and five years	<u>577,978</u>	<u>834,857</u>
	<u>837,857</u>	<u>1,091,736</u>

14. PROVISIONS FOR LIABILITIES

	2015	2014
	£	£
Other provisions		
Dilapidation provisions	<u>130,589</u>	<u>79,884</u>
		Dilapidations
		£
Balance at 1 August 2014		79,884
Provided during period		<u>50,705</u>
Balance at 31 December 2015		<u>130,589</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2015	2014
			£	£
778,829	'A' Ordinary shares	£0.01	7,788	7,788
200,000	'B' ordinary shares	£0.01	2,000	2,000
50,000	'C' ordinary shares	£0.01	500	500
403,605	Preferred shares	£0.01	<u>403,605</u>	<u>403,605</u>
			<u>413,893</u>	<u>413,893</u>

16. RESERVES

Retained earnings includes all current and prior period retained profits and losses.

17. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of ESG Holdings Limited. On the 4 December 2014 Interserve Working Futures Limited, a wholly owned subsidiary of Interserve PLC, acquired 100% of the share capital of ESG Holdings Limited from Ares Capital Europe Limited and Interserve PLC became the ultimate parent and controlling party.

18. RELATED PARTY DISCLOSURES

Fees of £6,345 were paid to Ares Capital Europe (Luxembourg) SARL in respect of the loan facility (2014: £19,583).

19. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 July 2014 or 31 December 2015.

Notes to the Financial Statements - continued
for the Period 1 August 2014 to 31 December 2015

20. CAPITAL COMMITMENTS

The company had no capital commitments at 31 July 2014 or 31 December 2015.

21. TRANSITION TO FRS101

The company has early adopted FRS 101 having previously used UK GAAP that was effective for periods commencing on or after 1 January 2015. The date of transition to FRS101 was 1 August 2013. The policies applied under the entity's previous accounting framework are not materially different to FRS 101 and have not impacted on equity or profit or loss.