

Registered No 1888801

Axis Cleaning & Support Services Ltd

(Formerly LPM Cleaning Ltd)

Report and Financial Statements for the year ended

31 March 2013

TUESDAY



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24/12/2013
COMPANIES HOUSE

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Axis Cleaning & Support Services Ltd

Registered No 1888801

Directors

J Levine

M Saunders

S Dudley

J Read

Z Hewertson

S Buswell

(Resigned 27th July 2013)

(Appointed 27th July 2013)

Secretary

M Saunders

Independent auditors

PricewaterhouseCoopers LLP

Portland House

High Street

Crawley

West Sussex, RH10 1BG

Bankers

Clydesdale Bank

33 Grace Church Street

London EC3V 0BT

Registered office

Ground Floor Suite

River House

Maidstone Road

Sidcup

Kent DA14 5RH

Directors' report for the year ended 31 March 2013

The directors present their report and the audited financial statements for the year ended 31 March 2013

Principal activities

The principal activity of the company is that of commercial cleaning and supply of cleaning materials

Review of the business and future developments

Axis Cleaning & Support Services Ltd continues to develop its offering. During the year the company changed its name from LPM Cleaning Ltd in order to create a single branding and name under the Axis Group.

The company continues to build national strength whilst maintaining a sense of local pride and sector specialist focus, whilst its people take great care in delivering everyday services to approaching 1000 customer locations throughout the UK.

During the year, Axis Cleaning & Support Services Ltd continued to structure itself into a single national cleaning business which will provide a platform for the company's future growth strategy.

In the year ended 31 March 2013, the company delivered an EBITDA of £767,000 (year ended 31 March 2012 £924,000), a fall since last year due to tough economic conditions, and posted a, pre-goodwill impairment and exceptional items, operating profit of £104,000 (year ended 31 March 2012 £226,000). Following an impairment review, goodwill has been reduced by £939,000, resulting in a net operating loss of £835,000, before exceptional items. With the continued restructuring of the business during the year, exceptional one off costs of £118,000 were incurred (year ended 31 March 2012 £415,000). The company had a fall in its revenue by 6% in the year as it rebalanced its portfolio.

The financial performance of the company for the year ended 31 March 2013 is set out on page 8. The directors are optimistic about the long term prospects for growth.

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

	Year ended 31/3/2013	Year ended 31/3/2012	Comment
Sales growth	(6%)	3%	Decrease in 2013 mainly due to portfolio decrease as management restructure bedded down
Gross profit %	20%	21%	Gross profit margin erosion of 1% due to pressure on margins within the industry
EBITDA %	3.0%	3.4%	Strong controls have reduced overheads helping offset the majority of the gross profit margin erosion
Debtor Days	40	52	A significant reduction in the debtor days due to improved debt collection practices

This report has been prepared in accordance with the special provisions relating to medium-sized companies within Part 15 of the Companies Act 2006 and does not disclose non-financial key performance indicators.

Results and dividends

The EBITDA (earnings before interest, tax, depreciation and amortisation) amounted to £767,000 (year ended 31 March 2012 £924,000), with a, pre-goodwill impairment and exceptional items, operating profit of £104,000 for the year (year ended 31 March 2012 £226,000), and a loss of £835,000 post goodwill impairment. The directors do not recommend the payment of a dividend (year ended 31 March 2012 £nil).

Directors' report for the year ended 31 March 2013 (continued)

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

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 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

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

In December 2013 refinancing took place at the Group level. This restructured the future senior debt repayments to Clydesdale and lowered covenant targets until the senior debt is fully repaid. Axis investors showed their commitment to the Group by injected £500,000 into the business as part of the refinancing

The directors, having considered this and the financial position of the company, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern. Accordingly the directors 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

Directors' report for the year ended 31 March 2013 (continued)

Directors and company secretary

The directors who served the company during the year were as follows

J Levine
M Saunders
S Dudley
J Read
Z Hewertson

Subsequent to the year end on 27 July 2013, Z Hewertson resigned as a director of the company and on the same date S Buswell was appointed as a director

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 remains in force as at the date of approving the directors' report.

Statement of director's 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 prepared 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 judgements and accounting 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, 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.

Directors' report for the year ended 31 March 2013 (continued)

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 auditor is 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 auditor is aware of that information.

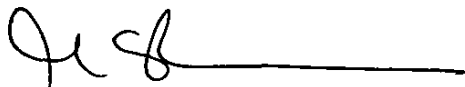
Independent Auditors

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.

Directors' indemnities

The company maintains liability insurance for its directors and officers which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

On behalf of the Board



M Saunders
Director

Date 20th December 2013

Registered No: 1888801

Independent auditors' report to the members of Axis Cleaning & Support Services Ltd

We have audited the financial statements of Axis Cleaning & Support Services Limited for the year ended 31 March 2013 which comprise the profit and loss account, the balance sheet, 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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.

This report, including the opinions, has been prepared for and only for the 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.

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 March 2013 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.

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

**Independent auditors' report
to the members of Axis Cleaning & Support Services Ltd
(Continued)**

- 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



Matthew Hall (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

Date 20/12/13.

Profit and loss account

for the year ended 31 March 2013

	Notes	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Turnover	2	25,452	27,037
Cost of sales		(20,263)	(21,272)
Gross profit		<u>5,189</u>	<u>5,765</u>
Administrative expenses		(6,142)	(5,954)
EBITDA		767	924
Depreciation	3	(263)	(298)
Amortisation of goodwill	8	(400)	(400)
Impairment of goodwill	8	(939)	-
Operating profit/(loss) before exceptional items		(835)	226
Exceptional items		(118)	(415)
Operating loss	3	(953)	(189)
Interest payable and similar charges	6	(196)	(241)
Loss on ordinary activities before taxation		<u>(1,149)</u>	<u>(430)</u>
Tax on (loss) on ordinary activities	7	29	129
Loss for the financial year	17	<u>(1,120)</u>	<u>(301)</u>

All amounts relate to continuing operations

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


There were no gains or losses other than the loss for the financial year and therefore no statement of total recognised gains and losses has been presented

Balance sheet

At 31 March 2013

	Notes	31 March 2013 £'000	31 March 2012 £'000
Fixed assets			
Intangible assets	8	5,803	7,142
Tangible assets	9	541	804
Investments	10	1,537	1,537
		<u>7,881</u>	<u>9,483</u>
Current assets			
Stocks	11	143	167
Debtors	12	6,727	6,734
Cash at bank and in hand		46	31
		<u>6,916</u>	<u>6,932</u>
Creditors: amounts falling due within one year	13	(14,419)	(14,907)
Net current liabilities		<u>(7,503)</u>	<u>(7,975)</u>
Total assets less current liabilities		<u><u>378</u></u>	<u><u>1,508</u></u>
Creditors: amounts falling due after more than one year	14	-	10
Capital and reserves			
Called up share capital	16	-	-
Profit and loss account	17	378	1,498
Total capital and reserves	18	<u>378</u>	<u>1,498</u>
Total capital, reserves and long term liabilities		<u><u>378</u></u>	<u><u>1,508</u></u>

The financial statements on pages 8 to 22 were approved by the Board of Directors and signed on their behalf by



M Saunders
Director

Date 20th December 2013

Registered number: 1888801

Notes to the financial statement

At 31 March 2013

1. Accounting policies

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

Going concern

The parent undertaking has indicated its willingness to continue to provide financial support to the company for the foreseeable future. The directors, having considered this and the financial position of the company, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern. Accordingly, the directors 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. In December 2013, a refinancing took place at the Group level.

Turnover

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.

Turnover 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.

Group financial statements

The company is entitled to the exemption under Section 400 of the Companies Act 2006 from the obligation to prepare group financial statements. These financial statements present information about the undertaking as an individual entity only and not about its group.

Statement of cash flows

The financial statements do not include a statement of cash flows because the company is a subsidiary where 100% of the voting rights are controlled within the group and consolidated financial statements, which include the subsidiary undertaking, are made publicly available, and therefore is exempt from the requirement to produce a statement under Financial Reporting Standard 1 Statement of Cash Flows (Revised).

Notes to the financial statement

At 31 March 2013

1. Accounting policies

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 arising on acquisitions represents the excess of the cost of acquisition over the company's interest in the fair value of the identifiable assets and liabilities of the acquired entity. Goodwill is stated at cost, less any accumulated impairment losses. It is classified as an asset on the balance sheet and amortised over its estimated useful life of 20 years. This length of time is presumed to be the maximum useful life of goodwill because it is difficult to make projections beyond this period. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when necessary if circumstances emerge that indicate that the carrying value may not be recoverable. Following impairment review, goodwill has been reduced by £939,000.

Investments

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

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.

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.

Stocks

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

Notes to the financial statement

At 31 March 2013

2. Accounting policies (continued)

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 date the rent is expected to be adjusted to the prevailing market rate.

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.

2. 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.

3. Operating loss

Operating loss is stated after charging/(crediting)

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Depreciation on assets held under finance leases	13	27
Depreciation of owned tangible fixed assets	250	271
Amortisation of goodwill	400	400
Impairment of goodwill	939	-
Exceptional items	118	415
Auditors' remuneration – audit services	20	19
Operating lease rentals – land and buildings	149	150
– other	182	189
Loss/(profit) on disposal of tangible fixed assets	35	(5)

Notes to the financial statement

At 31 March 2013

4. 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 2013 £'000	Year ended 31 March 2012 £'000
Remuneration and other emoluments	611	483
Compensation for loss of office	-	173
Contributions to pension schemes	19	21
	<u>630</u>	<u>677</u>

The above includes directors' remuneration of £46,000 (2012 £44,000) 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 2013 £'000	Year ended 31 March 2012 £'000
Emoluments and other benefits	188	106
Compensation for loss of office	-	97
Contribution to pension scheme	18	-
	<u>206</u>	<u>203</u>

5. Staff costs

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Wages and salaries	17,397	18,661
Social security costs	986	1,017
Pension costs - other operating charge	28	18
	<u>18,411</u>	<u>19,696</u>

Notes to the financial statement

At 31 March 2013

5. Staff costs (continued)

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

	Year ended 31 March 2013 No	Year ended 31 March 2012 No
Directors	5	4
Administration	79	76
Cleaning	1,030	1,210
	<u>1,114</u>	<u>1,290</u>

6. Interest payable and similar charges

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Invoice discounting interest	180	217
Finance lease interest	5	5
Bank interest	11	19
	<u>196</u>	<u>241</u>

Notes to the financial statement

At 31 March 2013

7. Tax on loss on ordinary activities
(a) Tax on loss on ordinary activities

The tax charge is made up as follows

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Current tax:		
UK corporation tax on the loss for the year (note 7(b))	-	-
Total current tax	-	-
Deferred tax		
- origination and reversal of timing differences	(49)	(106)
- prior year adjustment	(1)	(23)
- effect of tax rate change on opening balance	21	-
Tax on loss on ordinary activities	(29)	(129)

(b) Factors affecting the tax charge for the year

The tax assessed on the loss on ordinary activities for the year is higher (2012 higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2013 of 24% (2012 26%) The differences are explained below

	31 March 2013 £'000	31 March 2012 £'000
Loss on ordinary activities before taxation	(1,149)	(430)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 24% (2012 26%)	(276)	(112)
Effects of		
Expenses not deductible for tax purposes	5	5
Capital allowances in excess of depreciation	44	174
Other short term timing differences	7	(26)
Unrelieved tax losses carried forward	-	(41)
Utilisation of tax losses and other deductions	(5)	-
Goodwill impairment difference	225	-
Current tax charge for year (note 7(a))	-	-

The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013 Accordingly, the company's profits for this accounting period are taxed at this rate

Notes to the financial statement

At 31 March 2013

7. Tax on loss on ordinary activities (continued)

(c) Deferred tax

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
At beginning of the year	(509)	(380)
Profit and loss account	(29)	(129)
At end of year	<u>(538)</u>	<u>(509)</u>
	31 March 2013 £'000	31 March 2012 £'000
Accelerated capital allowances	(532)	(509)
Other timing differences	(6)	-
	<u>(538)</u>	<u>(509)</u>

Deferred taxation provided in the financial statements is as above

There is an unrecognised deferred tax asset in respect of losses of £123,626 (2012 loss £133,000) which has not been recognised due to uncertainty over suitable future profit being available for offset

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. Further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

Notes to the financial statement

At 31 March 2013

8. Intangible fixed assets

	Purchased goodwill £'000
Cost	
At 1 April 2012 and 31 March 2013	7,999
Accumulated amortisation	
At 1 April 2012	(857)
Charge for year	(400)
Impairment for year	(939)
At 31 March 2013	(2,196)
Net book value	
At 31 March 2013	5,803
At 31 March 2012	7,142

9. Tangible fixed assets

	Plant and machinery £'000	Leasehold properties £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2012	1,893	39	74	399	2,405
Additions	21	-	-	-	21
Disposals/write-offs	(309)	-	(18)	(354)	(681)
At 31 March 2013	1,605	39	56	45	1,745
Accumulated depreciation					
At 1 April 2012	1,178	16	53	354	1,601
Charge for the year	220	6	13	24	263
Disposals/write-offs	(306)	-	(18)	(336)	(660)
At 31 March 2013	1,092	22	48	42	1,204
Net book value					
At 31 March 2013	513	17	8	3	541
At 31 March 2012	715	23	21	45	804

Notes to the financial statement

At 31 March 2013

Assets held under finance leases, capitalised and included in tangible fixed assets

	31 March 2013	31 March 2012
Cost	53	53
Disposal	(12)	-
Accumulated depreciation	<u>(41)</u>	<u>(28)</u>
Net book amount	<u>-</u>	<u>25</u>

10. Investments

	Shares in subsidiary undertakings £'000
Cost At 1 April 2012 and 31 March 2013	<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

11. Stocks

	31 March 2013 £'000	31 March 2012 £'000
Finished goods	<u>143</u>	<u>167</u>

Notes to the financial statement

At 31 March 2013

12. Debtors

	31 March 2013 £'000	31 March 2012 £'000
Trade debtors	3,208	4,537
Amounts owed by group undertakings	2,772	1,549
Other debtors	9	1
Prepayments and accrued income	200	138
Deferred tax asset	538	509
	<u>6,727</u>	<u>6,734</u>

13. Creditors: amounts falling due within one year

	31 March 2013 £'000	31 March 2012 £'000
Trade creditors	812	1,137
Amounts owed to group undertaking	9,542	8,975
Invoice discounting facility	2,150	2,829
Other taxes and social security costs	772	790
Other creditors	515	588
Finance lease creditor	-	13
Accruals and deferred income	628	575
	<u>14,419</u>	<u>14,907</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 due to/from group undertakings are unsecured, interest free and repayable on demand

14. Creditors: amounts falling due after one year

	31 March 2013 £'000	31 March 2012 £'000
Finance lease creditor	-	10

Notes to the financial statement

At 31 March 2013

15. Obligations under finance leases and hire purchase contracts

	31 March 2013 £'000	31 March 2012 £'000
Amounts payable		
Within one year	-	13
In two to five years	-	10
	<u>-</u>	<u>23</u>

16. Called up share capital

	31 March 2013		31 March 2012	
	No	£	No	£
Allotted and fully paid				
100 Ordinary shares of £1 each	100	100	100	100
		<u>100</u>		<u>100</u>

17. Profit and loss account

	Profit and loss account £'000
At 1 April 2012	1,498
Loss for the year	(1,120)
At 31 March 2013	<u>378</u>

18. Reconciliation of movements in shareholders' funds

	31 March 2013 £'000	31 March 2012 £'000
Opening shareholders' funds	1,498	1,799
Loss for the financial year	(1,120)	(301)
Closing shareholders' funds	<u>378</u>	<u>1,498</u>

Notes to the financial statement

At 31 March 2013

19. 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 2012 £nil)

20. Other financial commitments

At 31 March 2013 the annual commitments under non-cancellable operating leases are set out below

	Land and buildings		Other	
	31 March 2013 £'000	31 March 2012 £'000	31 March 2013 £'000	31 March 2012 £'000
Leases expiring within				
One year	50	11	8	39
Between two and five years	19	120	211	129
Total commitment	69	131	219	168

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

21. 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

22. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 'Related Party Disclosures' as it is a wholly owned subsidiary of Axis Group Integrated Services Ltd. Therefore the company has not disclosed transactions or balances with wholly owned entities that form part of the group headed by Axis Group Integrated Services Ltd

In the normal course of business, the company undertook transactions with entities that are not wholly owned by Axis Group Integrated Services Ltd. The transactions are considered related due to common directors. These transactions primarily relate to the recharging of expenses. Details of these transactions and balances outstanding at the balance sheet date are set out below

Notes to the financial statement

At 31 March 2013

	31 March 2013 £'000	31 March 2012 £'000
Related party transactions with non-wholly owned subsidiaries within the Axis Group – expenses recharged to the company	(1,905)	(1,325)
Related party transactions with non-wholly owned subsidiaries within the Axis Group – balance payable at balance sheet date	(3,511)	(3,011)
Related party transactions with Sovereign owned companies – trade during the year	118	-
Related party transactions with Sovereign owned companies – balance receivable at balance sheet date	20	-

23. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is LPM Acquisitions Ltd, a company registered in England and Wales. At 31 March 2013, the directors did not consider there to be any ultimate controlling party. Funds managed by Sovereign Capital Limited Partnership II LLP, a company incorporated in the United Kingdom, have an effective interest of 88.38% in the equity share capital of Axis Group Integrated Services Ltd. The largest and smallest group of undertakings for which group financial statements have been drawn up which includes the results of the company is that headed by Axis Group Integrated Services Ltd. Copies of the parent undertaking's financial statements are available from the Group registered address.