

Registered Number 5656972



**INTEGRAL**

**Integral UK Holdings Limited**  
**Annual report and accounts**  
**for the year ended 31 December 2008**

# Integral UK Holdings Limited

## Directors' report for the year ended 31 December 2008

The Directors present their report and the audited financial statements of the Company for the period ended 31 December 2008.

### Principal activities

The Company's principal activity is that of an investment holding Company. The principal activity of the group is facilities services, including mechanical, electrical and fabric maintenance.

### Review of business

A review of the business is set out in the Managing Director's report on pages 3 to 4.

### Donations

The Group made no political donations (2007 : £Nil). Charitable donations of £2,219 were made (2007 : £5,841).

### Results and dividends

The group profit after tax for the year amounted to £3,318,761 (2007 : £2,136,854).

An interim dividend of £Nil (2007 : £Nil) was paid during the year. This represents a payment per share of Nil (2007 : Nil). No final dividend is proposed.

### Directors and their interests

The Directors who have served during the year are set out on page 1. See note 3c to the Financial Statements for details of Directors' interests.

### Acquisition of own shares

During the year the company re-acquired from its shareholders 3,558,333 ordinary shares for a consideration of £3.1 million, further details are provided in note 17.

### Indemnity Provision

Subject to the provisions of the Companies Act, every Director, officer or employee of the Company is indemnified out of the assets of the Company, against any liability incurred in defending any proceedings relating to their conduct as an officer or employee of the Company.

### Statement of Directors' responsibilities

Company law requires the Directors to prepare financial statements for each financial year that 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 year. The Directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the period ended 31 December 2008, and that applicable accounting standards have been followed.

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 the financial statements comply with the Companies Act 1985. 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.

So far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware, and each of the Directors has taken all the steps that they ought to have taken individually as a director in order to make themselves aware of that information.

# Integral UK Holdings Limited

## **Employee involvement**

The group seeks to engage all employees in both its short term and long term goals. This is mainly achieved through briefings.

## **Employment of disabled persons**

It is the policy of the Group in the United Kingdom that disabled people, whether registered or not, should receive full and fair consideration for all job vacancies for which they are suitable applicants. Employees who become disabled during their working life will be retained in employment wherever possible and will be given help with any necessary rehabilitation and retraining.

## **Creditor payment policy**

It is group policy that payments to suppliers are made in accordance with the terms and conditions agreed with the supplier, provided that the supplier is also complying with all relevant terms and conditions. The number of day's purchases outstanding at the end of 2008 was 37 (2007 42).

## **Principal risks and uncertainties**

The management of the business and the execution of the group's strategy are subject to a number of risks. The key business risks affecting the group are set out below.

### *Competition*

The group operates in an environment where cost is not the sole procurement criteria; the quality of service delivery increasingly allows a company to differentiate its offering from that of its competitor. The Integral group strategy to self deliver more services with directly employed staff has been the creation of new divisions during the current year.

### *Employee*

Being a service business our people are by far our most important asset. In order to deliver the business strategy of continued quality growth the business needs to recruit and retain its staff. In order to mitigate the impact from staff resignations or skill shortages, the group operates a staff development and succession planning programme promoting from within where possible.

## **Financial risk management**

The group's operations expose it to a variety of financial risks that include the effects of changes in prices, credit risk, liquidity risk and interest rate risk. The group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the group by monitoring the group's exposure to each of these identified risks.

Given the nature of the group's operations, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The board take an active involvement the group's management of financial risk and circumstances where it would be appropriate to use financial instruments to manage these.

### *Price risk*

The group is not directly exposed to commodity price risk as a result of its operations. The group has no exposure to equity securities price risk as it holds no listed or other third party equity investments. Exposure to changes in prices charged by suppliers is managed on an ongoing basis.

### *Credit risk*

The group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterpart is reassessed on a regular basis.

### *Liquidity risk*

The group's financing is arranged with Lloyds TSB. Financing is designed to ensure the group has sufficient available funds for operations and planned expansions. Compliance with financing covenants is monitored by the board on a monthly basis.

# Integral UK Holdings Limited

## *Interest rate cash flow risk*

The group has both interest bearing assets and interest bearing liabilities arranged at variable interest rates based on Lloyds TSB base rate. Exposure to interest rate movements is monitored by the board and the policy will be revisited should the group's financing needs change.

## **Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the Company will be proposed at the annual general meeting.

## **By order of the Board**

**P Salmons**  
**Secretary**  
**2009**

# Integral UK Holdings Limited

## Independent auditors' report to the members of Integral UK Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Integral UK Holdings Limited for the year ended 31 December 2008 which comprise [state the primary financial statements such as the Group Profit and Loss Account, the Group and Company Balance Sheets, the Group Cash Flow Statement the Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report, the Managing Director's Review, the financial and operating highlights, the directors and advisers report and all of the other information listed on the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **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 group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and the parent company's affairs as at 31 December 2008 and of the group's profit and cash flows 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.

# Integral UK Holdings Limited

## Group profit and loss account for the year ended 31 December 2008

	Notes	Year ended 31 December 2008 £'000	Year ended 31 December 2007 £'000
<b>Turnover</b>	1	<b>180,018</b>	147,531
Cost of sales		<b>(150,884)</b>	(123,274)
<b>Gross profit</b>		<b>29,134</b>	24,257
Administrative expenses		<b>(20,103)</b>	(17,008)
Goodwill amortisation		<b>(1,788)</b>	(1,788)
<b>Operating profit</b>	2	<b>7,243</b>	5,461
Interest receivable and similar income	4	<b>68</b>	151
Interest payable and similar charges	5	<b>(1,774)</b>	(1,793)
<b>Profit on ordinary activities before taxation</b>		<b>5,537</b>	3,819
Tax on profit on ordinary activities	6	<b>(2,218)</b>	(1,682)
<b>Profit on ordinary activities after taxation</b>		<b>3,319</b>	2,137
Equity dividends	8	-	-
Retained profit for the financial year	18	<b>3,319</b>	2,137

The profit and loss accounts reported above for the year ended 31 December 2008.

All of the Group's activities are classed as continuing.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above and their historical cost equivalents.

The notes on pages 12 to 24 form part of these financial statements.

# Integral UK Holdings Limited

## Group balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Intangible assets	9	28,260	32,153
Tangible assets	10	185	246
Investments	11	20	20
		<b>28,465</b>	32,419
<b>Current assets</b>			
Stocks	12	425	350
Debtors	13	39,474	36,158
Cash at bank and in hand		992	977
		<b>40,891</b>	37,485
<b>Creditors: amounts falling due within one year</b>	14	<b>(39,965)</b>	(43,894)
<b>Net current assets/(liabilities)</b>		<b>926</b>	(6,409)
<b>Total assets less current liabilities</b>		<b>29,391</b>	26,010
<b>Creditors: amounts falling due after more than one year</b>			
Bank loans	15	(13,086)	(9,909)
Preference shares	15	(256)	(256)
		<b>(13,342)</b>	(10,165)
<b>Net assets</b>		<b>16,049</b>	15,845
<b>Capital and reserves</b>			
Called up share capital	17	5	6
Share premium	18	10,726	13,923
Capital redemption reserve	18	3,133	-
Profit and loss account	18	2,185	1,916
<b>Equity shareholders funds</b>		<b>16,049</b>	15,845

Approved by the Board of Directors on April 2009

B Glastonbury  
Director

The notes on pages 12 to 24 form part of these accounts.

# Integral UK Holdings Limited

## Company balance sheet as at 31 December 2008

	Note	2008 £'000	2007 £'000
<b>Fixed assets</b>			
Investments	11	36,526	36,526
<b>Current assets</b>			
Debtors	13	3,195	-
Cash at bank and in hand		-	-
<b>Creditors: amounts falling due within one year</b>	14	<b>(1,139)</b>	(1,994)
<b>Net current liabilities</b>		<b>2,056</b>	(1,994)
<b>Total assets less current liabilities</b>		<b>38,582</b>	34,532
<b>Creditors: amounts falling due after more than one year</b>			
Bank loans	15	(8,086)	(4,909)
Amounts due to group companies		(15,890)	(15,279)
Preference shares	15	(256)	(256)
		<b>(24,232)</b>	(20,444)
<b>Net assets</b>		<b>14,350</b>	14,088
<b>Equity and reserves</b>			
Called up share capital	17	5	6
Share premium	18	10,726	13,923
Capital redemption reserve	18	3,133	-
Profit and loss account		486	159
		<b>14,350</b>	14,088

Approved by the Board of Directors on April 2009

B Glastonbury  
Director

The notes on pages 12 to 24 form part of these accounts.

# Integral UK Holdings Limited

## Group cash flow statement for the year ended 31 December 2008

	Note	2008 £'000	2007 £'000
<b>Net cash inflow from operating activities</b>	22	<b>5,703</b>	8,046
<b>Returns on investments and servicing of finance</b>			
Interest paid		(1,374)	(1,762)
Interest received		68	151
Issue costs of loans		-	-
Preference share dividends paid		(21)	(31)
Net cash outflow from returns on investments and servicing of finance		(1,327)	(1,642)
<b>Taxation</b>		<b>(1,754)</b>	(1,578)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(77)	(165)
Proceeds from sale of tangible fixed assets		12	-
Acquisition of PFI Equity		-	(10)
Net cash outflow for capital expenditure and financial investment		(65)	(175)
<b>Acquisitions</b>			
Purchase of subsidiary undertakings		-	(1,944)
Net cash acquired with Business		461	-
Net cash inflow/(outflow) for acquisitions		461	(1,944)
<b>Equity dividends paid</b>		-	-
<b>Net cash inflow before financing</b>		<b>3,018</b>	2,707
<b>Financing</b>			
Re-purchase of ordinary shares		(3,197)	-
Repayment of bank loans		(7,000)	(1,000)
New bank loans		9,748	-
Net cash outflow from financing		(449)	(1,000)
<b>Increase in net cash</b>		<b>2,569</b>	1,707

# Integral UK Holdings Limited

## Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

### Consolidation

Subsidiaries acquired have been dealt with in the consolidated accounts using acquisition accounting. Upon the acquisition of a subsidiary, the fair values that reflect the condition at the date of acquisition are attributed to the identifiable assets and liabilities acquired. Adjustments are made to bring the accounting policies of subsidiaries acquired into alignment with those of the Group. Where the fair value of the consideration paid exceeds the fair value of the acquired assets and liabilities, the difference is treated as goodwill.

In accordance with the FRS 10 (Goodwill and Intangible Assets), goodwill arising on acquisitions is capitalised and amortised on a straight line basis over its useful economic life. The results of businesses acquired are included from the effective date of acquisition and businesses sold are included up to the date of disposal.

The negative goodwill is to be credited to the profit and loss over the period of expected benefit.

### Period of goodwill amortisation

The goodwill on the acquisition of Integral UK Group Limited will be amortised over its estimated useful life of 20 years.

### Investments

Investments in subsidiary undertakings are stated at cost less provision for permanent diminution in value.

### Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Tangible fixed assets are depreciated over their estimated useful lives using the straight-line method of depreciation. The following annual rates are applied to original cost less estimated residual value where appropriate:

Leasehold land and buildings	Term of lease
Plant, machinery and vehicles	25% - 50%
Fixtures and fittings	20% - 33%

### Stocks

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete, slow moving and defective items.

### Deferred taxation

Full provision is made on an undiscounted basis for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition in the tax computation. Deferred tax assets are recognised only to the extent that they are more likely than not to be reversed.

### Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund. Contributions from the Scheme are charged to the profit and loss account when they become payable.

# Integral UK Holdings Limited

## **Debt issue costs**

The direct costs incurred on raising new debt are deferred on the balance sheet and set against the principal outstanding under the related debt instrument. These deferred costs are amortised over the expected life of the debt, with the charge being included as part of the interest payable in the profit and loss account.

## **Hire purchase and leased assets**

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account.

Rentals under operating leases are charged to the profit and loss account as they are incurred.

## **Accounting for contracts**

Turnover represents amounts earned on contracts for planned maintenance and reactive maintenance works. Turnover for long term contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Payments received on account in respect of contracts that exceed the recognised turnover are included in creditors.

Provision is made for any losses that are foreseen.

# Integral UK Holdings Limited

## Notes to the financial statements for the year ended 31 December 2008

### 1 Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced, within the UK, to third parties for goods and services supplied. All turnover and profits are derived from the supply of services, which, in the Directors' opinion, constitutes one class of business.

### 2 Operating profit

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Auditors' remuneration - audit	<b>69</b>	69
- tax	<b>30</b>	26
Depreciation	<b>186</b>	177
(Profit)/loss on disposal of tangible fixed assets	<b>(7)</b>	9
Amortisation of goodwill	<b>1,788</b>	1,788
Other operating lease rentals	<b>5,663</b>	4,928

### 3 Directors' and employees

#### (a) Directors' remuneration

The remuneration of the Directors was as follows:

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Emoluments in respect of qualifying services	<b>509</b>	478
Company pension contributions to money purchase schemes	<b>46</b>	45

The number of Directors to whom retirement benefits are accruing in respect of qualifying services under money purchase schemes is 3.

#### (b) Highest paid director

The remuneration of the highest paid director was as follows:

	<b>2008</b>	2007
	<b>£'000</b>	£'000
Emoluments in respect of qualifying services	<b>252</b>	238
Company pension contributions to money purchase scheme	<b>31</b>	31

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## 3 Directors' and employees (continued)

### (c) Directors' interests

The beneficial interests of the Directors in the share capital of the Company as at 31 December 2008 were as follows:

	Preference Shares	Ordinary Shares
B Glastonbury	125,150	9,104,167
P Salmons	50,000	766,667
M Johns	50,000	766,667
A Kenny	20,833	702,777

Except as reported in note 26, no Director had any material interest in any contract of significance to the business of the Company at any time during the period under review.

### (d) Staff numbers

The average weekly number of persons employed by the Group (including Directors) during the period was as follows:

	2008 Numbers	2007 Number
Operations	2,141	1,925
Management and administration	599	486
	2,740	2,411

### (e) Staff costs

Aggregate payroll costs (including Directors) were as follows:

	2008 £'000	2007 £'000
Wages and salaries	67,231	55,644
Social security costs	6,286	5,280
Other pension costs	492	483
	74,009	61,407

## 4 Interest receivable and similar income

	2008 £'000	2007 £'000
On bank deposits	68	151

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## 5 Interest payable and similar charges

	2008 £'000	2007 £'000
On bank loans and overdraft	1,743	1,762
Preference share dividends	31	31
	<b>1,774</b>	1,793

## 6 Tax on profit on ordinary activities

	2008 £'000	2007 £'000
<b>Current tax:</b>		
UK corporation tax on profits of the period	2,248	1,669
<b>Total current tax</b>	-	1,669
<b>Deferred tax</b>		
Origination and reversal of timing differences (note 16)	(30)	13
<b>Tax on profit on ordinary activities</b>	<b>2,218</b>	1,682

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2008 £'000	2007 £'000
Profit on ordinary activities before tax	5,537	3,819
Corporation tax at the standard UK rate of 28.5% (2007 - 30%)	1,578	1,146
Preference share dividend paid not deductible	-	9
Expenses not deductible for tax purposes	567	570
Prior period adjustments	82	(28)
Accelerated capital allowance and other timing differences	21	(28)
<b>Current tax charge for the period</b>	<b>2,248</b>	1,669

The future tax charge will continue to be affected by the Company's capital expenditure plan.

The standard rate of corporation tax in the UK changed from 30% to 28% with effect from 1 April 2008. Accordingly, the company's profits for this year are taxed at an effective rate of 28.5% and will be taxed at 28% in the future.

## 7 Parent Company profit and loss account

Integral UK Holdings Limited has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The loss for the period dealt with in the accounts of Integral UK Holdings Limited before equity dividends is £3,377,238 (2007 profit : £135,113).

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## 8 Dividends

No interim dividend has been paid (2007 : Nil). No final dividend is proposed. Dividends on redeemable preference shares have been recorded as interest as under the provisions of FRS 25 the shares are recorded as a liability.

## 9 Intangible fixed assets

	<b>Goodwill £'000</b>
As at 1 January 2008	<b>32,153</b>
Additions	(2,105)
Amortisation	(1,788)
Net book value at 31 December 2008	<b>28,260</b>

On 8 March the Group acquired the trade and assets of a division of OCS Group Ltd, further details are given in note 19.

## 10 Tangible fixed assets

### (a) Group

	<b>Short Leasehold Land &amp; Buildings £'000</b>	<b>Plant Machinery &amp; Vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 January 2008	189	355	544
Additions	38	94	132
Disposals	-	(10)	(10)
<b>At 31 December 2008</b>	<b>227</b>	<b>439</b>	<b>666</b>
<b>Accumulated depreciation</b>			
At 1 January 2008	87	211	298
Disposals	-	(4)	(4)
Charge for year	36	151	187
<b>At 31 December 2008</b>	<b>123</b>	<b>358</b>	<b>481</b>
<b>Net book value</b>			
<b>At 31 December 2008</b>	<b>104</b>	<b>81</b>	<b>185</b>
At 31 December 2007	102	144	246

### (b) Company

The Company has no tangible fixed assets.

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## 11 Investments

### (a) Group

	<b>Investments £'000</b>
At 1 January 2008	20
Additions	-
<b>At 31 December 2008</b>	<b>20</b>

The investment is for minority equity stake in Brentwood Community Hospital PFI and Newcastle Libraries PFI.

### (b) Company

Shares in subsidiary Company undertakings.

	<b>2008 £'000</b>	<b>2007 £'000</b>
Cost	<b>36,526</b>	<b>36,526</b>

The Company's principal subsidiary undertaking is as follows:

<b>Names of Company</b>	<b>Country of registration and operation</b>	<b>Holding %</b>	<b>Activity</b>
Integral UK Limited	England and Wales	100%	Facilities Maintenance

The Company's other trading subsidiary undertaking are as follows:

<b>Names of Company</b>	<b>Country of registration and operation</b>	<b>Holding %</b>	<b>Activity</b>
Facility Associates Recruitment Limited	England and Wales	100%	Employment bureau
Integral UK Staff Limited	England and Wales	100%	Employment bureau
Integral Payroll Limited	England and Wales	100%	Payroll services

## 12 Stocks

### (a) Group

	<b>2008 £'000</b>	<b>2007 £'000</b>
Raw materials and consumables	<b>425</b>	350

### (b) Company

The Company has no stock.

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## 13 Debtors

### (a) Group

Amount owed from Group undertakings	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Trade debtors	26,667	3,195	19,441	-
Amounts recoverable on contracts	11,679	-	15,130	-
Deferred tax (note 16)	140	-	140	-
Other debtors	386	-	899	-
Prepayments and accrued income	602	-	578	-
	<b>39,474</b>	<b>3,195</b>	<b>36,158</b>	<b>-</b>

## 14 Creditors: amounts falling due within one year

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Bank loans and overdrafts (note 15)	1,980	950	4,584	1,000
Amount owed to group undertakings	-	-	-	611
Trade creditors	10,728	-	9,106	-
Payments received on account	9,996	-	14,046	-
Corporation tax	1,302	-	819	-
Other taxes and social security	6,626	-	5,687	-
Accruals and deferred income	9,333	189	9,652	383
	<b>39,965</b>	<b>1,139</b>	<b>43,894</b>	<b>1,994</b>

## 15 Borrowings

### (a) Total borrowings

	Group 2008 £'000	Company 2008 £'000	Group 2007 £'000	Company 2007 £'000
Preference shares	256	256	256	256
Bank loans and overdrafts	15,066	9,036	14,493	5,909
	<b>15,322</b>	<b>9,292</b>	<b>14,749</b>	<b>6,165</b>

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## 15 Borrowings (continued)

### (b) Bank loans and overdrafts

The bank loans and overdrafts are repayable as follows:

	<b>Group 2008 £'000</b>	<b>Company 2008 £'000</b>	<b>Group 2007 £'000</b>	<b>Company 2007 £'000</b>
<b>Amounts falling due:</b>				
In one year or less, or on demand	<b>1,980</b>	<b>950</b>	4,584	1,000
Over one year	<b>13,086</b>	<b>8,086</b>	9,909	4,909
	<b>15,066</b>	<b>9,036</b>	14,493	5,909

The bank facilities bear interest at 1.5% above Lloyds TSB Bank base rate and are secured by fixed and floating charges on the assets of the Group.

Loan tranche A currently has a balance of £4,250,000 [which is repayable at £250k per quarter. Interest is chargeable at 2.25% over Lloyds TSB bank base rate.]

Loan tranche B currently has a balance of £5,000,000 [and is payable in full on 31 March 2013.]

## 16 Deferred tax asset

The movement on the group's deferred tax asset can be analysed as follows

	<b>Deferred tax asset £'000</b>
Balance at the beginning of the period	110
Charge for the period	30
Balance at the end of the period	<b>140</b>

The deferred tax asset at 31 December 2008 can be analysed as follows:

	<b>Deferred tax asset £'000</b>
Accelerated capital allowances	<b>98</b>
Short-term timing differences	<b>42</b>
	<b>140</b>

# Integral UK Holdings Limited

## 17 Share capital

The statutory called up share capital is summarised below:

	2008 Number	2007 Number	2008 £	2007 £
<b>Authorised</b>				
Ordinary shares	17,000,000	17,000,000	9,364	9,364
Preference shares	256,400	256,400	2,564	2,564
<b>Allotted and fully paid</b>				
Ordinary shares	11,691,666	15,249,999	4,677	6,100
Preference shares	256,400	256,400	2,564	2,564

### Acquisition of own shares

During the year the company acquired 3,558,333 of its ordinary share capital for a consideration of £3.1 million. A capital redemption reserve of £3.1 million has been created.

The following shares were re-acquired from the directors of the company:

	Number	Consideration
Bryan Glastonbury	2,770,833	2,375,025
Paul Salmons	233,333	200,023
Mark Johns	233,333	200,021
Tony Kenny	213,889	183,356

### Share Rights

The rights allocated to the Ordinary shares and Preference shares are the same except where listed below.

- Ø Preference shareholders participate in a fixed cumulative cash dividend at 12% of the paid up value of the shares.
- Ø On a return of capital of the Company, any surplus shall be distributed to the shareholders in the following order: -
  - Preference shares
  - Ordinary shares
- Ø Preference shares shall be redeemed at their paid up value in the event of a listing or an acquisition of the company's Ordinary shares.

In accordance with Financial Reporting Standard No 25 ("Financial Instruments: Disclosure and presentation), the statutory share capital and reserves have been disclosed in the financial statements as "Creditors: Amounts falling due after more than one year".

# Integral UK Holdings Limited

## 18 Movements in equity share capital and reserves

The statutory share capital and reserves of the group are set out below:

	Capital redemption reserve £'000	Ordinary shares £'000	Share premium £'000	Profit and loss account £'000	Total £'000
At 1 January 2008	-	6	13,923	1,916	15,845
Profit for the year	-	-	-	3,319	3,319
Movement	-	-	(3,197)	-	(3,197)
Dividend paid	-	-	-	-	-
Share based payment	-	-	-	82	82
Shares repurchased	3,133	(1)	-	(3,132)	-
<b>At 31 December 2008</b>	<b>3,133</b>	<b>5</b>	<b>10,726</b>	<b>2,185</b>	<b>16,049</b>

## 19 Acquisitions

On 8 March 2008 the Company acquired the trade and assets of a division of OCS Group Limited for consideration of £4. Negative goodwill of £2,105,000 arose on acquisition. The assets and liabilities acquired were as follows:

	Fair value £'000
Tangible fixed assets	54
Trade debtors	2,184
Payments received on account	(166)
Trade creditors	(428)
Cash	461
	<b>(2,105)</b>

## 20 Capital Commitments

There is no capital expenditure authorised and contracted for at 31 December 2008 for which no provision has been made in these accounts.

# Integral UK Holdings Limited

## 21 Financial commitments

### Operating leases

Annual commitments under operating leases are as follows:

	Land & buildings		Other operating leases	
	2008 £'000	2007 £'000	2008 £'000	2007 £'000
Operating leases, which expire:				
Within one year	57	52	435	283
Within two to five years	275	296	3,612	2,313
After five years	279	223	-	-
	<b>611</b>	<b>571</b>	<b>4,047</b>	<b>2,596</b>

## 22 Cash flow from operating activities

	2008 £'000	2007 £'000
Operating profit	7,243	5,461
Amortisation of goodwill	1,788	1,788
Depreciation of fixed assets	187	177
(Profit)/loss on disposal of fixed assets	(7)	9
FRS 20 charge	82	-
(Increase) / decrease in debtors	(1,268)	(5,029)
(Increase) in stock	(75)	(25)
Increase / (decrease) in creditors	(2,247)	5,665
	<b>5,703</b>	<b>8,046</b>

## 23 Reconciliation of movement in net debt

	At 1 January 2008 £'000	Cash flow £'000	Non cash movement £'000	At 31 December 2008 £'000
Cash in hand and at bank	977	15	-	992
Overdrafts	(3,686)	2,554	102	(1,030)
Net overdrafts	(2,709)	2,569	102	(38)
Bank loans due within one year	(898)	1,000	(1,052)	(950)
Bank loans due after one year	(9,909)	(3,748)	571	(13,086)
Preference shares redeemable after one year	(256)	-	-	(256)
	<b>(13,772)</b>	<b>(179)</b>	<b>(379)</b>	<b>(14,331)</b>

# Integral UK Holdings Limited

## 24 Reconciliation of net cash flow to movement in net debt

	2008 £'000	2007 £'000
(Increase) / Decrease in cash in the period	2,569	(1,707)
New loans	(9,748)	-
(Decrease) / Increase in bank loans	7,000	(1,000)
Other non cash movements	(379)	-
(Decrease) / Increase in net debt	(558)	(2,707)

## 25 Pensions

The group operates defined contribution pension schemes. Contributions to these schemes are held in separate trustee administered funds. The pension charge during the year was £491,867 (2007 : £483,167). At the year end £70,278 (2007 : £66,702) was due from the group to the pension scheme.

## 26 Related party disclosures

The group has taken advantage of the exemption available under FRS 8 "Related Party Disclosures" not to disclose transactions with other companies within the Integral UK Group.

[Mr A Kenny, a director of the company, is also a partner in Momentum Corporate Finance LLP. Momentum Corporate Finance LLP performed corporate finance advisory services for the company as part of the refinancing of the Integral group in 2008 and the acquisition of part of OCS Group Limited. The total amount payable to Momentum Corporate Finance LLP in the period was £100,000 (2007 : £Nil). There were no amounts outstanding to Momentum Corporate Finance LLP at 31 December 2008. ]

## 27 Post balance sheet events

On 1 January 2009 Integral UK Holdings Limited entered a joint venture with Asset Factor Business Services Limited called Mobius Support Services Limited to provide Facilities Management services.

On 9 January 2009, Integral UK Holdings Limited purchased a 51% share holding in Arc Data Storage Limited for £201.