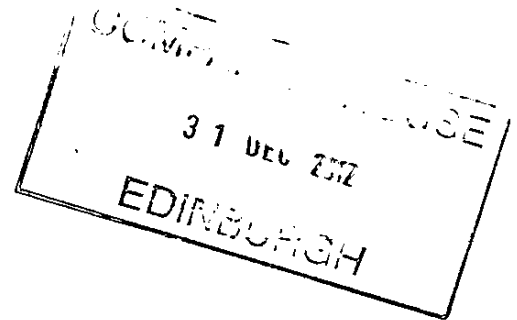


Registrar of Companies

Registration number SC220049

FES FM Limited
Directors' Report and Financial Statements
for the year ended 31 August 2012



SCT *S1OYLJEP* #57
31/12/2012
COMPANIES HOUSE

Dickson Middleton
Chartered Accountants
Stirling Bonnybridge Callander Auchterarder
The UK 200 Group
Practising Chartered Accountants

FES FM Limited

Company information

Directors	D. S. Fletcher	Chairman
	D. K. Fletcher	
	K. P. Fletcher	
	J. J. Maitland	Managing Director
	D. Smith	
	F. Meiklejohn	
	J. Park	
Secretary	A. P. M. Walls	
Company number	SC220049	
Registered office	Forth House Pirnhall Business Park Stirling FK7 8HW	
Auditors	Dickson Middleton Chartered Accountants & Statutory Auditors 20 Barnton Street Stirling FK8 1NE	
Bankers	Clydesdale Bank plc 56 Murray Place Stirling FK8 2BX	
Solicitors	Holmes MacKillop 109 Douglas Street Blythswood Square Glasgow G2 4HB	

FES FM Limited

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FES FM Limited

Directors' report for the year ended 31 August 2012

The directors present their report and the financial statements for the year ended 31 August 2012.

Principal activity and review of the business

In the year under review the Company's principal activities continued to be the supply of services within the construction, engineering and property sectors covering all aspects of Facilities Management Services.

Results and dividends

A summary of the results of the trading for the year to 31st August 2012 is given within the attached financial statements. The Company's key performance indicators are Turnover, Profit and Cash Flow. The directors strive to maintain and develop repeat business relationships with major customers. Particulars of dividends paid are detailed in the notes to the financial statements.

Principal Risks and Uncertainties

It is Company policy that an ongoing and active interest is taken in evaluating and managing the risks inherent in operating contracts at all stages.

The Board is aware of the need to manage risks in winning new contracts, acquiring businesses and making investments. The Company has rigorous disciplines in place for managing exposure within a specified opportunity and a risk management framework that applies to all activities of the Company including:

- Tender Risk - Each year the Company bids for a large number of contracts on a selective basis. Tenders are prepared in accordance with thorough processes for estimating, risk identification and assessment and are appropriately reviewed before submission.
- Delivery Risk - Contract works are controlled and managed through the Company's operating structures with due regard to health and safety requirements. The Company's procedures involve frequent reviews of practical issues, costs and forecast revenues.
- Credit Risk - The Company has a robust procedure to assess the credit risk applicable to customers, both new and ongoing.
- Liquidity Risk - Liquidity risk reflects the risk that the Company will have insufficient reserves to meet its financial liabilities as they fall due. The Board's objective is to ensure adequate funding is available within the Company to finance its business, although limited use is made of hire purchase finance and banking facilities.

Fixed assets

The company is committed to continual modernisation and investment in technology and specialist equipment to enhance productivity.

Future developments

The directors expect that in the year to 31st August 2013 the company will continue to progress satisfactorily.

FES FM Limited

Directors' report for the year ended 31 August 2012

Directors and their interests

The directors who served during the year and their respective interests in the company are stated below:

		Class of share	31/08/12	01/09/11
D. S. Fletcher	Chairman	Ordinary shares	-	-
D. K. Fletcher		Ordinary shares	-	-
K. P. Fletcher		Ordinary shares	-	-
J. J. Maitland	Managing Director	Ordinary shares	1,580	1,575
D. Smith		Ordinary shares	-	-
F. Meiklejohn		Ordinary shares	-	-
J. Park		Ordinary shares	-	-

D.S. Fletcher, D.K. Fletcher and K.P. Fletcher are directors of the parent company. Their interests in the parent company are disclosed in that company's financial statements.

Health and Safety

Ensuring safe working environments continues to have a high priority within the Company and is based on risk assessments and safe systems of work.

Training

The Company is committed to ongoing training in all relevant disciplines.

Quality Control

The Company is accredited to ISO 9001:2000 and its objective is to develop and maintain a culture of quality and continual improvement which is subject to ongoing review.

Environmental Policy

The Board recognises the environmental issues associated with its principal activities and particularly those relating to waste, water, energy management and vehicle emissions. The Company is actively involved in practical measures to prevent or offset pollution to the environment and to comply with all the current environmental regulations, legislation and approved codes of practice.

FES FM Limited

**Directors' report
for the year ended 31 August 2012**

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

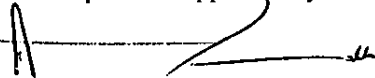
In so far as the directors are aware:

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Dickson Middleton are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

This report was approved by the Board on 17 December 2012 and signed on its behalf by



**A. P. M. Walls
Secretary**

**Independent auditor's report to the shareholders of
FES FM Limited**

We have audited the financial statements of FES FM Limited for the year ended 31 August 2012 which comprise the Profit and Loss Account, the Balance Sheet, the Reconciliation of Movements in Shareholders' Funds and the related notes. 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 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 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. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 August 2012 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

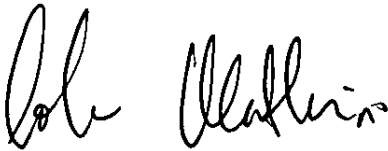
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent auditor's report to the shareholders of
FES FM Limited**

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.



.....
John Watkins (senior statutory auditor)
For and on behalf of Dickson Middleton
Chartered Accountants and
Statutory Auditors
20 Barnton Street
Stirling
FK8 1NE

17 December 2012

FES FM Limited

**Profit and loss account
for the year ended 31 August 2012**

		Continuing operations	
		2012	2011
	Notes	£	£
Turnover	2	43,371,680	30,443,513
Cost of sales		(32,687,277)	(22,304,107)
Gross profit		10,684,403	8,139,406
Other operating charges		(1,365,250)	(929,046)
Administrative expenses		(6,459,394)	(5,452,631)
Operating profit	3	2,859,759	1,757,729
Other interest receivable and similar income	5	1,986	3,968
Interest payable and similar charges	6	(1,220)	(1,655)
Profit on ordinary activities before taxation		2,860,525	1,760,042
Tax on profit on ordinary activities	9	(753,115)	(503,812)
Profit for the year	18	2,107,410	1,256,230
Retained profit brought forward		3,063,231	2,664,578
Reserve Movements		(857,577)	(857,577)
Retained profit carried forward		4,313,064	3,063,231

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 8 to 17 form an integral part of these financial statements.

FES FM Limited

**Balance sheet
as at 31 August 2012**

		2012	2011
	Notes	£	£
Fixed assets			
Tangible assets	10	1,192,741	766,577
Current assets			
Stocks	11	16,036	7,096
Debtors	12	7,970,565	7,548,291
Cash at bank and in hand		4,656,812	1,358,964
		12,643,413	8,914,351
Creditors: amounts falling due within one year	13	(9,193,551)	(6,586,122)
Net current assets		3,449,862	2,328,229
Total assets less current liabilities		4,642,603	3,094,806
Creditors: amounts falling due after more than one year	14	(126,964)	-
Provisions for liabilities	15	(171,000)	-
Net assets		4,344,639	3,094,806
Capital and reserves			
Called up share capital	17	31,575	31,575
Profit and loss account	18	4,313,064	3,063,231
Shareholders' funds	19	4,344,639	3,094,806

The financial statements were approved by the Board on 17 December 2012 and signed on its behalf by



D. K. Fletcher
Director



J. J. Maitland
Director

Registration number SC220049

The notes on pages 8 to 17 form an integral part of these financial statements.

FES FM Limited

Notes to the financial statements for the year ended 31 August 2012

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

The company has taken advantage of the exemption in FRS1 (Cash Flow Statements) and not prepared a cash flow statement on the grounds that the ultimate parent company prepares consolidated financial statements, which deal with the results of the company and are publicly available.

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover represents income recognised in respect of services provided during the year (stated net of value added tax) and is earned wholly within the United Kingdom.

Turnover from a contract to provide services is recognised by reference to the stage of completion of the contract at the balance sheet date. Turnover from time and material contracts is recognised at the contractual rates as labour hours and tasks are delivered and direct expenses incurred. In other cases, where services provided reflect a contractual arrangement to deliver an indeterminate number of acts over the contract term, turnover is recognised on a straight-line basis unless this is not an accurate reflection of the work performed. Where a straight-line basis is not appropriate, for example if specific works on contracts represent a significant element of the whole, turnover is recognised based on the percentage of completion method, based on the proportion of costs incurred at the balance sheet date relative to the total estimated cost of completing the contracted work.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold improvements	-	term of the lease
Plant and equipment	-	4 & 5 years straight line
Motor vehicles	-	25% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment in accounting periods if events or changes in circumstances indicate that carrying value may not be recoverable.

FES FM Limited

Notes to the financial statements for the year ended 31 August 2012

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets at the estimated fair value at the date of inception of each lease or contract. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period. Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Stock

Stocks have been valued at the lower of cost and net realisable value.

1.6. Pensions

Pension contributions were payable for this year and charged to the profit and loss account for personal pension plans for four of the directors (2011: four).

1.7. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Provision is made for gains on disposal of fixed assets that have been rolled over into replacement assets only where, at the balance sheet date, there is a commitment to dispose of the replacement assets.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

FES FM Limited

**Notes to the financial statements
for the year ended 31 August 2012**

3. Operating profit	2012	2011
	£	£
Operating profit is stated after charging:		
Directors' Remuneration (emoluments including benefits in kind)	415,601	439,119
Pension contributions	92,172	73,279
Depreciation and other amounts written off tangible assets	420,944	281,969
Loss on disposal of tangible fixed assets	1,612	-
Hire of plant and equipment	209,586	165,587
Operating lease rentals		
- Land and buildings	283,074	143,106
Auditors' remuneration (Note 4)		
- audit of financial statements	<u>13,000</u>	<u>12,500</u>
and after crediting:		
Profit on disposal of tangible fixed assets	<u>-</u>	<u>224</u>

The total directors' remuneration (including pension contributions) given above includes that portion billed as a fee by Forth & Oban Limited, a fellow subsidiary. The total directors' remuneration (including pension contributions) for the year to 31 August 2012 is £507,773 (2011: £512,398). The emoluments (excluding pension contributions) of the highest paid director for the year to 31st August 2012 are £122,869 (2011: £154,141) and pension contributions paid are £13,668 (2011: £25,862).

Four directors (2011: four) are accruing benefits under money purchase pension schemes.

4. Auditors' remuneration	2012	2011
	£	£
Auditors' remuneration - audit of the financial statements	<u>13,000</u>	<u>12,500</u>

5. Interest receivable and similar income	2012	2011
	£	£
Bank interest	1,986	1,812
Interest on corporation tax	-	2,156
	<u>1,986</u>	<u>3,968</u>

FES FM Limited

**Notes to the financial statements
for the year ended 31 August 2012**

6. Interest payable and similar charges	2012	2011
	£	£
Hire purchase interest	1,220	1,655

7. Provision of staff

The company's staff are supplied by Forth & Oban Limited, a fellow subsidiary, in return for a fee.

The company is under a constructive obligation to make up any deficit for any staff supplied under the aforementioned agreement who are in defined benefit pension schemes. A provision of £171,000 (2011: £nil) has been made to cover any such deficits at the year end.

8. Pension costs - Directors' personal pension schemes

The contributions to these plans are held in individual, independently administered funds for each director.

Contributions totalling £nil (2011: £nil) were payable by the company to the above funds at the year end and are included in creditors.

FES FM Limited

**Notes to the financial statements
for the year ended 31 August 2012**

9. Tax on profit on ordinary activities

Analysis of charge in period	2012 £	2011 £
Current tax		
UK corporation tax	<u>753,115</u>	<u>503,812</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the main rate of corporation tax in the UK. The differences are explained below:

	2012 £	2011 £
Profit on ordinary activities before taxation	<u>2,860,525</u>	<u>1,760,042</u>
Profit on ordinary activities multiplied by main rate of corporation tax in the UK of 24.00% (31 August 2011 : 26.00%)	686,526	457,611
Effects of:		
Expenses not deductible for tax purposes	6,308	7,311
Capital allowances for period in excess of depreciation	25,446	17,343
Change in main tax rate	<u>34,835</u>	<u>21,547</u>
Current tax charge for period	<u>753,115</u>	<u>503,812</u>

FES FM Limited

**Notes to the financial statements
for the year ended 31 August 2012**

10. Tangible fixed assets	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 September 2011	54,982	586,007	1,134,395	1,775,384
Additions	56,856	398,451	395,146	850,453
Disposals	-	-	(24,537)	(24,537)
At 31 August 2012	<u>111,838</u>	<u>984,458</u>	<u>1,505,004</u>	<u>2,601,300</u>
Depreciation				
At 1 September 2011	20,134	413,010	575,663	1,008,807
On disposals	-	-	(21,192)	(21,192)
Charge for the year	12,927	170,383	237,634	420,944
At 31 August 2012	<u>33,061</u>	<u>583,393</u>	<u>792,105</u>	<u>1,408,559</u>
Net book values				
At 31 August 2012	<u>78,777</u>	<u>401,065</u>	<u>712,899</u>	<u>1,192,741</u>
At 31 August 2011	<u>34,848</u>	<u>172,997</u>	<u>558,732</u>	<u>766,577</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2012		2011	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Motor vehicles	<u>123,465</u>	<u>41,155</u>	<u>-</u>	<u>-</u>
11. Stocks			2012 £	2011 £
Raw materials			<u>16,036</u>	<u>7,096</u>

FES FM Limited

**Notes to the financial statements
for the year ended 31 August 2012**

12. Debtors	2012	2011
	£	£
Trade debtors	7,452,377	7,349,059
Amounts owed by group undertakings	126,719	103,359
Other debtors	289,055	29,480
Prepayments and accrued income	102,414	66,393
	<u>7,970,565</u>	<u>7,548,291</u>
13. Creditors: amounts falling due within one year	2012	2011
	£	£
Net obligations under finance leases and hire purchase contracts	70,455	-
Trade creditors	4,214,388	3,115,162
Amounts owed to group undertakings	1,681,399	593,825
Corporation tax	478,115	279,812
Other taxes and social security costs	1,500,868	1,111,037
Other creditors	25,611	19,547
Accruals and deferred income	1,222,715	1,466,739
	<u>9,193,551</u>	<u>6,586,122</u>
14. Creditors: amounts falling due after more than one year	2012	2011
	£	£
Net obligations under finance leases and hire purchase contracts	<u>126,964</u>	<u>-</u>

FES FM Limited

**Notes to the financial statements
for the year ended 31 August 2012**

15. Provisions for liabilities

	Other provisions £	Total £
Charge for the year	171,000	171,000
At 31 August 2012	<u>171,000</u>	<u>171,000</u>

16. Provision for deferred taxation

The Directors consider that no provision is necessary for deferred taxation at 31st August 2012 (2011: £nil).

17. Share capital

	2012 £	2011 £
Authorised		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
31,575 Ordinary shares of £1 each	<u>31,575</u>	<u>31,575</u>

18. Equity Reserves

	Profit and loss account £	Total £
At 1 September 2011	3,063,231	3,063,231
Profit for the year	2,107,410	2,107,410
Equity Dividends	<u>(857,577)</u>	<u>(857,577)</u>
At 31 August 2012	<u>4,313,064</u>	<u>4,313,064</u>

FES FM Limited

**Notes to the financial statements
for the year ended 31 August 2012**

19. Reconciliation of movements in shareholders' funds	2012	2011
	£	£
Profit for the year	2,107,410	1,256,230
Dividends	(857,577)	(857,577)
	<u>1,249,833</u>	<u>398,653</u>
Opening shareholders' funds	3,094,806	2,696,153
Closing shareholders' funds	<u><u>4,344,639</u></u>	<u><u>3,094,806</u></u>

20. Financial commitments

At 31 August 2012 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2012	2011
	£	£
Expiry date:		
Within one year	161,101	93,380
Between one and five years	102,396	67,512
In over five years	39,002	14,172
	<u><u>302,499</u></u>	<u><u>175,064</u></u>

21. Contingent liabilities

In consideration of the grant of favourable interest rates for the company, and a number of fellow subsidiaries, the company has completed letters of set-off authorising the Clydesdale Bank plc, under notice to transfer out of the company's credit balance amounts in reduction or repayment of debit balances of these other companies. At 31st August 2012, none of these companies had a bank overdraft (2011: none). The Clydesdale Bank plc has secured these group facilities by way of a floating charge over the company's assets.

FES FM Limited

Notes to the financial statements for the year ended 31 August 2012

22. Related party transactions

A fellow subsidiary company owns a 10% shareholding in Innovate East Lothian (Holdings) Limited. During the year, FES FM Limited invoiced Innovate East Lothian Limited, a subsidiary of Innovate East Lothian (Holdings) Limited, £3,594,048 (2011: £3,051,217) for facilities management services provided. There were recharges of £150,000 (2011: £150,000) made by Innovate East Lothian Limited to the company. These transactions were at arms length. At the year end the balance due from Innovate East Lothian Limited was £871,293 (2011: £891,017). At the year end the balance due to Innovate East Lothian Limited was £62,500 (2011: £62,500).

A fellow subsidiary company owns a 12.5% shareholding in Stirling Gateway HC Limited. During the year FES FM Limited invoiced Stirling Gateway Limited, a company related to Stirling Gateway HC Limited, £2,998,354 (2011: £2,721,038) for facilities management services provided. These transactions were at arms length. At the year end the balance due from Stirling Gateway Limited was £484,734 (2011: £395,213).

A fellow subsidiary owns a 10% shareholding in Emblem Schools (Holdings) Limited. During the year FES FM Limited invoiced Emblem Schools Limited, a company related to Emblem Schools (Holdings) Limited, £1,774,051 (2011: £1,756,764) for facilities management services provided. These transactions were at arms length. At the year end the balance due from Emblem Schools Limited was £175,638 (2011: £213,582).

A fellow subsidiary owns a 13% shareholding in Falkirk Schools Gateway HC Limited. During the year FES FM Limited invoiced Falkirk Schools Gateway Limited, a company related to Falkirk Schools Gateway HC Limited, £1,909,221 (2011: £1,724,278) for facilities management services provided. These transactions were at arms length. At the year end the balance due from Falkirk Schools Gateway Limited was £342,015 (2011: £326,067).

A fellow subsidiary owns a 15% shareholding in E4i Holdings Limited. During the year FES FM Limited invoiced E4i Schools Limited, a company related to E4i Holdings Limited, £1,718,887 (2011: £945,687) for facilities management services provided. These transactions were at arms length. At the year end the balance due from E4i Schools Limited was £352,705 (2011: £168,504).

The company has taken advantage of the exemption conferred by FRS 8 from disclosing transactions with its parent company and fellow subsidiaries.

23. Ultimate parent undertaking

The immediate parent company is Forth Holdings (Support Services) Limited and the ultimate parent company is Forth Holdings Limited. Both companies are incorporated in Great Britain and registered in Scotland.