

## **Axis Europe plc**

**Report and Financial Statements**

**Year ended**

**31 March 2018**

**Company Number 1991637**



# **Axis Europe Plc**

## **Report and financial statements for the year ended 31 March 2018**

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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**

Grant Thornton UK LLP, 30 Finsbury Square, London, EC2A 1AG

### **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 2018

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2018.

### Principal risks and uncertainties

For the 12 months to March 2018 company turnover decreased by 3.5% from £137,696,827 to £132,816,592. Operating profit of £6,135,373 for the same period is a decrease of £1,358,384, a decrease of 18.1%. The company continues to trade in a competitive market and has concentrated on business development along with productivity and rationalisation improvements where appropriate to offset this reduction in profitability. 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 consolidated statement of income and retained earnings is set out on page 9 and shows the profit for the year.

Current year turnover decreased by some £4,880,235. This was largely due to a lack of orders for our repairs and maintenance services. This was offset in part by an increase in sales from project based contracts over the period

Current year operating profit of some £6,135,373 decreased by some £1,358,384 over the period. Increases in project activity did not fully compensate for the reduction in maintenance activity. In addition a gain totalling £653,844, was made from the sale of our Thamesmead property (see note 6 Operating profit).

#### 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	9.1%	(3.5%)
Operating profit %	6.4%	4.6%
Debtor days	55	71

With regard to development the company's forward order position at 31 March 2018 is £484m (2017 - £289m). If all contract extensions are exercised this figure rises to £686m. Our forward orders have grown by £195m, 67%, during the period and this leaves the company in a position to outperform the current period results over the next 12 months. We are encouraged by the increase in our orders for repairs and maintenance and long term project partnering contracts.

In addition the company continues to review opportunities to rationalise its fixed cost base and is currently negotiating the sale of office space, subject to planning permission, in order to consolidate at its Stratford premises (see note 14 Tangible fixed assets).

The company has invested £1,025,000 at 31<sup>st</sup> March 2018 in a business transformation project to move to a Digital platform and will invest a further £2m up to April 2020 to complete the transformation. It is envisaged this will lead to greater long term productivity and efficiencies.

These measures are undertaken to maintain acceptable profit returns and are incorporated within the company's five year strategic plan.

# Axis Europe Plc

## Strategic report for the year ended 31 March 2018 (*continued*)

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### 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. We have achieved reductions in carbon emissions from our vehicle fleet during the period as well as reductions in energy emissions within our offices and measure of recycled site waste.

### 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 £129,000 during the year ended 31 March 2018 (2017 - £106,000) 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 2018 was 7%.

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 is measured annually. For the year ended 31 March 2018 the overall measure including charitable donations totalled £170,725.

### Disabled employees

The company ensures full and fair consideration is given to employment applications made by disabled candidates.

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

### 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 22 (2017 - 27.5).

### Approval

This Strategic Report was approved by the Board on 19<sup>th</sup> September 2018:

J M Hayes

Director

# Axis Europe Plc

## Report of the directors for the year ended 31 March 2018

The directors present their report together with the audited financial statements for the year ended 31 March 2018.

### **Strategic report**

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

### **Dividends**

A dividend of £2,919,945 was approved and paid during the year (2017 - £690,245). The directors do not recommend the payment of a final dividend (2017/18 - £Nil).

### **Financial instruments, risks and policies**

The company's financial instruments comprise of borrowings (mortgages and debt finance arrangements, see note 18), 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 company's 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 and/or group 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 company 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 2018

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### Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

### Charitable and political donations

During the year, the company made charitable donations of £170,725 (2017 - £182,391). 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 20).

### 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 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.

# Axis Europe Plc

## Report of the directors for the year ended 31 March 2018

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### 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.

Grant Thornton UK 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 xxxx 2018

# Axis Europe Plc

## Independent auditor's report

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### Opinion

We have audited the financial statements of Axis Europe plc (the 'company') for the year ended 31 March 2018 which comprise the statement of income and retained earnings, the balance sheet and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 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.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Who we are reporting to

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.

### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact



# Axis Europe Plc

## Report of the independent auditors (continued)

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We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

### Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which 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.

### Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Axis Europe Plc

### Report of the independent auditors (continued)

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Grant Thornton UK LLP

Marc Summers BSc (Hons) FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London  
Date: 19/09/18

# Axis Europe Plc

## Statement of income and retained earnings for the year ended 31 March 2018

	Note	2018 £	2017 £
<b>Turnover</b>	5	<b>132,816,592</b>	137,696,827
Cost of sales		<b>(99,698,906)</b>	(101,156,737)
<b>Gross profit</b>		<b>33,117,686</b>	36,540,090
Administrative expenses		<b>(27,363,148)</b>	(29,420,344)
Other operating income	6	<b>380,835</b>	374,011
<b>Operating profit</b>	6	<b>6,135,373</b>	7,493,757
Interest receivable and similar income	7	<b>131,928</b>	35,299
Interest payable and similar charges	8	<b>(72,967)</b>	(91,777)
<b>Profit on ordinary activities before taxation</b>		<b>6,194,334</b>	7,437,279
Taxation on profit on ordinary activities	11	<b>(1,339,751)</b>	(1,533,259)
<b>Profit on ordinary activities after taxation</b>		<b>4,854,583</b>	5,904,020
Retained profits at 1 April		<b>31,375,582</b>	26,161,807
Dividends paid	12	<b>(2,919,945)</b>	(690,245)
<b>Retained profits at 31 March</b>		<b>33,310,220</b>	31,375,582

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 2018

	Note	2018 £	2018 £	2017 £	2017 £
<b>Fixed assets</b>					
Intangible assets	13		1,354,851		727,947
Tangible assets	14		13,387,637		15,051,950
			<u>14,742,488</u>		<u>15,779,897</u>
<b>Current assets</b>					
Stocks	15	4,163		8,152	
Work in progress		2,302,495		808,412	
Debtors	16	34,719,581		33,482,355	
Cash at bank and in hand		4,832,833		9,519,655	
		<u>41,859,072</u>		<u>43,818,574</u>	
<b>Creditors: amounts falling due within one year</b>	17	(22,892,128)		(25,093,174)	
<b>Net current assets</b>			<u>18,966,944</u>		<u>18,725,400</u>
<b>Total assets less current liabilities</b>			<u>33,709,432</u>		<u>34,505,297</u>
<b>Creditors: amounts falling due after more than one year</b>	18		-		(2,865,415)
<b>Provision for liabilities and charges</b>	19		(349,212)		(214,300)
<b>Net assets</b>			<u>33,360,220</u>		<u>31,425,582</u>
<b>Capital and reserves</b>					
Called up share capital	20		50,000		50,000
Profit and loss account	21		33,310,220		31,375,582
<b>Shareholders' funds</b>			<u>33,360,220</u>		<u>31,425,582</u>

The financial statements were approved by the Board and authorised for issue on 19 September 2018

J M Hayes  
Director

Company number 1991637

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 2018

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### 1 Company information

Axis Europe Plc is a public limited company registered in England and Wales. The registered office of the company is 145 – 149 Vauxhall Street, London SE11 5RH.

The principal activities of the company continue to be that of maintenance, facilities management and office services.

### 2 Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies.

#### **Going concern**

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

### 3 Significant judgements and estimates

The preparation of the company's financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

#### *Indicators of impairment of tangible assets*

Management determines whether there are any indications of impairment to property, plant and equipment at each reporting date, and determines their recoverable amount if such indicators exist.

#### *Bad debt provisioning*

Management assesses amounts due from trade receivable balances for impairment based on those which are past due and for which there has been a significant change in credit quality. A provision for bad and doubtful debts is established representing management's estimate of non-recoverable amounts.

#### *Valuation of work in progress and accrued income*

The key judgements and estimates in determining the valuation of work in progress and accrued revenue include an estimation of work completed by subcontractors, as yet unbilled; an estimation of costs to complete; an estimation of remaining revenues.

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2018

### 4 Principal accounting policies

The following principal accounting policies have been applied:

#### *Intangible assets*

Intangible assets comprises computer software equipment which is carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated by applying the straight-line method to its estimated useful life of 4 years. Prior to the adoption of FRS 102, computer software equipment was classified as a fixed asset and was depreciated on a 25% reducing balance basis.

#### *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

#### *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.

#### *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:

- 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 2018

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### 4 Principal 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.

Turnover recognition for non maintenance and maintenance activity is as follows :

#### Non-maintenance turnover

The percentage of completion of each discrete project, which is usually less than one year in duration but can straddle a year end, is based on a certified valuation from our client confirming the proportion of physical work completed and is recognised at that point.

#### Maintenance turnover

Maintenance contracts are priced under various terms with the commonest being as follows.

- Price per property - where the asset portfolio has a price p.a. this is invoiced in twelve equal amounts as this is a close approximation of the effort expended
- Schedule of rates - where work is issued on a job by job basis, each of which attracts a fixed rate for the work performed. This work is invoiced on a job by job basis at the end of each month so billing captures work performed in the month
- Open Book - where a cost plus exercise is agreed annually with the client and invoiced on a job by job basis as completed. Again bills are raised at the end of month to capture work performed in the month

The opinion is that significant judgements and estimation uncertainties are largely eliminated based upon the above arrangements and monthly invoicing is a valid proxy for services performed.

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2018

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### 4 Principal accounting policies (continued)

#### *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.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### *Cash flow statement*

The company has taken advantage of the exemption in Financial Reporting Standard No. 102 from producing a cash flow statement as it is consolidated in the financial statements of its parent company, Axis Europe Holdings Limited, accounts for which are publicly available.



# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

### 5 Turnover

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

### 6 Operating profit

	2018 £	2017 £
Operating profit is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's annual accounts	67,000	66,000
Fees payable to the company's auditor for other services:		
- IIP review	-	10,636
Loss/ (gain) on sale of fixed assets	(653,844)	137,816
Amortisation of intangible assets	359,665	308,006
Depreciation of tangible fixed assets	-	
- owned by the company	1,534,056	1,415,542
Operating lease rentals - plant and machinery	113,900	148,922
Property rental income	(380,835)	(374,011)

The audit fee of the parent company is borne by Axis Europe plc.

### 7 Interest receivable and similar income

	2018 £	2017 £
Interest receivable	131,928	35,299

### 8 Interest payable and similar charges

	2018 £	2017 £
Interest on other finance creditors	72,967	91,777
	72,967	91,777

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

### 9 Staff costs

	2018 £	2017 £
Staff costs (including directors) consist of:		
Wages and salaries	26,836,266	28,011,808
Social security costs	2,750,984	2,802,870
Pension costs	520,119	552,187
	<u>30,107,369</u>	<u>31,366,865</u>

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

	2018 Number	2017 Number
Sales and administrative staff	517	581
Operatives	299	279
	<u>816</u>	<u>860</u>

### 10 Directors' remuneration

	2018 £	2017 £
Emoluments	1,237,795	1,142,041
Company contributions to money purchase pension schemes	60,790	55,918
	<u>1,298,585</u>	<u>1,197,959</u>

During the year, five directors (2016 - five) were members of the company's money purchase pension schemes.

	2018 £	2017 £
Highest paid director:		
Emoluments	486,151	414,107
Contributions to money purchase pension schemes	10,000	23,000
	<u>496,151</u>	<u>437,107</u>

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

### 11 Taxation

	2018 £	2017 £
<i>UK Corporation tax:</i>		
Current tax on profit for the year	1,245,203	1,527,569
Adjustment in respect of previous periods	(13,787)	-
	<u>1,231,416</u>	<u>1,527,569</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 19)	108,335	5,690
	<u>1,339,751</u>	<u>1,533,259</u>
Taxation on profit on ordinary activities		

#### Factors affecting tax charge for the year

The tax charge assessed for the year is 19% (2017 -20%) the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £	2017 £
Profit on ordinary activities before tax	6,194,334	7,437,279
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017 - 20%)	1,176,923	1,487,456
Effect of:		
Depreciation in excess to capital allowances	57,222	25,680
Adjustment to tax in respect of previous periods	(13,787)	-
Expenses not allowable for tax	119,393	20,123
	<u>1,339,751</u>	<u>1,533,259</u>
Total tax charge for period		

As set out at Autumn Statement 2016, the government will cut the rate of corporation tax to 19% from April 2017 and then again to 17% from April 2020.

### 12 Dividends

	2018 £	2017 £
<i>Ordinary shares</i>		
Interim dividend paid for the year of: £58.40 (2017 - £13.80) per share	2,919,945	690,245

# Axis Europe Plc

Notes forming part of the financial statements  
for the year ended 31 March 2018 (*continued*)

## 13 Intangible assets

	Total £
<i>Cost</i>	
At 1 April 2017	2,101,267
Additions	986,572
Disposals	
	<hr/>
At 31 March 2018	3,087,839
	<hr/>
<i>Amortisation</i>	
At 1 April 2017	1,373,321
Charge for the year	359,665
Disposals	
	<hr/>
At 31 March 2018	(1,732,986)
	<hr/>
<i>Net book value</i>	
At 31 March 2018	1,354,853
	<hr/>
At 31 March 2017	727,947
	<hr/>

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

### 14 Tangible fixed assets

	Freehold property £	Motor vehicles £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>						
At 1 April 2017	12,714,828	5,612,327	2,115,237	1,121,939	1,442,013	23,006,344
Additions	153,738	1,556,180	29,175	15,572	112,418	1,867,083
Disposals	(2,442,638)	(705,280)	(279,543)	(121,067)	(20,249)	(3,568,777)
At 31 March 2018	<b>10,425,928</b>	<b>6,463,227</b>	<b>1,864,869</b>	<b>1,016,444</b>	<b>1,534,182</b>	<b>21,304,650</b>
<i>Depreciation</i>						
At 1 April 2017	2,260,118	2,676,496	1,231,695	825,762	960,322	7,954,393
Charge for the year	323,567	835,780	158,621	76,382	139,706	1,534,056
Disposals	(621,817)	(571,659)	(249,566)	(113,373)	(15,021)	(1,571,436)
At 31 March 2018	<b>1,961,868</b>	<b>2,940,617</b>	<b>1,140,750</b>	<b>788,771</b>	<b>1,085,007</b>	<b>7,917,013</b>
<i>Net book value</i>						
At 31 March 2018	<b>8,464,060</b>	<b>3,522,610</b>	<b>724,119</b>	<b>227,673</b>	<b>449,175</b>	<b>13,387,637</b>
At 31 March 2017	10,454,709	2,935,831	883,542	296,177	481,692	15,051,950

Freehold property with a net book value of £8,464,060 (2017 - £10,454,709) has been secured as disclosed in note 18.

In the opinion of the Directors, the open market value of freehold properties owned by the company on 31 March 2018 was in line with the historic cost carrying value of £8,464,060 stated above. The company has entered into a conditional sale agreement for the freehold of it's Vauxhall Street property subject to the granting of planning permission.

### 15 Stocks

	2018 £	2017 £
Goods held for resale	<b>4,163</b>	8,152

The replacement cost of stock is not considered to be materially different from the amount stated above. The value of stock recognised as an expense during the year was £47,521.

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

### 16 Debtors amounts falling due within one year

	2018 £	2017 £
Trade debtors	25,768,697	26,195,467
Prepayments and accrued income	8,950,884	7,286,888
	<u>34,694,461</u>	<u>33,482,355</u>

### 17 Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	6,059,305	8,082,118
Corporation tax	355,498	521,007
Taxation and social security	3,630,449	4,129,242
Other finance creditors	2,836,569	730,771
Amounts owed to parent undertaking	4,906	4,906
Accruals and deferred income	10,005,401	11,625,130
	<u>22,892,128</u>	<u>25,093,174</u>

### 18 Creditors: amounts falling due after more than one year

	2018 £	2017 £
Other finance creditors	-	2,865,415
	<u>-</u>	<u>2,865,415</u>

Other finance creditors are secured over the freehold property as disclosed in note 14. 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. Interest rates are base rate plus 1% fixed rate interest and LIBOR plus 2%. Loan covenants were breached at the year end, with no waiver. As such all debt is classified as current as it is repayable on demand.

Other finance creditors are due as follows:

Within one year	2,836,569	730,771
Between one and two years	-	605,456
Between two and five years	-	1,629,982
Over five years	-	629,977
	<u>2,836,569</u>	<u>3,596,186</u>

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

### 19 Provision for liabilities and charges

	Holiday Pay Accrual £	Deferred tax £	Total £
At 1 April 2017	213,624	676	214,300
Charge/(credit) to the profit and loss account	26,577	108,335	134,912
At 31 March 2018	240,201	109,011	349,212

### Deferred tax liability/(asset)

	2018 £	2017 £
Accelerated/(Decelerated) capital allowances	6,461	5,690

### 20 Share capital

	2018 £	2017 £
Allotted, called-up and fully-paid 50,000 ordinary shares of £1 each	50,000	50,000

Each ordinary share has a voting right. There are no preferences or restrictions.

### 21 Reserves

Called-up share capital of £50,000 represents the nominal value of shares issued.

Profit & Loss account of £33,310,220 includes all current and prior period profit and losses.

### 22 Commitments under operating leases

The company had total future minimum lease payments under non-cancellable operating leases as set out below:

	Other 2018 £	Other 2017 £	Plant and machinery 2018 £	Plant and machinery 2017 £
<i>Expiry date:</i>				
Within one year	40,415	40,415	96,704	103,677
Between two and five years	116,395	137,410	75,262	104,915
Greater than five years	-	-	2,645	-
	156,810	177,825	174,611	208,592

### Capital Commitments

In the opinion of the directors there were no capital commitments as at March 2018 (2017-Nil)

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

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### 23 Related party transactions

The company considers key management personnel to be the Board of Directors and their remuneration is disclosed in note 10.

During the current year the Axis Foundation received a charitable donation of £129,000 (2017 - £106,000) from Axis Europe. At the year end there is a £25,120 creditor balance to Axis Europe Plc (2017: £49,988).

### 24 Ultimate parent undertaking and ultimate controlling party

Axis Europe Holdings Limited, a company registered in England, is the parent undertaking of the largest and smallest group of which the company is a member. The accounts can be obtained from 145-147 Vauxhall Street, London SE11 5RH.

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