

EUROPA FACILITY SERVICES LIMITED

**Report and Financial Statements
For the year ended 31 December 2011**

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EUROPA FACILITY SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS 2011

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EUROPA FACILITY SERVICES LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M H Jones
R P Muldoon
G R Brown

SECRETARY

R P Muldoon

REGISTERED OFFICE

Rosanne House
Parkway
Welwyn Garden City
Hertfordshire
AL8 6HG

BANKERS

Clydesdale Bank plc
30 St Vincent Street
Glasgow
Scotland
G1 2HL

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

DIRECTORS

The following directors have held office since 1 January 2011

M H Jones

R P Muldoon

G R Brown

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the company continued to be that of providing integrated facilities management services to the corporate and retail sectors

Our focus in the year has been to reinforce our position in the market as a leading provider of high quality FM services to our chosen sectors. We have successfully achieved this by concentrating on the core values on which the company is based: *these being service, integrity, innovation, people and performance*

We continue to support our clients by bringing an increasing breadth of service capabilities to bear, adding value to their organisations

PRINCIPAL RISKS AND UNCERTAINTIES

The services provided by the company present limited operational risks and these are mitigated through a comprehensive risk management process. The majority of our activities are delivered through long term contracts which are structured to limit the company's exposure to commercial risks. The principal uncertainties with regard to the company's ability to continue to achieve its current level of profitability are the loss of a major client and general economic and market conditions. The company has a diverse client base and the loss of any particular client would not have a catastrophic impact on the company's viability. The trading performance in 2011 demonstrates the company's ability to perform strongly during adverse economic conditions

FUTURE OUTLOOK

The future outlook is positive. We expect to meet our growth targets, offer innovative solutions based on the quality of both staff and systems and successfully operate in a competitive market

The company has produced strong growth over the last two years and the directors believe this will continue in 2012

KEY PERFORMANCE INDICATORS

The directors consider the following key performance indicators

Sales £42.2m	(2010 £26.3m)
Profit before tax £0.9m	(2010 £0.5m)
Net assets £2.5m	(2010 £1.7m)

A number of non-financial key performance indicators are also utilised in the management of the company, these include

- Customer satisfaction levels
- Health Safety Environment and Quality performance (HSEQ)
- Employee satisfaction, engagement and retention

RESULTS AND DIVIDENDS

The results for the year are set out on page 6. No dividends were paid or proposed in the current or prior year

EUROPA FACILITY SERVICES LIMITED

DIRECTORS' REPORT (continued)

FINANCIAL INSTRUMENTS

The company's principal financial instruments comprise bank balances, finance lease agreements, trade debtors and trade creditors. The main purpose of these instruments is to finance the company's operations.

Due to the nature of the financial instruments used by the company there is no exposure to price risk. The company's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances the company makes use of money market facilities when funds are available.

The company is lessee in respect of finance leased assets and ensures there are sufficient funds to meet payments.

Trade debtors are managed in respect of credit and cash flow risk by application of policies regarding the credit offered to customers, and the regular monitoring of amounts outstanding with reference to time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts falling due to the appropriate time.

EMPLOYEE INVOLVEMENT

The company's policy is to consult and discuss with employees, through unions, staff councils, and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

DISABLED PERSONS

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the 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 auditor is aware of that information.

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

Deloitte LLP were appointed as auditor during the year to fill a casual vacancy. The directors will place a resolution before the Annual General Meeting to reappoint Deloitte LLP as auditor for the ensuing year.

Approved by the Board of Directors on 19 April 2012
and signed on behalf of the Board



R P Muldoon
Secretary

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPA FACILITY SERVICES LIMITED

We have audited the financial statements of Europa Facility Services Limited for the year ended 31 December 2011, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21. 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 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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 annual report 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 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

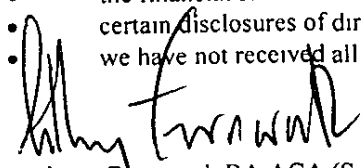
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom
19 April 2012

EUROPA FACILITY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
Year ended 31 December 2011

	Note	2011 £	2010 £
TURNOVER	2	42,153,291	26,278,189
Cost of sales		<u>(38,486,443)</u>	<u>(23,561,807)</u>
GROSS PROFIT		3,666,848	2,716,382
Administrative expenses		<u>(2,751,661)</u>	<u>(2,240,970)</u>
OPERATING PROFIT	3	915,187	475,412
Interest payable and similar charges	4	<u>-</u>	<u>(6,467)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		915,187	468,945
Tax on profit on ordinary activities	5	<u>(188,300)</u>	<u>(129,325)</u>
PROFIT FOR THE YEAR	13, 14	<u><u>726,887</u></u>	<u><u>339,620</u></u>

All results derive from continuing operations

There are no recognised gains and losses in either year other than those stated in the profit and loss accounts above
 Consequently, no separate statement of total recognised gains and losses has been presented

EUROPA FACILITY SERVICES LIMITED

BALANCE SHEET As at 31 December 2011

	Note	2011 £	2010 £
FIXED ASSETS			
Tangible assets	6	468,842	97,345
CURRENT ASSETS			
Debtors	7	35,930,194	28,012,076
Cash at bank and in hand		<u>1,602,312</u>	<u>1,187,986</u>
		37,532,506	29,200,062
CREDITORS amounts falling due within one year	8	<u>(35,222,443)</u>	<u>(27,555,096)</u>
NET CURRENT ASSETS	.	<u>2,310,063</u>	<u>1,644,966</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,778,905</u>	<u>1,742,311</u>
CREDITORS amounts falling due after more than one year	9	<u>(309,707)</u>	-
NET ASSETS		<u>2,469,198</u>	<u>1,742,311</u>
CAPITAL AND RESERVES			
Called-up share capital	12	4,400	4,400
Profit and loss account	13	<u>2,464,798</u>	<u>1,737,911</u>
SHAREHOLDERS' FUNDS	14	<u>2,469,198</u>	<u>1,742,311</u>

These financial statements for Europa Facility Services Limited, registered company number 1027001, were approved by the Board of Directors and authorised for issue on 19 April 2012

Signed on behalf of the Board of Directors



R P Muldoon

Director

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2011

1 ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

Going concern

When considering going concern the directors consider the company's business activities, together with the factors likely to affect its future development, performance and position. As noted in this review, the directors view the future outlook of the company as positive.

In carrying out their duties in respect of going concern, the directors have carried out a review of the company's financial position and cash flow forecast for 12 months from the date of signing the financial statements. This has been based on a comprehensive review of revenue, expenditure and cash flows, incorporating specific business risks and the uncertainties brought about by the current economic environment.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current resources and facilities, including ongoing compliance with the covenants attached to the Group's bank facilities over the period discussed above.

Having taken all of the above factors into consideration, the directors have reached a conclusion that the company is able to manage its business risks despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings leasehold	20% straight line basis
Plant and machinery	Rates vary from 20% - 33% straight line basis
Motor vehicles	25% straight line basis

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 a constant periodic rate 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.

Turnover recognition

Turnover is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Turnover not billed to clients is included in debtors and payments on account in excess of the relevant amount of turnover are included in creditors.

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2011

1 ACCOUNTING POLICIES (continued)

Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Cash flow statement

The company is a wholly owned subsidiary of Europa Support Services Limited which prepares a publicly available consolidated cash flow statement. As such the company is exempt from the preparation of a cash flow statement.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

2 TURNOVER

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

3 OPERATING PROFIT

Operating profit is stated after charging

	2011	2010
	£	£
Depreciation of tangible assets	67,527	90,330
Operating lease rentals Plant and machinery	83,688	100,968
	<u> </u>	<u> </u>

The audit fee of £10,000 for the current year has been borne by the parent company and has not been recharged.

4 INTEREST PAYABLE

	2011	2010
	£	£
Hire purchase interest	-	6,467
	<u> </u>	<u> </u>

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

5 TAXATION

	2011	2010
	£	£
Domestic current year taxation		
UK corporation tax	218,176	115,641
Adjustment for prior years	21,548	13,684
	239,724	129,325
Deferred tax		
Reversal of timing differences	24,946	-
Adjustment in respect of previous periods	(80,960)	-
Effect of changes in tax rates	4,590	-
	(51,424)	-
Total deferred tax credit	188,300	129,325
Tax on profit on ordinary activities	188,300	129,325
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	915,187	468,945
	915,187	468,945
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 26.49% (2010 28.0%)	242,462	131,305
	242,462	131,305
Effects of		
Non deductible expenses	660	-
Capital allowances in excess of depreciation	(24,757)	(317)
Movement in short term timing differences	(189)	-
Adjustments to previous periods	21,548	13,684
Other tax adjustments	-	(15,347)
	239,724	129,325
Current tax charge	239,724	129,325

The Finance Act 2011, which was substantively enacted in July 2011, included provisions to reduce the rate of corporation tax to 26% with effect from 1 April 2011 and 25% with effect from 1 April 2012. The government has announced that it intends to further reduce the rate of corporation tax to 24% with effect from 1 April 2013 and 23% from 1 April 2014.

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

6. FIXED ASSET INVESTMENTS

	Land and buildings leasehold £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2011	10,072	1,140,312	31,887	1,182,271
Additions	-	439,024	-	439,024
At 31 December 2011	<u>10,072</u>	<u>1,579,336</u>	<u>31,887</u>	<u>1,621,295</u>
Depreciation				
At 1 January 2011	10,072	1,042,967	31,887	1,084,926
Charges for the year	-	67,527	-	67,527
At 31 December 2011	<u>10,072</u>	<u>1,110,494</u>	<u>31,887</u>	<u>1,152,453</u>
Net book value				
At 31 December 2011	<u>-</u>	<u>468,842</u>	<u>-</u>	<u>468,842</u>
At 31 December 2010	<u>-</u>	<u>97,345</u>	<u>-</u>	<u>97,345</u>

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

	Plant and machinery £
Net book values	
At 31 December 2011	<u>380,694</u>
At 31 December 2010	<u>47,576</u>
Depreciation charge for the year	
Year ended 31 December 2011	<u>26,077</u>
Year ended 31 December 2010	<u>26,077</u>

7. DEBTORS

	2011 £	2010 £
Trade debtors	1,601,511	1,223,779
Amounts owed by group undertakings	31,975,139	25,780,052
Other debtors	921,080	443,084
Prepayments and accrued income	1,381,040	565,161
Deferred tax (see note 9)	51,424	-
	<u>35,930,194</u>	<u>28,012,076</u>

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

8. CREDITORS. AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011	2010
	£	£
Obligations under hire purchase contracts	99,365	73,653
Trade creditors	1,525,666	1,147,807
Amounts owed to group undertakings	26,612,504	22,021,169
Corporation tax	239,724	115,641
Other taxes and social security costs	4,380,454	1,794,909
Other creditors	159,905	119,444
Accruals and deferred income	2,204,825	2,282,473
	35,222,443	27,555,096

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

	2011	2010
	£	£
Net obligations under hire purchase contracts		
Repayable within one year	99,365	73,653
Repayable between one and five years	309,707	-
	409,072	73,653
Included in liabilities falling due within one year	99,365	73,653
	309,707	-

10. DEFERRED TAX

The deferred tax asset (included in debtors note 7) is made up as follows

	2011	2010
	£	£
Balance at 1 January 2011		-
Profit and loss account credit		51,424
		51,424
Balance at 31 December 2011		
	2011	2010
	£	£
Decelerated capital allowances	45,921	-
Other timing differences	5,503	-
	51,424	-

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2011

11 PENSION COMMITMENTS

The company 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.

Defined contribution

	2011	2010
	£	£
Contributions payable by the company for the year	<u>546,009</u>	<u>367,448</u>

12. SHARE CAPITAL

	2011	2010
	£	£
Authorised		
250,000 ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted, called-up and fully paid		
4,400 ordinary shares of £1 each	<u>4,400</u>	<u>4,400</u>

13. STATEMENT OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT

	Profit and loss account £
Balance at 1 January 2011	1,737,911
Profit for the year	<u>726,887</u>
Balance at 31 December 2011	<u>2,464,798</u>

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£	£
Profit for the financial year	726,887	339,620
Opening shareholders' funds	<u>1,742,311</u>	<u>1,402,691</u>
Closing shareholders' funds	<u>2,469,198</u>	<u>1,742,311</u>

15. CONTINGENT LIABILITY

A cross guarantee exists between all group companies in favour of the group's bankers. At the year end group borrowings amounted to £3,958,338 (2010 £5,541,670). A fixed and floating charge over the company and all assets exists in favour of the group's bankers.

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2011

16 FINANCIAL COMMITMENTS

At 31 December 2011 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2012

	2011 £	2010 £
Operating leases which expire		
Within one year	25,200	-
Between two and five years	17,010	25,200
	42,210	25,200
	42,210	25,200

17. DIRECTORS' EMOLUMENTS

	2011 £	2010 £
Emoluments for qualifying services	440,624	504,158
Company pension contributions to money purchase schemes	7,773	34,837
	448,397	538,995
	448,397	538,995

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2010 2) Director costs have been recharged to Europa Support Services Limited (the parent company) as the directors deem that this is where the majority of their time is spent and it would not be possible to apportion these costs fairly between companies in the group

18 TRANSACTIONS WITH DIRECTORS

Included within other debtors is a rent deposit of £50,000 (2010 £50,000) held by M H Jones and Mrs L Jones This was paid when the director and his wife acquired the leasehold of a property occupied by Europa Facility Services Limited

19. EMPLOYEES

Number of employees

The average number of employees (including directors) during the year was

	2011 No	2010 No
Direct labour	2,423	1,779
Administrative staff	210	113
	2,633	1,892
	2,633	1,892
	2011 £	2010 £
Employment costs		
Wages and salaries	37,621,703	28,271,724
Social security costs	3,286,002	2,613,355
Other pension costs	546,009	367,448
	41,453,715	31,252,527
	41,453,715	31,252,527

During the year, costs of £18,263,766 (2010 £15,606,527) were recharged to other group companies

EUROPA FACILITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2011

20 CONTROL

The immediate and ultimate parent undertaking is Europa Support Services Limited, a company registered in England and Wales. The largest and smallest group in which this company is consolidated is that of the Europa Support Services Limited group.

Europa Support Services Limited, prepares group financial statements and copies can be obtained from the Registrar of Companies, Crown Way Cardiff.

The directors consider that there is no one ultimate controlling party.

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 not to disclose transactions with other wholly owned group companies.