

Axis Europe plc

Report and Financial Statements

Year ended

31 March 2014

Company Number 1991637



Axis Europe Plc

Report and financial statements for the year ended 31 March 2014

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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, 55 Baker Street, London, W1U 7EU.

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 OPG

Axis Europe Plc

Strategic report for the year ended 31 March 2014

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2014.

Principal Risks and Uncertainties

The company continues to trade in a market which has seen a reduction in sales prices as a result of the recession and competition over the last 5 years. The company realised at the onset that it could not trade by entering into contracts at a sub economic price and has therefore adopted a position of encouraging term partnership arrangements whereby quality and efficiency of service would be the touchstone. The company has maintained this position successfully and has grown market share from £66.5m in 2009 to £90.4m in 2014. Comparative operating profits have risen by £600,000 during this period indicating the market difficulties experienced but maintaining a profit margin which is acceptable and allows the company to trade from a position of financial strength.

The company will continue the philosophy of quality of service at a price that is commercially acceptable and does not damage its reputational or financial profile.

Development Performance and Position

Results

The profit and loss account is set out on page 8 and shows the profit for the year.

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:

	Achieved
Turnover growth	1.6%
Operating profit %	6.8%
Debtor days	52

These results meet company expectations

Looking forward the company has grown the forward order position at 31 March 2014 to £578m (31 March 2013 £323m) If all contract extensions are exercised this figure rises to £745m.

During the period a new facility at Stratford in East London was purchased at a consideration of £4.2m. The company has consolidated the staff of two former facilities into this building with a view to improving and expanding the service support required to meet the business expansion.

In addition a significant investment in Motor Vehicles, I.T. Technology and Plant was made during the period to improve existing and support new contracts starting on 1 April 2014. (See note 10 of the Financial Statements).

The effect of the above investments contributed to a reduction in the company cash position during the period (see page 11 cash flow statement) However this will increase as new contracts are brought on stream during 2014-2015. The directors are satisfied that the working capital position going forward is more than adequate to support this.

Axis Europe Plc

Strategic report for the year ended 31 March 2014 (continued)

Development Performance and Position (continued)

Trade debtor collection days have risen during the period. This slippage has largely been brought about by late payments in the last quarter of the period and has been resolved. The company will continue to monitor and manage the collection process to reach the targets set.

The company's balance sheet, as detailed on page 9, shows a satisfactory position. The directors are confident of profitable future trading

Environmental Programmes

The company is acutely aware of the impact its activities have upon the environment and employ a dedicated sustainability manager developing and measuring programmes to address these issues. Targets set to reduce carbon emissions from our vehicle fleet, energy emissions within our offices and measure of recycled site waste are on going for the 2014/2015 period.

Corporate and social responsibility

The directors have continued with a Corporate Social Responsibility ("CSR") policy to contribute resources for the betterment of the community. The company contributed £92,250 during 31 March 2014 (2013 - £98,684) to the Axis Foundation, a registered UK charity which will undertake to make donations to community and related causes. The company will continue 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 2014 was 11%.

The company has won ten Business in the Community Awards and was one of the first British companies to be awarded the Community Mark, a sector leader in CSR, 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 2014 the overall measure including charitable donations totalled £174,230

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 32 (2013 - 27).

Approval

This Strategic Report was approved by the Board on 4 September 2014

J M Hayes

Director



Axis Europe Plc

Report of the directors for the year ended 31 March 2014

The directors present their report together with the audited financial statements for the year ended 31 March 2014.

Strategic report

A review of business and future developments of the company are included within the strategic report.

Dividends

An interim dividend of £4,443,624 was approved and paid during the year (2013 - £673,070). The directors do not recommend the payment of a final dividend (2013 - £Nil).

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.

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.

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.

Axis Europe Plc

Report of the directors for the year ended 31 March 2014

Charitable and political donations

During the year, the company made charitable donations of £129,113 (2013 - £122,435). 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.

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

Directors

The directors of the company during the year were:

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

Directors' responsibilities

The directors are responsible for preparing the strategic report, 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.

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Report of the directors for the year ended 31 March 2014

Auditors

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

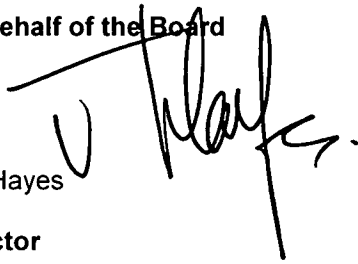
BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the next annual general meeting.

On behalf of the Board

J M Hayes

Director

Date 4 September 2014

A handwritten signature in black ink, appearing to read 'J M Hayes', is written over the printed name. The signature is stylized and includes a long horizontal stroke at the top.

Axis Europe Plc

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 2014 which comprise the profit and loss account, the balance sheet and cashflow statement 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 Financial Reporting Council's (FRC'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 FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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 strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

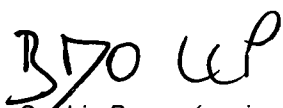
Axis Europe Plc

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
London
United Kingdom*

Date 4 September 2014

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

Axis Europe Plc

Profit and loss account for the year ended 31 March 2014

	Note	2014 £	2013 £
Turnover	2	90,399,171	88,943,102
Cost of sales		(64,711,836)	(63,366,293)
Gross profit		25,687,335	25,576,809
Administrative expenses		(19,690,878)	(19,332,631)
Other operating income	3	190,115	-
Operating profit	3	6,186,572	6,244,178
Interest receivable and similar income	4	42,549	44,439
Interest payable and similar charges	5	(92,277)	(52,158)
Profit on ordinary activities before taxation		6,136,844	6,236,459
Taxation on profit on ordinary activities	8	(1,507,621)	(1,681,483)
Profit on ordinary activities after taxation	18	4,629,223	4,554,976

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 11 to 22 form part of these financial statements.

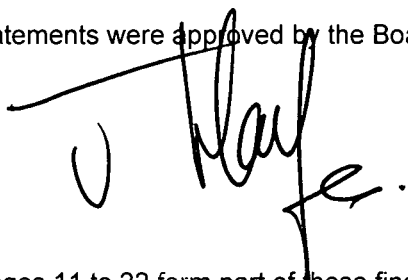
Axis Europe Plc.

Balance sheet at 31 March 2014

<i>Company number 1991637</i>	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Tangible assets	10		15,892,321		8,961,932
Investments	11		-		32,716
			<u>15,892,321</u>		<u>8,994,648</u>
Current assets					
Stocks	12	32,020		32,308	
Work in progress		3,047,379		2,417,045	
Debtors	13	23,090,353		16,099,206	
Cash at bank and in hand		671,746		10,404,024	
		<u>26,841,498</u>		<u>28,952,583</u>	
Creditors: amounts falling due within one year	14	(16,429,273)		(14,510,083)	
Net current assets			10,412,225		14,442,500
Total assets less current liabilities			26,304,546		23,437,148
Creditors: amounts falling due after more than one year	15		(4,442,736)		(1,795,917)
Provision for liabilities and charges	16		(120,713)		(85,732)
Net assets			21,741,097		21,555,499
Capital and reserves					
Called up share capital	17		50,000		50,000
Profit and loss account	18		21,691,097		21,505,499
Shareholders' funds	19		21,741,097		21,555,499

The financial statements were approved by the Board and authorised for issue on 4 September 2014

J M Hayes
Director



The notes on pages 11 to 22 form part of these financial statements.

Axis Europe Plc

Cash flow statement for the year ended 31 March 2014

	Note	2014 £	2014 £	2013 £	2013 £
Net cash inflow from operating activities	21		1,296,939		7,411,909
Returns on investments and servicing of finance					
Interest received		42,549		44,439	
Interest paid		(86,936)		(43,687)	
Interest element of finance lease rental payments		(5,341)		(8,471)	
Net cash outflow from returns on investments and servicing of finance			(49,728)		(7,719)
Taxation					
UK corporation tax paid			(1,797,350)		(1,731,613)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(8,464,656)		(1,223,734)	
Sale of tangible fixed assets		76,197		53,209	
			(8,388,459)		(1,170,525)
Equity dividends paid			(4,443,624)		(673,070)
Cash (outflow)/inflow before use of liquid resources and financing			(13,382,222)		3,828,982
Financing					
Bank loan		4,200,000		-	
Capital repayments of bank loans		(509,721)		(296,124)	
Capital element of finance lease rental payments		(40,335)		(55,601)	
			3,649,944		(351,725)
Increase in cash	23		(9,732,278)		3,477,257

The notes on pages 11 to 22 form part of these financial statements.

Axis Europe Plc

Notes forming part of the financial statements for the year ended 31 March 2014

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	-	6.67% - 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

The directors reassessed the useful economic life of certain project assets and as a result there was an accelerated depreciation charge of £154,664 for the year ended 31 March 2014.

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.

Axis Europe Plc

Notes forming part of the financial statements for the year ended 31 March 2014 (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.

Axis Europe Plc

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

2 Turnover

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

3 Operating profit

	2014 £	2013 £
Operating profit is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's annual accounts	35,000	34,000
Fees payable to the company's auditor for other services:		
- tax services	13,140	7,900
Loss on sale of fixed assets	2,922	767
Depreciation of tangible fixed assets		
- owned by the company	1,440,413	1,567,639
- held under hire purchase contracts (fixtures and fittings)	11,546	15,381
Operating lease rentals - plant and machinery	136,379	124,637
Property rental income	(190,115)	-
	<u> </u>	<u> </u>

4 Interest receivable and similar income

	2014 £	2013 £
Interest receivable	42,549	44,439
	<u> </u>	<u> </u>

5 Interest payable and similar charges

	2014 £	2013 £
Hire purchase and leasing interest	5,341	8,471
Interest on other finance creditors	86,936	43,687
	<u> </u>	<u> </u>
	<u>92,277</u>	<u>52,158</u>

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Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

6 Staff costs

	2014 £	2013 £
Staff costs (including directors) consist of:		
Wages and salaries	17,236,774	16,583,650
Social security costs	1,736,512	1,708,776
Pension costs	327,910	323,262
	<u>19,301,196</u>	<u>18,615,688</u>

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

	2014 Number	2013 Number
Sales and administrative staff	428	403
Operatives	160	163
	<u>588</u>	<u>566</u>

7 Directors' remuneration

	2014 £	2013 £
Emoluments	958,909	907,492
Company contributions to money purchase pension schemes	116,799	121,293
	<u>1,075,708</u>	<u>1,028,785</u>

During the year, five directors (2013 - five) were members of the company's money purchase pension schemes.

	2014 £	2013 £
Highest paid director:		
Emoluments	351,079	327,000
Contributions to money purchase pension schemes	47,910	12,736
	<u>398,989</u>	<u>339,736</u>

Axis Europe Plc

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

8 Taxation

	2014 £	2013 £
<i>UK Corporation tax:</i>		
Current tax on profit for the year	1,470,562	1,630,277
Adjustment in respect of previous periods	2,078	33,824
	<u>1,472,640</u>	<u>1,664,101</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 16)	34,981	17,382
	<u>1,507,621</u>	<u>1,681,483</u>

Factors affecting tax charge for the year

The tax charge assessed for the year is higher than (2013 - higher than) the standard rate of corporation tax in the UK. The differences are explained below:

	2014 £	2013 £
Profit on ordinary activities before tax	6,136,844	6,236,459
Profit on ordinary activities at the standard rate of corporation tax in the UK of 23% (2013 - 24%)	1,411,474	1,496,750
Effect of:		
Depreciation in excess to capital allowances	(4,798)	177,968
Adjustment to tax in respect of previous periods	2,078	33,824
Expenses not allowable for tax	63,886	18,744
Other timing differences	-	(63,185)
Current tax charge for period	<u>1,472,640</u>	<u>1,664,101</u>

Factors affecting future tax charge for the year

The main UK corporation tax rate from 1 April 2012 of 24% was reduced to 23% from 1 April 2013, resulting in an effective corporation tax rate of 23% for this accounting period. A number of changes to the UK corporation tax system were announced in the March 2013 Budget Statement. The Finance Act 2013 which was substantially enacted on 2 July 2013 includes legislation reducing the main rate of corporation tax from 24% to 23% from 1 April 2013 and further reducing the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015.

9 Dividends

	2014 £	2013 £
<i>Ordinary shares</i>		
Interim dividend paid for the year of: £88.87 (2013 - £13.46) per share	4,443,625	673,070
	<u>4,443,625</u>	<u>673,070</u>

Axis Europe Plc

Notes forming part of the financial statements for the year ended 31 March 2014 (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 2013	6,607,178	2,908,145	1,095,412	1,527,907	3,179,194	15,317,836
Additions	4,857,157	1,891,546	614,654	179,340	921,959	8,464,656
Disposals	-	(438,546)	-	-	-	(438,546)
At 31 March 2014	11,464,335	4,361,145	1,710,066	1,707,247	4,101,153	23,343,946
<i>Depreciation</i>						
At 1 April 2013	1,099,301	1,562,457	624,367	1,225,397	1,844,382	6,355,904
Charge for the year	251,010	355,276	137,433	114,085	594,155	1,451,959
Disposals	-	(356,238)	-	-	-	(356,238)
At 31 March 2014	1,350,311	1,561,495	761,800	1,339,482	2,438,537	7,451,625
<i>Net book value</i>						
At 31 March 2014	10,114,024	2,799,650	948,266	367,765	1,662,616	15,892,321
At 31 March 2013	5,507,877	1,345,688	471,045	302,510	1,334,812	8,961,932

The depreciation on the leased assets is shown in note 3.

Freehold property with a net book value of £10,114,024 (2013 - £5,507,877) 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 2014 was in line with the historic cost carrying value of £10,114,024 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 2014	-	-	-	34,597	-	34,597
At 31 March 2013	-	-	-	46,143	-	46,143

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Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

11 Investments

Subsidiary undertakings

	£
<i>Cost</i>	
At 1 April 2013 and at 31 March 2014	132,716
<i>Provisions for impairment</i>	
At 1 April 2013	100,000
Charge for the year	32,716
At 31 March 2014	132,716
<i>Net book value</i>	
At 31 March 2014	-
At 31 March 2013	32,716

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; Dissolved 17/6/2014
Multi Trades Limited	England and Wales	Ordinary	100%	Dormant; Dissolved 29/7/2014

12 Stocks

	2014 £	2013 £
Goods held for resale	32,020	32,308

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

	2014 £	2013 £
Trade debtors	21,125,939	15,171,596
Amounts owed by parent undertaking	3,094	3,094
Prepayments and accrued income	1,961,320	924,516
	23,090,353	16,099,206

Axis Europe Plc

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

14 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	5,755,332	5,430,304
Corporation tax	367,489	694,277
Taxation and social security	2,639,946	2,927,128
Obligations under finance leases and hire purchase contracts	14,969	38,738
Other finance creditors	1,334,539	307,645
Amounts owed to parent undertaking	8,000	8,000
Accruals and deferred income	6,308,998	5,103,991
	<u>16,429,273</u>	<u>14,510,083</u>

15 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Obligations under finance leases and hire purchase contracts	-	16,566
Other finance creditors	4,442,736	1,779,351
	<u>4,442,736</u>	<u>1,795,917</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.

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

	2014 £	2013 £
Within one year	14,969	38,738
Between one and two years	-	16,566
	<u>14,969</u>	<u>55,304</u>

Other finance creditors are due as follows:

		<i>Restated</i>
Within one year	1,334,539	307,645
Between one and two years	669,245	912,641
Between two and five years	3,773,491	742,448
After five years	-	124,262
	<u>5,777,275</u>	<u>2,086,996</u>

Other finance creditors bear interest at the lender's base rate plus 1% or LIBOR plus 2%. Comparative amounts have been restated to more accurately reflect their maturity dates.

Axis Europe Plc

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

16 Provision for liabilities and charges

	£
<i>Deferred tax</i>	
At 1 April 2013	85,732
Charge to the profit and loss account (note 8)	34,981
	<hr/>
At 31 March 2014	120,713
	<hr/> <hr/>

	2014 £	2013 £
Accelerated capital allowances	120,713	85,732
	<hr/>	<hr/>

17 Share capital

	2014 £	2013 £
<i>Allotted, called-up and fully-paid</i> 50,000 ordinary shares of £1 each	50,000	50,000
	<hr/>	<hr/>

18 Profit and loss account

	2014 £	2013 £
At 1 April	21,505,499	17,623,593
Profit for the year	4,629,223	4,554,976
Dividends (note 9)	(4,443,625)	(673,070)
	<hr/>	<hr/>
At 31 March	21,691,097	21,505,499
	<hr/> <hr/>	<hr/> <hr/>

19 Reconciliation of movements in shareholders' funds

	2014 £	2013 £
Opening shareholders' funds	21,555,499	17,673,593
Profit for the year	4,629,223	4,554,976
Dividends (note 9)	(4,443,625)	(673,070)
	<hr/>	<hr/>
Closing shareholders' funds	21,741,097	21,555,499
	<hr/> <hr/>	<hr/> <hr/>

Axis Europe Plc

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

20 Commitments under operating leases

Annual commitments under non-cancellable operating leases are as follows:

	Other	Other	Plant and machinery	Plant and machinery
	2014	2013	2014	2013
	£	£	£	£
<i>Expiry date:</i>				
Within one year	-	-	11,305	23,700
Between two and five years	18,000	18,000	132,781	99,891
Greater than five years	-	-	5,194	5,443
	<u>18,000</u>	<u>18,000</u>	<u>149,280</u>	<u>129,034</u>

21 Reconciliation of operating profit to net cash inflow from operating activities

	2014	2013
	£	£
Operating profit	6,186,572	6,244,178
Depreciation	1,451,959	1,583,020
Impairment of investments	32,716	-
(Profit)/loss on sale of fixed assets	2,922	767
Decrease in stocks	288	1,553
Increase in work in progress	(630,334)	(445,444)
Increase in debtors	(6,991,147)	(289,765)
Increase in creditors	1,243,963	317,600
	<u>1,296,939</u>	<u>7,411,909</u>

Axis Europe Plc

Notes forming part of the financial statements
for the year ended 31 March 2014 (continued)

22 Reconciliation of net cash inflow to movement in net debt

	2014 £	2014 £	2013 £	2013 £
(Decrease)/increase in cash in the year	(9,732,278)		3,477,257	
Cash (outflow)/inflow from movement in debt and lease financing	(3,649,944)		351,725	
	<u> </u>		<u> </u>	
Change in net debt resulting from cash flows		(13,382,222)		3,828,982
Opening net debt		8,261,724		4,432,742
		<u> </u>		<u> </u>
Closing net debt		(5,120,498)		8,261,724
		<u> </u>		<u> </u>

23 Analysis of net debt

	At 1 April 2013 £	Cash flow £	Other non-cash changes £	At 31 March 2014 £
Cash in hand and at bank	10,404,024	(9,732,278)	-	671,746
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other finance creditors	(2,086,996)	(3,690,279)	-	(5,777,275)
Obligations under finance leases	(55,304)	40,335	-	(14,969)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(2,142,300)	(3,649,944)	-	(5,792,244)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	8,261,724	(13,382,222)	-	(5,120,498)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Axis Europe Plc

Notes forming part of the financial statements for the year ended 31 March 2014 *(continued)*

24 Ultimate parent undertaking and ultimate controlling party

Axis Europe Holdings Limited, a company incorporated on 18 October 2013 and registered in England, is the parent undertaking of the largest and smallest group of which the company is a member. The previous parent undertaking, Champion International Limited was dissolved on 17 June 2014.

The previous ultimate parent undertaking, Kwong House Limited, a company incorporated in the British Virgin Islands, was dissolved on 23 April 2014.

The directors regard John Hayes as the ultimate controlling party by virtue of his controlling interest in Axis Europe Holdings Limited.

25 Related party transactions

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