

REGISTERED NUMBER: 06397427 (England and Wales)

Financial Statements for Year Ended 31 December 2017

for

ESG Intermediate Holdings Limited



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for the Year Ended 31 December 2017

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ESG Intermediate Holdings Limited

Company Information
for the Year Ended 31 December 2017

DIRECTORS:

A Mondon
C Peel
S Jones

SECRETARY:

R Keen

REGISTERED OFFICE:

Interserve House
Ruscombe Park
Reading
Berkshire
RG10 9JU

REGISTERED NUMBER:

06397427 (England and Wales)

**SENIOR STATUTORY
AUDITOR:**

Victoria McLoughlin BA FCA

AUDITORS:

Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
No 1 Whitehall Riverside
Leeds
LS1 4BN
United Kingdom

Report of the Directors
for the Year Ended 31 December 2017

The directors present their report with the financial statements of the company for the year ended 31 December 2017.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2017.

DIRECTORS

The directors who have held office during the year from 1 January 2017 to the date of this report are as follows:

S Jones
C Peel
A Mondon

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.

In preparing this report, the directors, the directors have taken advantage of the small companies exemptions provided by section 415A of the companies Act 2006.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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 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, including Financial Reporting Standard 101 'Reduced Disclosure Framework'). 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 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

The directors confirm that 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.

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.

Report of the Directors continued
for the Year Ended 31 December 2017

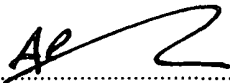
To the best of our knowledge:

- the financial statements, prepared in accordance with United Kingdom Generally Accepted Accounting Practice as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report and Directors' Report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

AUDITOR

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

ON BEHALF OF THE BOARD:



.....
A Mondon - Director

Date:

30 APRIL 2018

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

Opinion

We have audited the financial statements of ESG Intermediate Holdings Limited (the 'company') for the year ended 31 December 2017, which comprise the statement of income, other comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the directors has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the directors.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.



Victoria McLoughlin BA FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountant
LEEDS
United Kingdom

Date: 3 May 2018

Statement of Income
for the Year Ended 31 December 2017

	Notes	Year Ended 31 December 2017 £	Year Ended 31 December 2016 £
TURNOVER		-	-
Administrative expenses		<u>(23,698)</u>	<u>(25,176)</u>
OPERATING LOSS AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(23,698)	(25,176)
Tax on (loss)/profit on ordinary activities	5	<u>(60,843)</u>	<u>149,439</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u><u>(84,541)</u></u>	<u><u>124,263</u></u>

The notes of page 10 to 15 form part of these financial statements.

ESG Intermediate Holdings Limited (Registered number: 06397427)

Other Comprehensive Income
for the Year Ended 31 December 2017

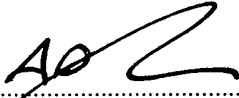
	Year Ended 31 December 2017 £	Year Ended 31 December 2016 £
(LOSS)/PROFIT FOR THE YEAR	<u>(84,541)</u>	<u>124,263</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	<u>(84,541)</u>	<u>124,263</u>

The notes of page 10 to 15 form part of these financial statements.

Statement of Financial Position
31 December 2017

	Notes	31 December 2017 £	31 December 2016 £
FIXED ASSETS			
Tangible assets	6	37,608	61,306
Investments	7	<u>14,647,008</u>	<u>14,647,008</u>
		<u>14,684,616</u>	<u>14,708,314</u>
CURRENT ASSETS			
Debtors	8	3,380,539	3,527,632
Cash at bank		<u>7,280</u>	<u>7,094</u>
		3,387,819	3,534,726
CREDITORS			
Amounts falling due within one year	9	<u>(16,834,952)</u>	<u>(16,916,928)</u>
NET CURRENT LIABILITIES		<u>(13,447,133)</u>	<u>(13,382,202)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,237,483	1,326,112
CREDITORS			
Amounts falling due after more than one year	10	-	(4,088)
PROVISIONS FOR LIABILITIES	12	<u>(142,589)</u>	<u>(142,589)</u>
NET ASSETS		<u><u>1,094,894</u></u>	<u><u>1,179,435</u></u>
CAPITAL AND RESERVES			
Called up share capital	13	413,893	413,893
Retained earnings	14	<u>681,001</u>	<u>765,542</u>
SHAREHOLDERS' FUNDS		<u><u>1,094,894</u></u>	<u><u>1,179,435</u></u>

The financial statements were approved by the Board of Directors on 30 April 2018 and were signed on its behalf by:



 A Mondon - Director

The notes of page 10 to 15 form part of these financial statements.

Statement of Changes in Equity
for the Year Ended 31 December 2017

	Called up share capital £	Retained earnings £	Total equity £
Balance at 31 December 2015	413,893	641,279	1,055,172
Changes in equity			
Total comprehensive income	-	124,263	124,263
Balance at 31 December 2016	413,893	765,542	1,179,435
Changes in equity			
Total comprehensive loss in the year	-	(84,541)	(84,541)
Balance at 31 December 2017	<u>413,893</u>	<u>681,001</u>	<u>1,094,894</u>

The notes of page 10 to 15 form part of these financial statements.

Notes to the Financial Statements
for the Year Ended 31 December 2017

1. COMPANY INFORMATION

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

These financial statements are prepared for the year ended 31 December 2017. The comparative financial statements are for the year ended 31 December 2016.

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 2017 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 year, 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 and subsidiaries 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;
- 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 Year Ended 31 December 2017

2. ACCOUNTING POLICIES - continued

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, incorporated in England and Wales, which prepares publicly available consolidated financial statements in accordance with IFRS as adopted by the EU. This company is included in the consolidated financial statements of Interserve plc; which is the largest and smallest group into which the results of the company are consolidated for the year ended 31 December 2017. These accounts are available from the website of Interserve plc, www.interserve.com.

3. EMPLOYEES AND DIRECTORS

There were no staff costs for the year ended 31 December 2017 nor for the year ended 31 December 2016.

There were no directors remuneration for the year ended 31 December 2017 nor for the year ended 31 December 2016.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2017

4. LOSS ON ORDINARY ACTIVITY BEFORE TAXATION

The loss before taxation is stated after charging:

	Year Ended 31 December 2017	Year Ended 31 December 2016
	£	£
Depreciation - owned assets	23,698	24,110
Loss on disposal of fixed assets	-	1,066

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

There is no difference between the loss on ordinary activities before taxation and the loss for the financial year 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.

5. TAXATION

Analysis of tax charge/(income)

	Year Ended 31 December 2017	Year Ended 31 December 2016
	£	£
Current tax:		
Corporation tax	-	(213)
Prior year tax adjustment	65,054	(153,314)
	<u>65,054</u>	<u>(153,527)</u>
Deferred tax:		
Deferred tax – current year	(4,030)	(5,543)
Deferred tax – prior period adjustment	(181)	9,631
	<u>(4,211)</u>	<u>4,088</u>
Total tax charge/(income) in statement of comprehensive income	<u>60,843</u>	<u>(149,439)</u>

Factors affecting the tax expense

The tax assessed for the period is higher (2016: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	Year Ended 31 December 2017	Year Ended 31 December 2016
	£	£
Loss on ordinary activities before income tax	<u>(23,698)</u>	<u>(25,176)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.25% (2016 – 20.00%)	(4,562)	(5,035)
Effects of:		
Recognition of tax liability not recognised in previous periods	64,873	(143,683)
Changes in the rate of deferred tax	<u>532</u>	<u>(721)</u>
Tax charge/(income)	<u>60,843</u>	<u>(149,439)</u>

Notes to the Financial Statements – continued
for the Year Ended 31 December 2017

6. TANGIBLE FIXED ASSETS

	Improvements to property £
COST	
At 1 January 2017	224,877
Additions	-
Disposals	-
At 31 December 2017	<u>224,877</u>
DEPRECIATION	
At 1 January 2017	163,571
Charge for year	23,698
Eliminated on disposal	-
At 31 December 2017	<u>187,269</u>
NET BOOK VALUE	
At 31 December 2017	<u><u>37,608</u></u>
At 31 December 2016	<u><u>61,306</u></u>

7. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2017 and 31 December 2017	<u>20,647,008</u>
PROVISIONS	
At 1 January 2017 and 31 December 2017	<u>6,000,000</u>
NET BOOK VALUE	
At 1 January 2017 and 31 December 2017	<u><u>14,647,008</u></u>

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

Company	Principal activity	Share class held	%
ILE 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 *	Intermediate holding company	Ordinary	100
Interserve Learning & Employment (Services) Limited	Vocational training	Ordinary	100
Sencia Limited	Provision of training and employment services	Ordinary	100
ESG (Saudi Arabia) LLC *	Vocational training	Ordinary	100

Notes to the Financial Statements – continued
for the Year Ended 31 December 2017

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2017	31 December 2016
	£	£
Amounts owed by group undertakings	3,380,417	3,374,105
Corporation tax	-	153,527
Deferred tax asset	122	-
	<u>3,380,539</u>	<u>3,527,632</u>

Amounts owed by group undertakings pertains to interest free advances that are repayable on demand.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2017	31 December 2016
	£	£
Amounts owed to group undertakings	<u>16,834,952</u>	<u>16,916,928</u>
	<u>16,834,952</u>	<u>16,916,928</u>

Amounts owed to group undertakings pertains to interest free advances that are repayable on demand.

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

	31 December 2017	31 December 2016
	£	£
Deferred tax liability	<u>-</u>	<u>4,088</u>

11. OPERATING LEASES

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

	2017	2016
	£	£
Within one year	276,422	283,471
Between one and five years	<u>67,876</u>	<u>332,450</u>
	<u>344,298</u>	<u>615,921</u>

12. PROVISIONS FOR LIABILITIES

	2017	2016
	£	£
Dilapidation provisions	<u>142,589</u>	<u>142,589</u>
		Dilapidations
		£
Balance at 1 January 2017		142,589
Provided during year		<u>-</u>
Balance at 31 December 2017		<u>142,589</u>

The dilapidations charge has been recharged to another group company.

Notes to the Financial Statements – continued
for the Year Ended 31 December 2017

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017 £	2016 £
41,389,329	Ordinary shares	£0.01	<u>413,893</u>	<u>413,893</u>

14. RESERVES

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

15. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of ESG Holdings Limited. Interserve plc is the ultimate parent and controlling party. This company is included in the consolidated financial statements of Interserve plc, which is the largest and smallest group into which the results of the company are consolidated for the year ended 31 December 2017. These accounts are available from the website of Interserve plc, www.interserve.com.

16. CONTINGENT LIABILITIES

At 31 December 2017 there were contingent liabilities in respect of guarantees given in the ordinary course of the business. The company has given guarantees covering banking facilities made available to the parent and fellow subsidiary undertakings. At 31 December 2017 these amounted to £3,000 (2016: £nil).

17. CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2016 or 31 December 2017.