

## **Axis Europe Plc**

Report and Financial Statements

Year ended

31 March 2023

Company Number 01991637

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# Axis Europe Plc

## Report and financial statements for the year ended 31 March 2023

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### Directors

J M Hayes  
S A Hayes  
T Hayes  
Y Ibrahim  
R Santana

### Secretary and registered office

R Santana, Tramway House, 3 Tramway Ave, London, E15 4PN

### Company number

01991637

### Auditors

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

### Bankers

Barclays Bank, 56/58 The Mall, The Stratford Centre, Stratford E15 1XJ

### Solicitors

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

# Axis Europe Plc

## Strategic report for the year ended 31 March 2023

The directors present their strategic report together with the audited financial statements for the year ended 31 March 2023.

### Principal risks and uncertainties

For the 12 months to 31 March 2023 company turnover increased by 27.8% from £191,159,873 to £244,262,050. Operating profit of £21,161,858 for the same period is an increase of £7,128,763, 50.8%. The company continues to trade in a competitive market. Profitability increased due to renewed focus on employee, client and supplier relationships and business development. 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. The resecuring and tendering of the long term contracts are a risk as well as possible budgetary cut backs by the clients. The company has greater than 93% of its turnover secured for the 2023/24 financial year against its planned budget (£239.75m secured, Budget £258.32m).

### Development performance and position

#### Results

The statement of income and retained earnings is set out on page 14 and shows the profit for the year.

Current year operating profit of £21,161,858 increased by £7,128,763, 50.8%. Last year's profit included the sale of the Croydon freehold (£1,517,445), if this is removed from the prior year profit (£14,033,195 - £1,517,445 = £12,515,650) the working would be like for like, the increase in the period would be £8,646,208, 69.1%.

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	13.4%	27.8%
Operating profit %	5.4%	8.7%
Debtor days	55	51

With regard to development, the company's forward order position at 31 March 2023 is £978m (2022 - £571m). If all contract extensions are exercised and secured this figure rises to £1,314m. The forward order book is strong and the strategy remains quality over price.

The company continues its strategy to rationalise its fixed cost base and has its Sittingbourne premises up for sale.

The company has capitalised £5.9m at 31 March 2023 in a business transformation project to move to a Digital platform and there will be further investment 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 2023 (continued)

### Environmental programmes

The company is acutely aware of the impact its activities have upon the environment and employs a dedicated sustainability manager developing and measuring programmes to address these issues. Axis have moved to 100% renewable energy in October 2018 which has reduced co2e impact on the environment. The methodology used to calculate our emissions is based on SECR requirements in accordance with the principles of ISO14064 and GHG Reporting Protocols (revised edition). See below for data comparisons.

### SECR Environmental comparisons

	2023	2022
Scope 1 Gas Consumption (kWh)	186,834	220,735
	2023	2022
Scope 1 Direct Gas (tCO2e)	3	40
Scope 1 Petrol/Diesel (tCO2e)	1,981	1,969
Scope 3 Emissions from Business Travel (tCO2e)	448	289
Scope 2 Electricity (tCO2e)	-	-
	<u>2,432</u>	<u>2,298</u>
	2023	2022
Intensity Ratio (Petrol-Diesel/No of Vehicles) (2023 456 Vehicles, 2022 431 Vehicles)	<u>4.2</u>	<u>5.0</u>

### Community investment

The directors have continued with a Corporate Social Responsibility ("CSR") policy to contribute resources for the betterment of the community. The company contributed £215,000 during the year ended 31 March 2023 (2022 - £170,000) 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, trainee roles and internships. 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 2023 was 7.2% (March 2022 8.8%).

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 2023 the overall measure including charitable donations totalled £250,404 (March 2022 £196,484).

### Disabled employees

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

# Axis Europe Plc

## Strategic Report for the year ended 31 March 2023

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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 34 (2022 – 39).

### Anti-Bribery and corruption

Axis Europe operates governance by enforcing robust policies and procedures to minimise risk against illegal behaviour.

Axis acts openly in relation to all of its dealings with all of its stakeholders. Axis will not tolerate any form of bribery or corruption and expect the individuals and organisations Axis operate with to uphold and adopt this approach.

Any potential issues identified to be reported to the Axis Board of Directors.

### Post balance sheet events

There are no material post balance sheet events to report.

### Section 172(1) Statement

The Directors have to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172.

This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

The Directors have on going engagement with employees, suppliers, customers and others which fosters business relationships, this affects the principal decisions taken by the company during the financial year.

The strategic importance to Axis, and the level of information disclosed is consistent with the size and the complexity of the business.

### General confirmation of Directors' duties

When making decisions, each Director ensures that they act in the way they consider, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so have regard (among other matters) to:

#### S172(1) (A) "The likely consequences of any decision in the long term"

The Board of Directors understands its business and the evolving environment in which it operates, including the challenges of the current marketplace including the shortage of skilled labour, increasing material prices, procurement of fleet, the merging of clients, the political effects of war and shifting risk appetites.

Based on a quality over price model and forging long-term relationships, the board intends to strengthen the company position as a leading supplier in the Facilities Management and Project based construction, while keeping safety and social responsibility fundamental to its business approach. The board is re-tendering and bidding for several contracts to further strengthen its position.

# Axis Europe Plc

## Strategic Report for the year ended 31 March 2023

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The shift to focus on current stock from new build will be significant and Axis is in a strong position to supply the client base.

There are many opportunities including Cladding, FRA, and Retrofit which Axis reviews on a project by project basis to ensure that if a project is taken it is of acceptable margin and risk.

The Board also recognises there is vast demand in the current market and the need to move to technologically advance platforms to remain at the forefront of the business sector.

The strategic ambition of quality over price, investment in technology and organic growth will increase long-term value for shareholders recognising that the long-term success of our business is dependent on our stakeholders and the external impact of our business activities on society.

The Directors recognise how our operations are viewed by different parts of society and that some decisions they take today may not align with all stakeholder interests. Given the complexity of Axis the Directors have taken the decisions they believe best support Axis.

### **S172(1) (B) “The interests of the company’s employees”**

The Directors recognise the key assets, being its employees, are fundamental and core to the business and delivery of the future strategy. The success of our business depends on attracting, retaining and motivating employees. From ensuring that we remain a responsible employer, from pay and benefits to our health, safety and workplace environment, the Directors factor the implications of decisions on employees and the wider workforce, where relevant and feasible.

### **S172(1) (C) “The need to foster the company’s business relationships with suppliers, customers and others”**

Strategic delivery requires strong mutually beneficial relationships with suppliers, customers, governments, councils, housing associations and others which all needs to be maintained and understood. Axis promotes and applies general principles in such relationships.

The ethos to pay on time where possible and promote the relationships with clients is an important factor to the success to Axis. The output decision to enter into relationships alongside Axis values remains the standard for long-term relationships.

The Board reviews and approves the approach to suppliers which follows a rigid PQQ process. The businesses continuously assess the priorities related to customers and those with whom we do business, and the Board engages with the businesses on these topics, for example, within the context of business strategy updates and investment proposals.

Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. These range from customer and supplier engagement, seminars, media, research to name a few.

### **S172(1) (D) “The impact of the company’s operations on the community and the environment”**

The company is acutely aware of its responsibility to the environment and has taken action to expand into the retrofit sector, put technology in place for operatives to reduce its carbon footprint as well as changing its fleet to reduce the impact on the environment and better serve its client base. There is also a rationalisation of the current property asset structure which will return further improvements.

With the current IT infrastructure, office based staff have adopted a “hybrid” working environment which will reduce the carbon footprint.

A large percentage of the works carried out are for councils and housing association and includes replacement cladding projects with non-combustible materials as well as fire risk assessment to keep communities safe.

Axis engage in large planned works which includes replacement windows, roofs, kitchens and bathrooms all of which are beneficial to the community and environment.

## Axis Europe Plc

### Strategic Report for the year ended 31 March 2023

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Axis also has a Foundation which contributes to many causes and over the years the donations are in excess of £2m. The company contributed £215,000 during the year ended 31<sup>st</sup> March 2023.

#### **S172(1) (E) “The desirability of the company maintaining a reputation for high standards of business conduct”**

Axis will continually strive to maintain its core values and standards as well as looking to improve on them year on year to meet the growing need for better solutions in ways which are economically, environmentally and socially responsible.

The Board periodically reviews and approves clear frameworks, such as Ethics, Compliance, Governance and Modern Slavery Statements, to ensure that its high standards are maintained both within Axis and the relationships Axis has with various stakeholders.

#### **S172(1) (F) “The need to act fairly as between members of the company”**

The DNA of the company is values based (honesty, respect, diversity, co-operation, community, environment, safety, people).

It guides the way we work with our clients, business partners, local communities and with each other. Central to this is a belief that what is good for you is good for us, an ethos that creates a culture of working hard for one-another and working always to the values that have helped create a company culture where innovation can blossom, people can thrive and success is a shared experience. These values are Axis and vice versa.

There are employee surveys during the year to give feedback coupled with an open-door policy. The board reviews and takes the relevant actions.

The company recruits and trains personnel within the areas of its contracts with a Board target of 10% apprenticeship/ trainee ratio.

There are annual periodic reviews with all of the employees to ensure the correct training is in place, the individual improvement plan is actioned and the objects for the next year are set.

The Board concludes that a motivated, engaged and affiliated work force is crucial to the success of Axis. Using the tools Axis has in place including stakeholder participation the future strength of the company will continue to grow.

The Board recognises the important role Axis has to play in society and is deeply committed to public collaboration and stakeholder engagement. The Board strongly believes that Axis will only succeed by working with customers, councils, housing associations, business partners, investors and other stakeholders. Working together is critical, particularly at a time when society, including businesses, governments and consumers, faces many complex and challenging issues.

Axis will continue to build on our long track record of working with stakeholders. We believe that working together and sharing knowledge and experience with others offers us greater insight into our business. Strong long-term relationships with our stakeholders with positive impacts of ongoing engagement and dialogue will continue.

The Board meetings will review the short medium- and long-term risk to the business and suitable strategies will be implemented to steer the company correctly and align Axis to its stakeholders.

The Board is aware of its obligation to the environment and sustainability which it employs a team to review, oversee and implement measures for the betterment of the members.

# Axis Europe Plc

## Strategic Report for the year ended 31 March 2023

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### Approval

This Strategic Report was approved by the Board on 12/10/2023

*John Hayes*

J M Hayes

**Director**



# Axis Europe Plc

## Report of the directors for the year ended 31 March 2023

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The directors present their report together with the audited financial statements for the year ended 31 March 2023.

### **Strategic report**

In preparing this Directors' report, the Directors have complied with S414C(11) of the Companies Act 2006 by including certain disclosures required by S416(4) within the Strategic report.

### **Dividends**

A dividend of £4,548,750 was approved and paid during the year (2022 - £5,503,248). The directors do not recommend the payment of a final dividend (2022/23 - £Nil).

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

The company's financial instruments would comprise of borrowings, cash and other liquid resources. The main purpose of these would be to finance the entities operations.

The main risks arising from these are interest rates and liquidity. The board would review and agree policies for managing each risk, which are summarised below.

#### *Interest rate risk*

The company finances its operations through retained profits. 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 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 2023

### Going concern

After reviewing the company's revenue and cashflow forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has a budgeting process that is bottom up lead with multiple reviews, this follows on with a five year revenue forecast in detail with secured work and secured work with extensions, this forward forecast allows the company to analyse its current position and also where to focus the bidding/tenders to maintain a healthy pipeline. With regard to development, the company's forward order position at 31 March 2023 is £978m (2022 - £571m). If all contract extensions are exercised and secured this figure rises to £1,314m. The forward order book is strong and the strategy remains quality over price. The company therefore continues to adopt the going concern basis in preparing its financial statements. The company continues to expand in the Fire Risk Assessment, Retrofit and Cladding sectors. The company continues to re-negotiate contracts to give profitable returns moving forward as well as having a majority of the 2023/24 budget secured. The company has a strong cash position with no long term debt as the head office is owned, the buying power allows the company to buy its fleet outright at favourable prices. All investments are paid from operating cashflow. Debtors are a focus area and to date no issues with collecting cash and changing WIP into debtors. The going concern assessment period is 12 months from the date of the accounts signing.

### Charitable and political donations

During the year, the company made charitable donations of £250,404 (2022 - £196,484). 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 £5m any one period of insurance 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  
R Santana

### Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report and 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, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). 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 and 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;

## Axis Europe Plc

### Report of the directors for the year ended 31 March 2023

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- 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.

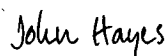
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies 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

#### Auditors

The directors confirm that: So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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 12/10/2023

# 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 2023, 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 Standard 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 2023 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.

### Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising such as future inflation and impacts of a possible future recession, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# Axis Europe Plc

## Independent auditor's report

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### Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 themselves. 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.

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 have 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, 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.

# Axis Europe Plc

## Independent auditor's report

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### 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.

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the relevant tax legislation and Companies Act 2006.
- We understood how the company is complying with those legal and regulatory frameworks by making enquiries of management and those charged with governance. We corroborated our enquiries through our review of board minutes and other relevant correspondence received from legal advisors and regulatory bodies; We also enquired of management and those charged with governance concerning the company's policies and procedures relating to the identification, evaluation, detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud. We enquired as to whether they had any knowledge of actual, suspected or alleged fraud;
- We also enquired of management and those charged with governance concerning the company's policies and procedures relating to the identification, evaluation, detection and response to the risks of fraud and the establishment of internal controls to mitigate risks related to fraud. We enquired as to whether they had any knowledge of actual, suspected or alleged fraud;
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur, by considering management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to the estimation and judgemental areas of revenue recognition which we determined to be the occurrence of amounts that were unbilled at the year end; the existence and valuation of accrued income and WIP; and through management override of controls;
- Audit procedures performed by the engagement team included:
  - identifying and assessing the design and implementation of controls management utilises to prevent and detect fraud;
  - challenging key assumptions used and judgements made by management in relation to significant accounting estimates, including through the judgemental areas of revenue recognition which we determined to be occurrence of amounts that were unbilled at the year end; the existence and valuation of accrued income and WIP;
  - using data interrogation software to identify and test large or unusual journal entries which may carry a higher risk of fraud;
  - assessing the extent of compliance with the relevant laws and regulations as part of our audit procedures on the related financial statement item; and
  - performing audit procedures to conclude on the compliance of disclosures in the financial statements with applicable financial reporting requirements.

## Axis Europe Plc

### Independent auditor's report

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- The assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation;
  - knowledge of the industry in which the client operates;
  - understanding of relevant legal and regulatory frameworks including United Kingdom Accounting Standards, including those related to the reporting frameworks including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the relevant tax legislation, and Companies Act 2006; and the application of the legal and regulatory requirements of these to Axis Europe plc.
  - communications within the audit team in respect of potential non-compliance with laws and regulations and fraud included the potential for fraud including through the judgemental areas of revenue recognition which we determined to be the occurrence of amounts that were unbilled at the year end; the existence and valuation of accrued income and WIP; and through management override of controls in the preparation of the 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

#### Use of our report

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.

*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: 12/10/2023

## Axis Europe Plc

### Statement of income and retained earnings for the year ended 31 March 2023

	Note	2023 £	2022 £
<b>Turnover</b>	5	<b>244,262,050</b>	191,159,873
Cost of sales		<b>(180,611,263)</b>	(141,400,185)
<b>Gross profit</b>		<b>63,650,787</b>	49,759,688
Administrative expenses		<b>(42,809,162)</b>	(37,640,410)
Other operating income	6	<b>248,980</b>	242,119
Profit on sale of fixed assets	6	<b>71,253</b>	1,671,698
<b>Operating profit</b>		<b>21,161,858</b>	14,033,095
Interest receivable and similar income	7	<b>63,454</b>	-
Interest payable and similar charges	8	<b>-</b>	-
<b>Profit on ordinary activities before taxation</b>		<b>21,225,312</b>	14,033,095
Taxation on profit on ordinary activities	11	<b>(3,497,616)</b>	(1,831,747)
<b>Profit on ordinary activities after taxation</b>		<b>17,727,696</b>	12,201,348
Retained profits at 1 April		<b>55,364,910</b>	48,666,810
Dividends paid	12	<b>(4,548,750)</b>	(5,503,248)
<b>Retained profits at 31 March</b>		<b>68,543,856</b>	<b>55,364,910</b>

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 16 to 26 form part of these financial statements.



# Axis Europe Plc.

## Balance sheet at 31 March 2023

	Note	2023 £	2023 £	2022 £	2022 £
<b>Fixed assets</b>					
Intangible assets	13		1,200,733		1,770,096
Tangible assets	14		11,713,843		11,940,492
			12,914,576		13,710,588
<b>Current assets</b>					
Work in progress		3,775,962		3,214,531	
Debtors	15	63,390,659		50,692,370	
Cash at bank and in hand		48,086,774		33,665,310	
		115,253,395		87,572,211	
<b>Creditors: amounts falling due within one year</b>	16	(58,461,634)		(44,762,153)	
<b>Net current assets</b>			56,791,761		42,810,058
<b>Total assets less current liabilities</b>			69,706,337		56,520,646
<b>Creditors: amounts falling due after more than one year</b>			-		-
<b>Provision for liabilities and charges</b>	17		(1,112,481)		(1,105,736)
<b>Net assets</b>			68,593,856		55,414,910
<b>Capital and reserves</b>					
Called up share capital	18		50,000		50,000
Profit and loss account	19		68,543,856		54,364,910
<b>Shareholders' funds</b>			68,593,856		55,414,910

The financial statements were approved by the Board and authorised for issue on 12/10/2023

*John Hayes*

J M Hayes  
Director

**Company number 01991637**

The notes on pages 16 to 26 form part of these financial statements.

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2023

### 1 Company information

Axis Europe Plc is a public limited company registered and incorporated in England and Wales. The registered office of the company is Tramway House, 3 Tramway Ave, London E15 4PN.

The principal activities of the company continue to be that of planned & responsive 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 revenue and cashflow forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company has a budgeting process that is bottom up lead with multiple reviews, this follows on with a five year revenue forecast in detail with secured work and secured work with extensions, this forward forecast allows the company to analyse its current position and also where to focus the bidding/tenders to maintain a healthy pipeline. With regard to development, the company's forward order position at 31 March 2023 is £978m (2022 - £571m). If all contract extensions are exercised and secured this figure rises to £1,314m. The forward order book is strong and the strategy remains quality over price. The company therefore continues to adopt the going concern basis in preparing its financial statements. The company continues to expand in the Fire Risk Assessment, Retrofit and Cladding sectors. The company continues to re-negotiate contracts to give profitable returns moving forward as well as having a majority of the 2023/24 budget secured. The company has a strong cash position with no long term debt as the head office is owned, the buying power allows the company to buy its fleet outright at favourable prices. All investments are paid from operating cashflow. Debtors are a focus area and to date no issues with collecting cash and changing WIP into debtors. The going concern assessment period is 12 months from the date of the accounts signing.

### 3 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 3-4 years.

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2023

### 3 Principal accounting policies (continued)

#### *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 fair value less costs to sell and value in use.

#### *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 making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

#### *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 :

#### *Planned maintenance turnover*

The percentage of completion of each discrete project, which is usually less than one year in duration but can

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2023

### 3 Principal accounting policies (continued)

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.

#### Responsive 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.

#### Grants

All grants are based on the performance model and categorised in Other Income.

#### 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 Statement of income and retained earnings.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the Statement of income and retained earnings 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 Statement of income and retained earnings 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 Statement of income and retained earnings 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.

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2023

### 3 Principal accounting policies (continued)

#### *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.

### 4 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 and intangible 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 and estimate of the outcome of any contractual disputes based on evidenced work performed and supporting contractual legal analysis.

### 5 Turnover

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

### 6 Operating profit

	2023 £	2022 £
Operating profit is stated after charging/(crediting):		
Fees payable to the company's auditor for the audit of the company's annual accounts	103,670	94,245
Loss/ (gain) on sale of fixed assets	(71,253)	(1,671,698)
Amortisation of intangible assets	1,076,413	1,281,789
Depreciation of tangible fixed assets:	-	-
- owned by the company	1,593,953	1,632,931
Operating lease rentals - plant and machinery	102,000	80,821
Furlough grants	-	-
Property rental income	(248,980)	(242,119)

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

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2023

### 7 Interest receivable and similar income

	2023 £	2022 £
Interest receivable	63,454	-

### 8 Interest payable and similar charges

	2023 £	2022 £
Interest on other finance creditors	-	-

### 9 Staff costs

	2023 £	2022 £
Staff costs (including directors) consist of:		
Wages and salaries	41,315,038	36,324,323
Social security costs	4,562,007	3,808,412
Pension costs	996,149	907,299
	<b>46,873,194</b>	<b>41,040,034</b>

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

	2023 Number	2022 Number
Sales and administrative staff	639	618
Operatives	385	360
	<b>1,024</b>	<b>978</b>

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2023

### 10 Directors' remuneration

	2023 £	2022 £
Emoluments	1,515,829	1,259,406
Company contributions to money purchase pension schemes	43,919	42,499
	<u>1,559,748</u>	<u>1,301,905</u>

During the year, four directors (2022 - four) were members of the company's money purchase pension schemes.

	2023 £	2022 £
Highest paid director:		
Emoluments	621,192	604,931
Contributions to money purchase pension schemes	10,000	10,000
	<u>631,192</u>	<u>614,931</u>

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2023 (*continued*)

### 11 Taxation

	2023 £	2022 £
<i>UK Corporation tax:</i>		
Current tax on profit for the year	4,041,547	2,658,062
Adjustment in respect of previous periods	(522,996)	(1,000,000)
	<u>3,518,551</u>	<u>1,658,062</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 18)	(20,935)	173,685
	<u>3,497,616</u>	<u>1,831,747</u>
Taxation on profit on ordinary activities		

#### Factors affecting tax charge for the year

The tax charge assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	21,225,312	14,033,095
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2022 - 19%)	4,032,809	2,666,288
Effect of:		
Depreciation in excess to capital allowances	1,819	(8,226)
Adjustment to tax in respect of previous periods	(543,931)	(1,000,000)
Expenses not allowable for tax	6,919	173,685
Total tax charge for period	<u>3,497,616</u>	<u>1,831,747</u>

### 12 Dividends

	2023 £	2022 £
<i>Ordinary shares</i>		
Interim dividend paid for the year of: £90.98 (2022 - £110.06) per share	4,548,750	5,503,248



# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2023 (*continued*)

### 13 Intangible assets

	<b>Total £</b>
<i>Cost</i>	
At 1 April 2022	5,393,819
Additions	507,050
Disposals	-
	<hr/>
At 31 March 2023	<b>5,900,869</b>
	<hr/>
<i>Amortisation</i>	
At 1 April 2022	(3,623,723)
Charge for the year	(1,076,413)
Disposals	-
	<hr/>
At 31 March 2023	<b>(4,700,136)</b>
	<hr/>
<i>Net book value</i>	
At 31 March 2023	<b>1,200,733</b>
	<hr/> <hr/>
At 31 March 2022	1,770,096
	<hr/> <hr/>

## Axis Europe Plc

### Notes forming part of the financial statements for the year ended 31 March 2023 (*continued*)

#### 14 Tangible fixed assets

	Freehold property £	Motor vehicles £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>						
At 1 April 2022	8,519,497	8,161,339	1,364,339	771,996	777,831	19,595,002
Additions	11,115	1,293,102	21,013	1	153,867	1,479,098
Disposals	-	(657,631)	-	-	(17,626)	(675,257)
At 31 March 2023	<b>8,530,612</b>	<b>8,796,810</b>	<b>1,385,352</b>	<b>771,997</b>	<b>914,072</b>	<b>20,398,843</b>
<i>Depreciation</i>						
At 1 April 2022	1,754,853	4,179,962	865,974	607,198	246,524	7,654,511
Charge for the year	211,333	1,118,109	79,764	41,202	143,545	1,593,953
Disposals	-	(552,695)	-	-	(10,769)	(563,464)
At 31 March 2023	<b>1,966,186</b>	<b>4,745,376</b>	<b>945,738</b>	<b>648,400</b>	<b>379,300</b>	<b>8,685,000</b>
<i>Net book value</i>						
At 31 March 2023	<b>6,564,426</b>	<b>4,051,434</b>	<b>439,614</b>	<b>123,597</b>	<b>534,772</b>	<b>11,713,843</b>
At 31 March 2022	6,764,644	3,981,377	498,365	164,798	531,307	11,940,491

#### 15 Debtors amounts falling due within one year

	2023 £	2022 £
Trade debtors	38,253,245	29,640,351
Prepayments	1,944,070	1,582,072
Accrued income	23,193,344	19,469,947
	<b>63,390,659</b>	<b>50,692,370</b>

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2023 (*continued*)

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

	2023 £	2022 £
Trade creditors	15,064,502	13,326,591
Corporation tax	799,990	1,606,439
Taxation and social security	12,003,726	10,122,231
Other creditors	322,052	156,109
Amounts owed to parent undertaking	4,906	4,906
Accruals and deferred income	30,266,458	19,545,877
	<u>58,461,634</u>	<u>44,762,153</u>

### 17 Provision for liabilities and charges

	Holiday Pay Accrual £	Deferred tax £	Total £
At 1 April 2022	412,224	693,512	1,105,736
Charge/(credit) to the profit and loss account	27,680	(20,935)	6,745
	<u>439,904</u>	<u>672,577</u>	<u>1,112,481</u>
At 31 March 2023			

	2023 £	2022 £
<i>Deferred tax (asset)/liability</i>		
Accelerated/(decelerated) capital allowances	<u>(20,935)</u>	<u>173,685</u>

### 18 Share capital

	2023 £	2022 £
<i>Allotted, called-up and fully-paid</i>		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

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

# Axis Europe Plc

## Notes forming part of the financial statements for the year ended 31 March 2023 (*continued*)

### 19 Reserves

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

Profit & Loss account of £68,543,856 includes all current and prior period profit and losses.

### 20 Commitments under operating leases

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

	Other	Other	Plant and machinery	Plant and machinery
	2023	2022	2023	2022
	£	£	£	£
<i>Expiry date:</i>				
Within one year	24,255	24,255	71,433	98,714
Between two and five years	72,765	72,765	88,633	159,539
Greater than five years	66,702	66,702	-	-
	<u>163,722</u>	<u>163,722</u>	<u>160,066</u>	<u>258,253</u>

Capital Commitments

Capital commitments as at March 2023 Nil (2022-Nil)

### 21 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 £215,000 (2022 - £170,000) from Axis Europe Plc. At the yearend there is a no creditor or debtor balance to Axis Europe Plc (2022 Nil).

### 22 Post balance sheet events

There are no material post balance sheet events to report.

### 23 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 3 Tramway Ave, London E15 4PN.

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