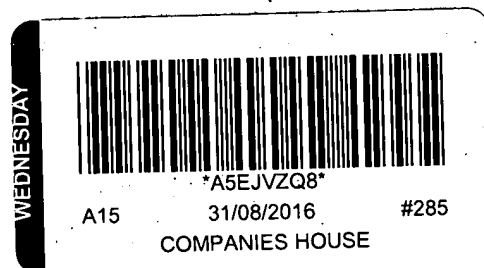


Registered No 1888801

# **Axis Cleaning and Support Services Limited**

**Report and Financial Statements for the year ended**

31 March 2016



## Axis Cleaning and Support Services Limited

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Registered No: 1888801

### **Directors**

J Levine  
S Giles

### **Secretary**

S Giles (Appointed 28<sup>th</sup> September 2015)

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
The Portland Building  
25 High Street  
Crawley  
West Sussex, RH10 1BG

### **Bankers**

Clydesdale Bank  
2<sup>nd</sup> Floor, 35 Regent Street  
London, SW1Y 4ND

### **Registered office**

Ground Floor Suite  
River House  
Maidstone Road  
Sidcup  
Kent DA14 5RH

## Directors' report for the year ended 31 March 2016

The directors present their report, the strategic report and the audited financial statements for the financial year ended 31 March 2016.

### Results and dividends

The EBITDA (earnings before interest, tax, depreciation, amortisation, exceptional items and impairment) amounted to £144,000 (year ended 31 March 2015: £479,000), with a, pre-exceptional items and impairment, operating loss of £364,000 for the year (year ended 31 March 2015: loss £316,000). The directors do not recommend the payment of a dividend (year ended 31 March 2015: £nil).

### Directors and company secretary

The directors of the company who were in office during the year and up to the date of signing of the financial statements were:

J Levine  
M Saunders (Resigned 28<sup>th</sup> September 2015)  
S Buswell (Resigned 31<sup>st</sup> May 2015)  
S Giles

### Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remained in force during the year and at the date of approving the directors' report.

### Political and charitable donations

No donations have been made to political parties or charities during this year (2015: £nil).

### Disabled employees

We consider all disabled people applying for employment on the basis of their aptitudes and abilities. Our employment policy provides that existing employees who become disabled will have the opportunity to retrain where necessary and to continue in employment.

### Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards comprising Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), 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:

## **Directors' report for the year ended 31 March 2016 (continued)**

### **Statement of directors' responsibilities (continued)**

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any of FRS 102 used in the preparation of the financial statements; 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.

### **Disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

On behalf of the Board



S Giles  
Director

Date: 25/8/16.

**Registered No: 1888801**

## Strategic report for the year ended 31 March 2016

### Review of the business and future developments

Axis Cleaning and Support Services Limited has a national presence and is focused on providing a best in class offer to its customers.

In the year ended 31 March 2016, the company delivered revenue of £24,086,000 (year ended 31 March 2015: £25,038,000). The decrease was the result of a strategic change in the direction of the business where the directors took the decision in the financial year to exit various high workload, high revenue but very low margin contracts. This decision was made as the directors consider the previous focus on high revenue contracts to no longer be the right direction for the business. This decision also had an impact on profits in the financial year.

In relation to EBITDA the business delivered £144,000 (year ended 31 March 2015: £479,000), and posted a, pre-exceptional items and impairment, operating loss of £364,000 (pre-exceptional items and impairment, operating loss for year ended 31 March 2015: £316,000). There are also price pressures in the market which impacted margins, as customers are constantly looking for increased value. Exceptional items this financial year and last relate to the restructuring of the commercial team which was also completed as part of the strategic change.

The financial performance of the company for the year ended 31 March 2016 is set out on page 8. The directors are optimistic about the long term prospects for growth having made these decisions and refocused the energy of the business on the core business and appropriate market sectors. The directors expect this to be reflected in the EBITDA of the business in the year ended 31 March 2017. In relation to the balance sheet the directors are comfortable that the plans for the business will see the liabilities decrease over the next few years.

The company measures its success through monitoring key performance indicators, these include: revenue growth, gross profit margin and EBITDA %.

	Year ended 31/3/2016	Year ended 31/3/2015	Comment
Turnover growth	(4%)	7%	Strategic decision to exit existing low return contracts reducing the revenue from previous year.
Gross profit %	15%	19%	Gross profit margin decrease of 4 percentage points due to newer contracts having a lower margin as a result of price pressures in the market.
EBITDA %	0.6%	1.9%	Overheads have been closely managed as part of the restructuring of the business, so that the impact on EBITDA has been minimised.

This is the first year that the company has presented its results under FRS 102. See note 27 for details on the transition.

### Principal risks and uncertainties

#### Economic risk

The economic downturn has a greater impact on certain market sectors, affecting some of our clients more than others; our major costs are variable and we are able to respond and adapt to meet our clients' needs.

The directors have considered and will continue to monitor the economic and financial effects resulting from the EU referendum.

## Strategic report for the year ended 31 March 2016 (continued)

### Financial risk management objective and policies

The company's activities expose it to a limited number of financial risks. The company aims to manage these risks on a day to day basis.

#### Liquidity risk

The company manages its cash and borrowing requirements in order to minimize interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business. Regular cash flow forecasts are prepared to monitor and forecast working capital, an invoice discounting facility is in place with the bank and funds are transferred between group companies to assist in managing this risk.

### Financial risk management objective and policies (continued)

#### Interest rate risk

The company is exposed to interest rate risk in its borrowing and cash flow interest rate risk on bank overdraft and loans. This is managed through hedging of a proportion of the bank loans.

#### Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the board. All customers who wish to trade on credit terms are subject to credit verifications procedures. Trade debtors and retentions are reviewed on a regular basis and provision is made for doubtful debts where necessary.

#### Going concern

The company is part of the wider Axis Group Integrated Services Limited group which meets its day-to-day working capital requirements through close management of group cash flows and an invoice discounting facility. The new group has undertaken a refinancing with Clydesdale bank effective from 5 February 2016. The group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the group, and therefore the company, is able to operate within the level of its new facilities and other sources of finance that are available to them. The directors, having considered this and the financial position of the company, have a reasonable expectation that the company will continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Health and safety

Health & safety is a major area of concern for our employees, clients and members of the public. The company has a dedicated health & safety department which reviews and monitors this area of risk.

#### Staff policies

Employment policies do not discriminate between employees or potential employees on the grounds of disability. The company undertakes to provide employees with information of concern to them that is likely to affect their interests.


#### Key customers

Whilst the company has a variety of major contracts, none are considered material in respect of revenue. However, since clients are key to continuing growth, there is a strong management structure in place, incorporating key account managers for major contracts.

#### Disabled employees

We consider all disabled people applying for employment on the basis of their aptitudes and abilities. Our employment policy provides that existing employees who become disabled will have the opportunity to retrain where necessary and to continue in employment.

On behalf of the Board



S Giles

Director

Date: 25/8/16

Registered No: 188801

# **Independent auditors' report to the members of Axis Cleaning and Support Services Limited**

## **Report on the financial statements**

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### **Our opinion**

In our opinion, Axis Cleaning and Support Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
  - have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
  - have been prepared in accordance with the requirements of the Companies Act 2006.
- 

### **What we have audited**

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the Balance sheet as at 31 March 2016;
- the Profit and loss account and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

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#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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## Independent auditors' report to the members of Axis Cleaning & Support Services Limited (continued)

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### Responsibilities for the financial statements and the audit

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#### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

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#### What an audit of financial statements involves

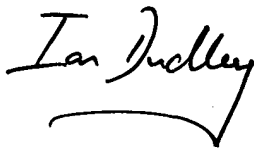
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Ian Dudley (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick

Date: 25/08/2016



**Profit and loss account**

For the year ended 31 March 2016

	Note	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
<b>Turnover</b>	5	24,086	25,038
Cost of sales		(20,445)	(20,265)
<b>Gross profit</b>		3,641	4,773
Administrative expenses		(4,015)	(8,590)
<hr/>			
EBITDA		144	479
Depreciation	6	(381)	(395)
Amortisation of goodwill	6	(127)	(400)
Operating loss before exceptional items and impairment of goodwill		(364)	(316)
Exceptional items		(10)	(396)
Impairment of goodwill	6	-	(3,105)
<hr/>			
<b>Operating loss</b>	6	(374)	(3,817)
Interest payable and similar charges	9	(293)	(350)
<b>Loss on ordinary activities before taxation</b>		(667)	(4,167)
Tax on loss on ordinary activities	10	(18)	771
<b>Loss for the financial year</b>	20	(685)	(3,396)
		<hr/> <hr/>	<hr/> <hr/>

All results derive from continuing operations.

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

## Statement of comprehensive income

For the year ended 31 March 2016

		31 March 2016 £'000	31 March 2015 £'000
Loss for the financial year		(685)	(3,396)
Other comprehensive income (net of tax)		-	-
<b>Total comprehensive loss attributable to members of parent company</b>	21	<b>(685)</b>	<b>(3,396)</b>

## Balance sheet

As at 31 March 2016

	Note	31 March 2016 £'000	31 March 2015 £'000
<b>Fixed assets</b>			
Intangible assets	11	1,771	1,898
Tangible assets	12	816	1,704
Investments	13	1,537	1,537
		<u>4,124</u>	<u>5,139</u>
<b>Current assets</b>			
Inventories	14	14	26
Debtors	15	8,447	10,220
Cash at bank and in hand		14	5
		<u>8,475</u>	<u>10,251</u>
Creditors: amounts falling due within one year	16	(15,801)	(17,185)
<b>Net current liabilities</b>		<u>(7,326)</u>	<u>(6,934)</u>
<b>Total assets less current liabilities</b>		<u>(3,202)</u>	<u>(1,795)</u>
Creditors: amounts falling due after more than one year	17	(613)	(1,335)
<b>Net liabilities</b>		<u>(3,815)</u>	<u>(3,130)</u>
<b>Capital and reserves</b>			
Called up share capital	19	-	-
Accumulated losses	20	(3,815)	(3,130)
<b>Total equity</b>	21	<u>(3,815)</u>	<u>(3,130)</u>

The notes on pages 11 to 25 are an integral part of these financial statements.

The financial statements of Axis Cleaning and Support Services Limited on pages 8 to 25 were authorised for issue by the Board of Directors and were signed on its behalf by:



S Giles  
Director

Date: 25/8/16

Registered number: 1888801

## Statement of changes in equity

For the year ended 31 March 2016

	Note	Called up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 April 2014	20	-	266	266
Loss for the financial year	20	-	(3,396)	(3,396)
Total comprehensive loss for the financial year		-	(3,396)	(3,396)
At 31 March 2015	21	-	(3,130)	(3,130)

	Note	Called up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 April 2015	20	-	(3,130)	(3,130)
Loss for the financial year	20	-	(685)	(685)
Total comprehensive loss for the financial year		-	(685)	(685)
At 31 March 2016	21	-	(3,815)	(3,815)

## Notes to the financial statements

For the year ended 31 March 2016

### 1. General information

Axis Cleaning & Support Services Limited provides a facility service to clients with its core expertise being cleaning.

The company is a private company limited by shares and is incorporated in England.

### 2. Statement of compliance

The financial statements of Axis Cleaning & Support Services Limited have been prepared in compliance with UK accounting standards, including Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006.

### 3. Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 27.

#### Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of these financial statements has required the use of certain accounting estimates along with management exercising their judgement in the process of applying the group and company accounting policies.

#### Going concern

The company is part of the wider Axis Group Integrated Services Limited group which meets its day-to-day working capital requirements through close management of group cash flows and an invoice discounting facility. The new group has undertaken a refinancing with Clydesdale bank effective from 5 February 2016.

The group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the group, and therefore the company, is able to operate within the level of its new facilities and other sources of finance that are available to them.

The directors, having considered this and the financial position of the company, have a reasonable expectation that the company will continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### Exemptions under FRS 102

##### a) Statement of cash flows

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12 (b), from preparing a statement of cash flows, on the basis that it is a qualifying company and its ultimate parent company, Axis Group Integrated Services Limited, includes the company's cash flows in its own consolidated financial statements.

##### b) Consolidated financial statements

The company is a wholly owned subsidiary of LPM Acquisitions Limited and of its ultimate parent, Axis Group Integrated Services Limited. It is included in the consolidated financial statements of Axis Group Integrated Services Limited which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 3. Summary of significant accounting policies (continued)

#### c) Key management personnel compensation

Under FRS 102 the company has also taken advantage from the exemption to disclose the company's key management personnel's compensation. The company has met the criteria of being a qualifying company including notification of, and no objection to the use of the exemption by the company's shareholders.

#### Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT.

The following criteria must also be met before revenue is recognised:

##### *Rendering of services*

Revenue from cleaning services is recognised by reference to contractual commitments with customers and labour hours incurred.

##### *Sale of goods*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of goods.

Revenue not recognised immediately under this policy is classified as deferred income in the balance sheet until the relevant performance criteria have been met. Accrued income is recognised when work has been fully completed by the year end but has yet to be invoiced. Provision is made for any foreseeable losses where appropriate.

#### Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

#### Current taxation

Current taxation is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

#### Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or the right to pay less or to receive more tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- 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.

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 3. Summary of significant accounting policies (continued)

#### Deferred taxation (continued)

Deferred tax is measured on an undiscounted 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.

#### Tangible fixed assets and depreciation

Tangible fixed assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. The carrying values of tangible fixed assets are reviewed for impairment when changes in circumstances indicate that the carrying value may not be recoverable.

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 properties	–	Straight line over the life of the lease
Plant and machinery	–	25% straight line
Fixtures, fittings and equipment	–	20% straight line
Motor vehicles	–	25% straight line

#### Goodwill

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair value to the company's interest in the identifiable net assets, liabilities and contingent liabilities acquired. Goodwill arising on acquisition is allocated to cash-generating units (CGU) that are expected to benefit from the combination. Goodwill is amortised over its useful life, not exceeding 20 years. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the profit and loss account. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

#### Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

#### Inventories

Inventory are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items.

#### Finance leasing and hire purchase agreements

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 constant periodic rates of charge on the net obligations outstanding in each period.

#### Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the end of the lease.

#### Invoice factoring

The company makes use of an invoice discounting facility from its bankers. An invoice factoring creditor is recognised when funds are withdrawn against the facility on lodging raised sales invoices. The creditor is reduced by cash received on payment of sales invoices by customers. Interest is borne on the value of the invoice discounting facility that is utilised.

#### Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year to a number of defined contribution schemes in respect of its directors.

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 4. Critical accounting judgements and estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### Deferred tax asset

The company has used its judgment in recognising unrelieved tax losses and other deferred tax assets on the basis that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

#### Intangible assets - goodwill

The company has used its judgment in allocating goodwill to cash-generating units (CGU) that are expected to benefit from the goodwill, as well estimating the useful life of the goodwill. Management judgement in reviewing indicators of impairment and reversals of impairments have also been applied.

#### Recoverability of accrued income

The company has used its judgment in recognising accrued income on the basis that the work was fully completed by year end, the revenue can be measured reliably and it is probable that future economic benefits will flow to the company less any provisions for future losses.

#### Recoverability of debtors

The company has used its judgment in recognising debtors on the basis that it is probable that future economic benefits will flow to the company less any provisions for future losses.

### 5. Turnover

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

### 6. Operating loss

Operating loss is stated after charging/(crediting):

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Depreciation on assets held under finance leases	283	289
Depreciation of owned tangible fixed assets	98	106
Amortisation of goodwill	127	400
Impairment of goodwill	-	3,105
Exceptional items – restructuring costs	10	396
Auditors' remuneration – audit services	21	18
Auditors' remuneration – tax services	5	-
Operating lease rentals – land and buildings	76	130
– other	137	116
Profit on disposal of tangible fixed assets	(32)	-
	<u>          </u>	<u>          </u>



## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 7. Directors' remuneration

The following directors' remuneration in respect of qualifying services provided to the company and its subsidiaries was paid during the year:

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Remuneration and other emoluments	124	306
Contributions to pension schemes	8	18
	<u>132</u>	<u>324</u>

The above includes directors' remuneration of £110,000 (2015: £102,000) which has been paid by fellow group companies for qualifying services performed for this company during the year.

The emoluments of the highest paid director were as follows:

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Emoluments and other benefits	65	197
Contribution to pension scheme	6	18
	<u>71</u>	<u>215</u>

### 8. Staff costs

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Wages and salaries	16,793	16,132
Social security costs	993	1,031
Other pension costs	102	71
	<u>17,888</u>	<u>17,234</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2016

**8. Staff costs (continued)**

The average monthly number of employees of the company during the year were as follows:

	Year ended 31 March 2016 No.	Year ended 31 March 2015 No.
Directors	1	2
Administration	53	70
Cleaning	877	1,041
	<u>931</u>	<u>1,113</u>

**9. Interest payable and similar charges**

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Invoice discounting interest	168	181
Finance lease interest	120	168
Bank interest	5	1
	<u>293</u>	<u>350</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 10. Tax on loss on ordinary activities

#### (a) Tax on loss on ordinary activities

The tax charge/(credit) is made up as follows:

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
<b>Current tax:</b>		
UK corporation tax on the loss for the year	-	-
Total current tax	-	-
<b>Deferred tax</b>		
- origination and reversal of timing differences	(62)	(748)
- prior year adjustment	-	(23)
- effect of tax rate change on opening balance	80	-
Tax on loss on ordinary activities	<u>18</u>	<u>(771)</u>

#### (b) Factors affecting the tax charge/(credit) for the year

The tax assessed on the loss on ordinary activities for the year is higher (2015: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2016 of 20% (2015: 21%). The differences are explained below:

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Loss on ordinary activities before taxation	<u>(667)</u>	<u>(4,167)</u>
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 20% (2015: 21%)	(133)	(875)
Effects of:		
Expenses not deductible for tax purposes	-	1
Other permanent differences	72	(187)
Tax losses carried forward	-	226
Group relief surrendered	-	87
Re-measurement of deferred tax rate change	79	(23)
Total tax charge for year (note 10(a))	<u>18</u>	<u>(771)</u>

**Notes to the financial statements (continued)**

For the year ended 31 March 2016

**10. Tax on loss on ordinary activities (continued)****(c) Deferred tax asset**

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
At beginning of the year	(1,590)	(819)
Profit and loss account	18	(771)
At end of year	<u>(1,572)</u>	<u>(1,590)</u>
	31 March 2016 £'000	31 March 2015 £'000
Accelerated capital allowances	(1,323)	(1,365)
Other timing differences	(22)	(10)
Tax losses carried forward and other deductions	(227)	(215)
	<u>(1,572)</u>	<u>(1,590)</u>

The deferred tax asset has been recognised in the balance sheet as the recognition criteria of FRS 102 have been met, and the directors believe 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.

There are no unrecognised deferred tax assets or liabilities (2015: £nil).

**(d) Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 21% to 20% was substantively enacted on 1 April 2015. Further changes enacted reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020.

The current tax at 31 March 2016 has been calculated based on the rate of 20%, whilst the deferred tax asset as at 31 March 2016 has been calculated at the rate anticipated to be in place at the date of unwinding of the deferred tax asset.

**Notes to the financial statements (continued)**

For the year ended 31 March 2016

**11. Intangible fixed assets**

	Purchased goodwill £'000
Cost:	
At 1 April 2015 and 31 March 2016	7,999
Accumulated amortisation:	
At 1 April 2015	(6,101)
Charge for year	(127)
At 31 March 2016	(6,228)
Net book value:	
At 31 March 2016	1,771
At 31 March 2015	1,898

**12. Tangible fixed assets**

	Plant and machinery £'000	Leasehold properties £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost:					
At 1 April 2015	2,185	46	18	5	2,254
Additions	177	7	-	-	184
Disposals/write-offs	(888)	(3)	-	-	(891)
At 31 March 2016	1,474	50	18	5	1,547
Accumulated depreciation:					
At 1 April 2015	501	37	10	2	550
Charge for the year	368	6	5	2	381
Disposals/write-offs	(197)	(3)	-	-	(200)
At 31 March 2016	672	40	15	4	731
Net book value:					
At 31 March 2016	802	10	3	1	816
At 31 March 2015	1,684	9	8	3	1,704

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 12. Tangible fixed assets (continued)

Assets held under finance leases, capitalised in plant and machinery:

	31 March 2016 £'000	31 March 2015 £'000
Cost	1,884	1,166
Additions	167	993
Disposal	(687)	(263)
Accumulated depreciation	(602)	(319)
Net book value	<u>762</u>	<u>1,577</u>

### 13. Investments

	Shares in subsidiary undertakings £'000
Cost:	
At 1 April 2015 and 31 March 2016	<u>1,537</u>

The company holds investment within the following:

Subsidiaries	Nature of business	Country of incorporation	Class of share capital held	Company %
LPM Dependable Limited	Contract Cleaning	UK	Ordinary	100

The directors believe that the carrying value of the investments is supported by their underlying net assets.

### 14. Inventories

	31 March 2016 £'000	31 March 2015 £'000
Finished goods	<u>14</u>	<u>26</u>

**Notes to the financial statements (continued)**

For the year ended 31 March 2016

**15. Debtors**

	31 March 2016 £'000	31 March 2015 £'000
Trade debtors	2,538	4,143
Amounts owed by group undertakings	4,114	4,082
Other debtors	22	18
Deferred tax asset	1,572	1,590
Prepayments and accrued income	201	387
	<u>8,447</u>	<u>10,220</u>

Amounts owed from group undertakings are unsecured, interest free and repayable on demand.

**16. Creditors: amounts falling due within one year**

	31 March 2016 £'000	31 March 2015 £'000
Trade creditors	463	698
Amounts owed to group undertakings	10,522	10,953
Invoice discounting facility	684	1,507
Taxation and social security	706	1,016
Other creditors	86	119
Finance lease creditor	229	319
Accruals and deferred income	3,111	2,573
	<u>15,801</u>	<u>17,185</u>

Amounts owing under the invoice factoring creditor are secured by a fixed and floating charge over the trade debtors and attracts interest at 3.5% + bank base rate.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

**17. Creditors: amounts falling due after more than one year**

	31 March 2016 £'000	31 March 2015 £'000
Finance lease creditor	613	1,335
	<u>613</u>	<u>1,335</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 18. Obligations under finance leases and hire purchase contracts

	31 March 2016 £'000	31 March 2015 £'000
Amounts payable:		
Within one year	314	501
Between two and five years	697	1,595
	<hr/>	<hr/>
Total gross payments	1,011	2,096
Less finance charges included above	(169)	(442)
	<hr/>	<hr/>
Net finance lease obligations	842	1,654
	<hr/> <hr/>	<hr/> <hr/>

### 19. Called up share capital

	31 March 2016		31 March 2015	
	No.	£	No.	£
Allotted and fully paid				
100 Ordinary shares of £1 each	100	100	100	100
		<hr/> <hr/>		<hr/> <hr/>

### 20. Accumulated losses

	Accumulated losses £'000
At 1 April 2015	(3,130)
Loss for the financial year	(685)
	<hr/>
At 31 March 2016	(3,815)
	<hr/> <hr/>

### 21. Reconciliation of movements in equity

	31 March 2016 £'000	31 March 2015 £'000
Opening equity	(3,130)	266
Loss for the financial year	(685)	(3,396)
	<hr/>	<hr/>
Closing equity	(3,815)	(3,130)
	<hr/> <hr/>	<hr/> <hr/>



## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 22. Pensions

The group makes contributions to a number of, but doesn't operate any defined contribution pension schemes in respect of its directors. The pension charge includes contributions due from the company at the year-end amounting to £nil (year ended 31 March 2015: £nil).

### 23. Other financial commitments

At 31 March 2016 the company had the following future minimum lease payments under non-cancellable leases for each of the following years:

	Land and buildings		Other	
	31 March 2016 £'000	31 March 2015 £'000	31 March 2016 £'000	31 March 2015 £'000
Payments due:				
Not later than one year	87	67	77	147
Later than one year and not later than five years	123	137	27	64
Total commitment	210	204	104	211

Operating lease rentals are charged to the profit and loss account on a straight line basis until the end of the lease.

### 24. Contingent liabilities

The company has entered into cross guarantees with its ultimate parent company, immediate parent company and fellow subsidiaries in respect of obligations relating to bank borrowings and investor loan notes.

### 25. Related party transactions

#### Transactions with subsidiaries

The company has not disclosed transactions or balances with wholly owned entities that form part of the group headed by Axis Group Integrated Services Limited. However in the normal course of business, the company undertook transactions with entities that were not wholly owned by Axis Group Integrated Services Limited for the period prior to the acquisition, 1 April 2015 to 13 November 2015. The transactions are considered related due to common directors. These transactions primarily relate to the charging and recharging of expenses. Details of these transactions and balances outstanding at the balance sheet date are set out below:

	31 March 2016 £'000	31 March 2015 £'000
Related party transactions with non-wholly owned subsidiaries within the Axis Group – expenses charged by/(recharged to) the company	459	(1,487)
Related party transactions with non-wholly owned subsidiaries within the Axis Group – balance payable at balance sheet date	(4,868)	(5,327)

#### Transactions with key management personnel

See note 7 for disclosure of the directors' remuneration.

## Notes to the financial statements (continued)

For the year ended 31 March 2016

### 26. Controlling party

At year end the company was a 100% owned subsidiary of LPM Acquisitions Limited which is incorporated in England and is the immediate parent company. The ultimate controlling parties are Roger Burdett, Jonathan Levine, Simon Giles and David Mundell.

The largest and smallest group of undertakings for which group financial statements have been drawn up and which include the results of the company is Axis Group Integrated Services Limited. Copies of the financial statements are available from the Group registered address (Ground Floor Suite, River House, Maidstone Road, Sidcup, Kent, DA14 5RH).

### 27. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. There are no material changes in accounting policies which impact profit for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

<b>Loss for the financial year</b>	<b>Year ended 31 March 2015 £'000</b>	
UK GAAP – as previously reported		(3,396)
Total adjustments to loss before tax for the financial year		-
Total tax adjustments		-
<b>FRS 102</b>		<b>(3,396)</b>

<b>Total equity</b>	<b>1 April 2014 £'000</b>	<b>31 March 2015 £'000</b>
UK GAAP – as previously reported	266	(3,130)
Total adjustments to equity	-	-
<b>FRS 102</b>	<b>266</b>	<b>(3,130)</b>