

Axis Europe plc

Report and Financial Statements

Year ended

31 March 2012

Company number 1991637

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Axis Europe Plc

Report and financial statements for the year ended 31 March 2012

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Directors

J M Hayes
S A Hayes
T Hayes
Y Ibrahim
S Lang

Secretary and registered office

S Lang, 145-149 Vauxhall Street, Kennington, London, SE11 5RH

Company number

1991637

Auditors

BDO LLP, 2 City Place, Beehive Ring Road, Gatwick, West Sussex, RH6 0PA

Bankers

Lloyds TSB, Brambletye House, 29 Brighton Road, Crawley, West Sussex, RH10 6AE

Solicitors

Clarkson Wright & Jakes, Valiant House, 12 Knoll Rise, Orpington, Kent, BR6 0PG

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Report of the directors for the year ended 31 March 2012

The directors present their report together with the audited financial statements for the year ended 31 March 2012

Results and dividends

The profit and loss account is set out on page 7 and shows the profit for the year

An interim dividend of £2,284,353 was approved and paid during the year (2011 - £417,679) The directors do not recommend the payment of a final dividend (2011 - £Nil)

Principal activities, review of the business and future developments

The principal activity of the company is that of maintenance, facilities management and office services

The sales increase from the prior year of £11,804,353 recorded a 17% increase during the period ending 31 March 2012 This reflects increases in new repairs and maintenance & external decorations contracts The company actively continues to seek out long term partnering arrangements with selective clients, which has the benefit of producing a higher quality of service, while securing longer-term revenues

Operating profits were recorded at £6,424,517 This records an increase of 30%, reflecting the increase in sales This is in line with current expectations

The value of forward orders, from April 2012 onwards, is recorded at approximately £293m

The company's balance sheet, as detailed on page 8, shows a satisfactory position The directors are confident of profitable future trading

Performance indicators

The company uses target performance indicators for turnover, operating profit and debtor days Target and actual achievement levels for the year under review were as follows

| | Target | Achieved |
|--------------------|--------|----------|
| Turnover growth | 11.0% | 17.4% |
| Operating profit % | 9% | 8% |
| Debtor days | 46 | 46 |

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Report of the directors for the year ended 31 March 2012 (continued)

Financial instruments, risks and policies

The group's financial instruments comprise of borrowings (mortgages and debt finance arrangements, see note 15), and cash and other liquid resources. The main purpose of these is to finance the Group's operations.

The main risks arising from these are interest rates and liquidity. The board reviews and agrees policies for managing each of these risks, which are summarised below.

Interest rate risk

The group finances its operations through a mixture of retained profits and long-term asset based finance. The debt instruments used are a mixture of base rate plus 1%, fixed rate interest and LIBOR plus 2%. The board will review future policy on interest cover when the need arises.

Hedging

The company has not undertaken any hedging in line with interest rate exposure. The board will review the situation in line with current expansion plans and adopt such strategies if deemed appropriate.

Liquidity risk

The company maintains rigorous control over working capital. Trade debt collection is currently in line with budgeted targets and the board does not consider the company to be exposed to material bad debts. Currently the board does not anticipate the need to raise long-term working capital funding. If a future need does arise, the directors will review and adopt such policies as to secure open market loans.

Foreign exchange risk

The group has minimal exposure to foreign exchange risk. Where this may occur in future trading, the board will adopt policies to meet any such risks.

Corporate and social responsibility

The directors have continued with a corporate and social responsibility policy to contribute resources for the betterment of the community. The company contributed £75,000 at 31 March 2012 (2011 - £70,000) to the Axis Foundation, a registered UK charity which will undertake to make donations to community and related causes. The company intends to make the majority of its contributions to the Foundation in future years.

The company is actively pursuing a target of having 10% of its workforce undertaking an apprenticeship. This is seen as a positive contribution to the communities the company works in as many of these positions are filled by people living within these communities. The total as at 31 March 2012 was 9%.

The company is a five time winner at the Business in the Community Awards and is one of the first British companies to be awarded the CommunityMark, a sector leader in corporate and social responsibility, in recognition of our training and corporate responsibility programmes. As part of the annual measurement by Business in the Community the company measures the internal value of contribution made by the staff in terms of hours given over to community projects which is in addition to charitable contributions made by the company. For the year ended 31 March 2012 the overall measure including charitable donations totalled £205,000.

Employee involvement and disabled employees

The company aims to create a working environment in which all employees are treated with courtesy and respect. The company strives continually to eliminate all unlawful discrimination in relation to job applications, employees, Partners and Residents of the Housing Associations we work with.

Employees who become disabled are provided with reasonable adjustments and necessary equipment that enables them to continue their employment.

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Report of the directors for the year ended 31 March 2012 *(continued)*

Employee involvement and disabled employees *(continued)*

The company places great importance on open and regular communication with employees through both formal and informal processes. The views of employees on matters affecting their interests and the success of the company are also sought through suggestions scheme, via the intranet and Company updates.

Charitable and political donations

During the year, the company made charitable donations of £94,536 (2011 - £87,800). There were no political donations in either year.

Directors' indemnities

Under the terms of S236 of The Companies Act 2006, the directors report the existence of qualifying third party indemnity provisions which provide indemnity limited to £1m in aggregate to the directors and officers of the company.

Directors

The directors of the company during the year were

J M Hayes
S A Hayes
T Hayes
Y Ibrahim
S Lang

The directors who held office during the year had no direct interest in the shares of the company (see note 21)

Supplier payment policy

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. The year-end trade creditors expressed as a number of days was 23 (2011 – 31)

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Report of the directors for the year ended 31 March 2012 (continued)

Directors' responsibilities

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

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

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that.

The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

On behalf of the Board


J M Hayes
Director

Date 21 August 2012

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Report of the independent auditors

TO THE SHAREHOLDERS OF AXIS EUROPE PLC

We have audited the financial statements of Axis Europe plc for the year ended 31 March 2012 which comprises 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).

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 auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters 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.

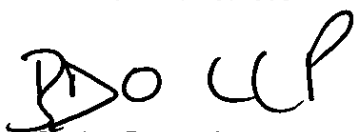
Axis Europe Plc

Report of the independent auditors (*continued*)

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



Sophia Bevan (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
Gatwick
United Kingdom

Date 21 August 2012

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

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Profit and loss account for the year ended 31 March 2012

| | Note | 2012 £ | 2011 £ |
|--|------|---------------------|--------------|
| Turnover | 2 | 79,643,362 | 67,839,009 |
| Cost of sales | | (55,983,423) | (46,981,702) |
| Gross profit | | 23,659,939 | 20,857,307 |
| Administrative expenses | | (17,235,422) | (15,919,357) |
| Operating profit | 3 | 6,424,517 | 4,937,950 |
| Interest receivable and similar income | 4 | 17,725 | 12,794 |
| Interest payable and similar charges | 5 | (74,392) | (106,182) |
| Profit on ordinary activities before taxation | | 6,367,850 | 4,844,562 |
| Taxation on profit on ordinary activities | 8 | (1,731,835) | (1,276,974) |
| Profit on ordinary activities after taxation | 19 | 4,636,015 | 3,567,588 |

All amounts relate to continuing operations

There are no recognised gains and losses in the current or preceding year, other than the reported results stated above

The notes on pages 9 to 20 form part of these financial statements

Axis Europe Plc

Balance sheet at 31 March 2012

| <i>Company number 1991637</i> | Note | 2012 £ | 2012 £ | 2011 £ | 2011 £ |
|--|------|--------------|-------------|--------------|-------------|
| Fixed assets | | | | | |
| Tangible assets | 10 | 9,375,194 | | 9,309,542 | |
| Investments | 11 | 32,716 | | 32,716 | |
| | | | 9,407,910 | | 9,342,258 |
| Current assets | | | | | |
| Stocks | 12 | 33,861 | | 36,400 | |
| Work in progress | | 1,971,601 | | 1,986,959 | |
| Debtors | 13 | 15,809,441 | | 17,176,559 | |
| Cash at bank and in hand | | 6,926,767 | | 6,574,377 | |
| | | 24,741,670 | | 25,774,295 | |
| Creditors amounts falling due within one year | 14 | (14,269,269) | | (17,261,655) | |
| Net current assets | | | 10,472,401 | | 8,512,640 |
| Total assets less current liabilities | | | 19,880,311 | | 17,854,898 |
| Creditors: amounts falling due after more than one year | 15 | | (2,138,368) | | (2,419,777) |
| Provision for liabilities and charges | 16 | | (68,350) | | (113,190) |
| Net assets | | | 17,673,593 | | 15,321,931 |
| Capital and reserves | | | | | |
| Called up share capital | 17 | | 50,000 | | 50,000 |
| Profit and loss account | 18 | | 17,623,593 | | 15,271,931 |
| Shareholders' funds | 19 | | 17,673,593 | | 15,321,931 |

The financial statements were approved by the Board and authorised for issue on 21 August 2012


J M Hayes
Director

The notes on pages 9 to 20 form part of these financial statements

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Notes forming part of the financial statements for the year ended 31 March 2012

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual values, of each asset over its expected useful life. It is calculated at the following rates:

| | | |
|----------------------------------|---|----------------------|
| Plant and machinery | - | 25% reducing balance |
| Motor vehicles | - | 25% reducing balance |
| Equipment, fixtures and fittings | - | 25% reducing balance |
| Computer equipment | - | 25% reducing balance |
| Freehold property | - | 1%-10% straight line |
| Leasehold property | - | Over period of Lease |

Impairment of fixed assets

The need for any fixed asset impairment write down is assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs expected to be incurred to disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Work in progress

Work in progress, being work carried out but not invoiced, is stated at the lower of cost and net realisable value.

Current and Deferred taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

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Notes forming part of the financial statements for the year ended 31 March 2012 (*continued*)

1 Accounting policies (*continued*)

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes and is recognised on a percentage complete basis, except for maintenance contracts, where turnover is recognised on amounts invoiced to the customer

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balances of capital repayments outstanding. The capital element reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1, "Cash Flow Statements" from producing a cash flow statement as it is consolidated in the financial statements of its parent company, Champion International Limited, accounts for which are publicly available.

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Notes forming part of the financial statements for the year ended 31 March 2012 (continued)

1 Accounting policies (continued)

Group accounts

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of Champion International Limited, a company incorporated in England & Wales, which prepares consolidated accounts that are publicly available. These financial statements therefore present information about the company as an individual undertaking and not about its group.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

| | 2012 £ | 2011 £ |
|--|-----------|-----------|
| Operating profit is stated after charging | | |
| Fees payable to the company's auditor for the audit of the company's annual accounts | 34,000 | 34,000 |
| Fees payable to the company's auditor for other services | | |
| - Tax services | 10,750 | 9,825 |
| Loss on sale of fixed assets | 38,893 | 14,250 |
| Depreciation of tangible fixed assets | | |
| - owned by the company | 1,194,858 | 931,395 |
| - held under hire purchase contracts (motor vehicles) | - | 139,006 |
| - held under hire purchase contracts (fixtures and fittings) | 15,707 | - |
| - held under hire purchase contracts (computer equipment) | - | 69,825 |
| Operating lease rentals - plant and machinery | 85,454 | 118,934 |
| | <hr/> | <hr/> |

4 Interest receivable and similar income

| | 2012 £ | 2011 £ |
|---------------------|-----------|-----------|
| Interest receivable | 17,725 | 12,794 |
| | <hr/> | <hr/> |

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Notes forming part of the financial statements
for the year ended 31 March 2012 (continued)

5 Interest payable and similar charges

| | 2012 £ | 2011 £ |
|-------------------------------------|---------------|----------------|
| Bank interest | - | 123 |
| Hire purchase and leasing interest | 24,070 | 51,831 |
| Interest on other finance creditors | 50,322 | 54,228 |
| | <u>74,392</u> | <u>106,182</u> |

6 Staff costs

| | 2012 £ | 2011 £ |
|--|-------------------|-------------------|
| Staff costs (including directors) consist of | | |
| Wages and salaries | 14,145,374 | 13,034,873 |
| Social security costs | 1,508,948 | 1,351,004 |
| Pension costs | 373,928 | 262,860 |
| | <u>16,028,250</u> | <u>14,648,737</u> |

The average number of employees of the company during the year, including executive directors, was as follows

| | 2012 Number | 2011 Number |
|--------------------------------|----------------|----------------|
| Sales and administrative staff | 329 | 304 |
| Operatives | 131 | 128 |
| | <u>460</u> | <u>432</u> |

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Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

7 Directors' remuneration

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Emoluments | 860,264 | 535,700 |
| Company contributions to money purchase pension schemes | 218,030 | 115,311 |
| | <hr/> | <hr/> |
| | 1,078,294 | 651,011 |
| | <hr/> | <hr/> |

During the year, 5 directors (2011 - 5) were members of the company's money purchase pension schemes

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Highest paid director | | |
| Emoluments | 314,114 | 136,541 |
| Contributions to money purchase pension schemes | 11,733 | 12,500 |
| | <hr/> | <hr/> |
| | 325,847 | 149,041 |
| | <hr/> | <hr/> |

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Notes forming part of the financial statements for the year ended 31 March 2012 (continued)

8 Taxation

| | 2012 £ | 2011 £ |
|--|------------------|------------------|
| <i>UK Corporation tax</i> | | |
| Current tax on profit for the year | 1,787,147 | 1,471,894 |
| Adjustment in respect of previous periods | (10,472) | (91,298) |
| | <u>1,776,675</u> | <u>1,380,596</u> |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences (note 16) | (44,840) | (103,622) |
| | <u>1,731,835</u> | <u>1,276,974</u> |

Factors affecting tax charge for the year

The tax charge assessed for the year is higher than (2011 - higher than) the standard rate of corporation tax in the UK. The differences are explained below

| | 2012 £ | 2011 £ |
|---|------------------|------------------|
| Profit on ordinary activities before tax | 6,367,850 | 4,844,562 |
| | <u>6,367,850</u> | <u>4,844,562</u> |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 26% (2011 - 28%) | 1,655,641 | 1,356,477 |
| Effect of | | |
| Depreciation in excess to capital allowances | 78,131 | 75,783 |
| Adjustment to tax in respect of previous periods | (10,472) | (91,298) |
| Expenses not allowable for tax | 53,375 | 40,981 |
| Provisions not allowable for tax | - | - |
| Other timing differences | - | (1,347) |
| | <u>1,776,675</u> | <u>1,380,596</u> |

9 Dividends

| | 2012 £ | 2011 £ |
|---|------------------|----------------|
| <i>Ordinary shares</i> | | |
| Interim dividend paid for the year of £45.69 (2011 - £8.35) per share | 2,284,353 | 417,679 |
| | <u>2,284,353</u> | <u>417,679</u> |

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Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

10 Tangible fixed assets

| | Freehold property £ | Motor vehicles £ | Plant and machinery £ | Equipment, fixtures and fittings £ | Computer equipment £ | Total £ |
|-------------------------|---------------------------|------------------------|-----------------------------|---|----------------------------|-------------------|
| <i>Cost</i> | | | | | | |
| At 1 April 2011 | 6,436,506 | 2,153,428 | 949,996 | 1,420,580 | 2,215,608 | 13,176,118 |
| Additions | 193,825 | 437,233 | 116,133 | 93,974 | 508,209 | 1,349,374 |
| Disposals | (23,153) | (130,415) | (41,752) | (32,755) | (2,828) | (230,903) |
| At 31 March 2012 | 6,607,178 | 2,460,246 | 1,024,377 | 1,481,799 | 2,720,989 | 14,294,589 |
| <i>Depreciation</i> | | | | | | |
| At 1 April 2011 | 704,881 | 1,145,149 | 359,810 | 982,652 | 674,084 | 3,866,576 |
| Charge for the year | 200,568 | 283,922 | 158,706 | 120,578 | 446,791 | 1,210,565 |
| Disposals | (4,631) | (86,993) | (37,958) | (27,050) | (1,114) | (157,746) |
| At 31 March 2012 | 900,818 | 1,342,078 | 480,558 | 1,076,180 | 1,119,761 | 4,919,395 |
| <i>Net book value</i> | | | | | | |
| At 31 March 2012 | 5,706,360 | 1,118,168 | 543,819 | 405,619 | 1,601,228 | 9,375,194 |
| At 31 March 2011 | 5,731,625 | 1,008,279 | 590,186 | 437,928 | 1,541,524 | 9,309,542 |

The depreciation on the leased assets is shown in note 3

Freehold property with a net book value of £5,706,360 (2011 - £5,731,625) has been secured as disclosed in note 15

In the opinion of the Directors, the open market value of freehold properties owned by the company on 31 March 2012 was £5,760,000 in comparison to the historic cost carrying value of £5,706,360 stated above.

Leased assets included above

Net book value

| | Freehold property £ | Motor vehicles £ | Plant and machinery £ | Equipment, fixtures and Fittings £ | Computer equipment £ | Total £ |
|------------------|---------------------------|------------------------|-----------------------------|---|----------------------------|------------|
| At 31 March 2012 | - | - | - | 61,524 | - | 61,524 |
| At 31 March 2011 | - | 421,550 | - | - | 209,474 | 631,024 |

Axis Europe Plc

Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

11 Investments

Subsidiary undertakings

| | £ |
|----------------------------------|----------------|
| <i>Cost</i> | |
| At 1 April 2011 | 132,716 |
| | <hr/> |
| 31 March 2012 | 132,716 |
| | <hr/> |
| <i>Provisions for impairment</i> | |
| At 1 April 2011 | 100,000 |
| | <hr/> |
| 31 March 2012 | 100,000 |
| | <hr/> |
| <i>Net book value</i> | 32,716 |
| | <hr/> <hr/> |

| Name | Country of incorporation or registration | Proportion of voting rights and ordinary share capital held | | Nature of business |
|----------------------|--|---|------|--------------------|
| G P Graphics Limited | England and Wales | Ordinary | 100% | Dormant |
| Multi Trades Limited | England and Wales | Ordinary | 100% | Dormant |

12 Stocks

| | 2012 £ | 2011 £ |
|-----------------------|-----------|-----------|
| Goods held for resale | 33,861 | 36,400 |
| | <hr/> | <hr/> |

The replacement cost of stock is not considered to be materially different from the amount stated above

13 Debtors amounts falling due within one year

| | 2012 £ | 2011 £ |
|------------------------------------|-------------------|-------------------|
| Trade debtors | 14,544,523 | 16,783,190 |
| Amounts owed by parent undertaking | 3,094 | 3,094 |
| Prepayments and accrued income | 1,261,824 | 390,275 |
| | <hr/> | <hr/> |
| | 15,809,441 | 17,176,559 |
| | <hr/> <hr/> | <hr/> <hr/> |

Axis Europe Plc

Notes forming part of the financial statements
for the year ended 31 March 2012 (continued)

14 Creditors amounts falling due within one year

| | 2012 £ | 2011 £ |
|--|-------------------|-------------------|
| Trade creditors | 4,190,823 | 5,816,815 |
| Corporation tax | 761,789 | 724,018 |
| Taxation and social security | 2,647,609 | 2,666,041 |
| Obligations under finance leases and hire purchase contracts | 55,601 | 168,591 |
| Other finance creditors | 300,056 | 293,368 |
| Amounts owed to parent undertaking | 8,000 | 8,000 |
| Accruals and deferred income | 6,305,391 | 7,584,822 |
| | <u>14,269,269</u> | <u>17,261,655</u> |

15 Creditors: amounts falling due after more than one year

| | 2012 £ | 2011 £ |
|--|------------------|------------------|
| Obligations under finance leases and hire purchase contracts | 55,304 | 37,374 |
| Other finance creditors | 2,083,064 | 2,382,403 |
| | <u>2,138,368</u> | <u>2,419,777</u> |

Other finance creditors are secured over the freehold property as disclosed in note 10. The finance creditor, secured on the premises at 145-149 Vauxhall Street, London SE11 5RH, is also secured by a debenture and fixed and floating charge over all of the company's undertaking, business and assets.

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Notes forming part of the financial statements for the year ended 31 March 2012 (continued)

15 Creditors amounts falling due after more than one year (continued)

Obligations under finance leases and hire purchase contracts are due as follows

| | 2012 £ | 2011 £ |
|----------------------------|----------------|----------------|
| Within one year | 55,601 | 168,591 |
| Between one and two years | 38,738 | 23,605 |
| Between two and five years | 16,566 | 13,769 |
| | <u>110,905</u> | <u>205,965</u> |

Other finance creditors are due as follows

| | | |
|----------------------------|------------------|------------------|
| Within one year | 300,056 | 293,368 |
| Between one and two years | 305,389 | 298,558 |
| Between two and five years | 949,208 | 927,826 |
| After five years | 828,467 | 1,156,019 |
| | <u>2,383,120</u> | <u>2,675,771</u> |

Amounts due after five years are payable over a period of 10 years from 31 March 2012 and bear interest at the lender's base rate plus 1% or LIBOR plus 2%

16 Provision for liabilities and charges

| | £ |
|--|----------------|
| <i>Deferred tax</i> | |
| At 1 April 2011 | 113,190 |
| Credit to the profit and loss account (note 8) | (44,840) |
| | <u>68,350</u> |
| At 31 March 2012 | <u>68,350</u> |
| | <u>68,350</u> |
| | <u>113,190</u> |

Axis Europe Plc

Notes forming part of the financial statements
for the year ended 31 March 2012 (*continued*)

17 Share capital

| | 2012 £ | 2011 £ |
|--|-----------|-----------|
| <i>Allotted, called-up and fully-paid</i> 50,000 ordinary shares of £1 each | 50,000 | 50,000 |

18 Profit and loss account

| | 2012 £ | 2011 £ |
|---------------------|-------------|------------|
| At 1 April | 15,271,931 | 12,122,022 |
| Profit for the year | 4,636,015 | 3,567,588 |
| Dividends (note 9) | (2,284,353) | (417,679) |
| At 31 March | 17,623,593 | 15,271,931 |

19 Reconciliation of movements in shareholders' funds

| | 2012 £ | 2011 £ |
|-----------------------------|-------------|------------|
| Opening shareholders' funds | 15,321,931 | 12,172,022 |
| Profit for the year | 4,636,015 | 3,567,588 |
| Dividends (note 9) | (2,284,353) | (417,679) |
| Closing shareholders' funds | 17,673,593 | 15,321,931 |

20 Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows

| | Plant and machinery | |
|----------------------------|---------------------|-----------|
| | 2012 £ | 2011 £ |
| <i>Expiry date</i> | | |
| Within one year | 3,251 | 6,635 |
| Between two and five years | 73,974 | 71,404 |
| Greater than five years | 1,474 | - |
| | 78,699 | 78,039 |

Axis Europe Plc

Notes forming part of the financial statements for the year ended 31 March 2012 (*continued*)

21 Ultimate parent undertaking and ultimate controlling party

The directors regard Kwong House Limited, a company incorporated in the British Virgin Islands, as the company's ultimate parent undertaking

Champion International Limited, a company incorporated in England, is the parent undertaking of the largest and smallest group of which the company is a member and for which group accounts are drawn up. Copies of these group accounts may be obtained from the Registrar of Companies, Companies House, Crown Way, Mandy, Cardiff, CF4 3UZ

The directors regard John Hayes as the ultimate controlling party by virtue of his controlling interest in Kwong House Limited

22 Related party transactions

Advantage has been taken of the exemption allowed by Financial Reporting Standard No 8 "Related Party Disclosures" not to disclose transactions with entities that are included in the consolidated financial statements of Champion International Limited

During the year the company incurred costs in respect of work performed on a property owned by John Hayes, a director of the company. This was invoiced on a monthly basis and settled immediately, there were no amounts outstanding as at 31 March 2012

There were no other related party transactions at any point during the year