

Quadron Services Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2011

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COMPANIES HOUSE

Quadron Services Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Balls
I Carpenter
J Daughtry
C Ivis
M Martin
G Poulter

SECRETARY

C Darby

REGISTERED OFFICE

The Hub
Warne Road
Weston-Super-Mare
North Somerset
United Kingdom
BS23 3UU

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Hartwell House
55-61 Victoria Street
Bristol
BS1 6AD

Quadron Services Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Quadron Services Limited for the year ended 31 March 2011

PRINCIPAL ACTIVITY

The company's principal activity during the year was the provision of contracted services in the area of grounds maintenance and horticultural services to the public sector and local authorities

REVIEW OF THE BUSINESS

Another successful year was had by the company, financially, commercially and operationally, despite the budgetary pressures faced by its main client base

Commercial Success

Major commercial successes proved testimony to the quality of service provided these included the retention of both existing contracts with Wokingham District Council, now as one combined five year contract, and the winning of a five year fixed price contract with Teignbridge District Council with the award criteria being purely quality based

Financial Control

To underpin the company's robustness during these times of tightening budgets, cash flow continues to be monitored daily within a rolling forecast The company has maintained a substantial positive bank balance throughout and is not reliant on any borrowing Prudent accounting policies ensure that all development and start-up costs have been fully expensed The company has no loss making contracts and has worked collaboratively with its clients to achieve savings for them through operational efficiencies whilst maintaining its margin

To pre-empt the budgetary pressures faced by Local Authorities, and evidence Quadron's proactive and collaborative approach towards our clients' issues, a client "Away Day" brainstorming session was hosted in Kew Gardens to compare ideas for maximising cost efficiencies The day was well received by clients, many of whom have since established ongoing relationships to share their best practices and ideas

Operational Highlights and Awards

Operationally, the majority of key performance indicators for all clients have shown ongoing improvements and all client relationships remain excellent with many compliments received from members of the public about the services received Further testimony to the quality of service delivery was the BALI National Award received for Dulwich Park in Southwark and a further seven new Green Flags awarded for Quadron-maintained parks in addition to the retention of all previous ones, and indeed a further seven received since bringing the overall total of Green Flag sites maintained to 37 Many clients were also successful in the "In Bloom" competitions, with Gold again for the Royal Borough of Kensington & Chelsea and many of its individual sites in their own categories, a first Gold for Southwark and for Dulwich Park, and Golds for Moseley in Heart of England in Bloom, and Wells in South West in Bloom

Cultivating Sustainable Green Communities

Community engagement and local sustainability issues remained a high priority for Quadron during the year and the strapline introduced, "Cultivating Sustainable Green Communities", encapsulates our corporate ethos of working together to create a better environment for all

Quadron Services Limited

DIRECTORS' REPORT *(continued)*

REVIEW OF THE BUSINESS *(continued)*

"Giving Back" to the Community

Excellent relationships continued to be maintained with Friends groups and Residents' Associations, with many achievements in terms of gaining funding on their behalf for community events and projects and carrying through individual community projects evidencing the company's commitment to giving something back to the societies in which it works

Quadron also continued to work in partnership with Groundwork, the environmental regeneration charity, to provide work placements for the long term unemployed or ex-offenders. In excess of 16,500 work experience days were provided during the year on projects that have enhanced community areas. Corporate volunteer days have also been successfully organised to carry out tree planting, scrub clearance and other similar beneficial tasks

Standards of Compliance

Focus has continued on consolidating internal procedures to underpin the incremental growth in business. A Silver Award was received from RoSPA for Occupational Health & Safety Standards and the company has become CHAS accredited. ISO14001 company-wide accreditation has been gained at the end of 2011

Communicating with Employees

The company's intranet site continues to be developed for employees to easily access policies and procedures, and operationally-based employees are able to access risk and COSHH assessments, safe working practices and other company policies and procedures through a communal PC in each messroom. Another on-line feature introduced this year has been an e-learning system with various health and safety and environmental modules now required to be completed by all employees. This approach to training has been well received particularly by operational staff as it can be undertaken in bite-sized chunks during inclement weather and gives them the opportunity to learn new computer skills at the same time

Training and Development

Training has remained a high priority during the year. All managers and most supervisors are qualified to a minimum of CIEH Level 2 in Health & Safety, Risk Assessment, COSHH Assessment and Environmental Principles. A new CIEH Confrontational Management course has also been introduced, aimed particularly at lone workers in parks. Amongst the workforce, the "Lantra-Awards Trainers" and "Biodiversity Champions" continue to be popular with colleagues and clients. The Lantra-Awards Trainers have delivered accredited training on groundscare equipment and manual handling training to their colleagues and all new staff. Apprenticeships are also offered throughout the company with a total of 26 at present including four at Advanced Level

In conclusion, therefore, a successful year on all fronts culminating in the strong set of financial accounts set out in this report

FUTURE DEVELOPMENTS

At April 2011, the forward order book for grounds maintenance term contracts stood at nearly £200m inclusive of available extension periods with core terms worth in excess of £100m extending until 2021 thus providing a viable business with a reliable and secure customer base. On this basis the tendering strategy remains selective and focused on quality customers and opportunities, for which there is no shortage of pipeline. The company's success rate remains high, however it will not be drawn into unsustainable bidding techniques in order to win business

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £1,048,000 (2010 £803,000). The directors have not recommended a dividend (2010 £nil)

Quadron Services Limited

DIRECTORS' REPORT *(continued)*

RISKS AND UNCERTAINTIES

In addition to the factors mentioned above in the Review of the Business, the Board notes the following risks

Cash flow

The company's customers are typically public sector bodies or large blue chip private companies. For this reason the directors consider the credit risk to be manageable.

There is a regular review of the company's funding requirements to ensure these are adequate for its needs. Management regularly monitor cash outflows to ensure that there are adequate facilities available.

Pension scheme

The group's final salary pension scheme is now closed to new entrants from existing participating employers. As at 31 March 2011 a valuation of the scheme indicated that the value of the scheme assets stands at £11.1m (2010: £9.8m) with the shortfall in the scheme standing at £127,000 (2010: £187,000) (net of deferred tax).

DIRECTORS

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

J Balls
I Carpenter
J Daughtry
C Ivis
M Martin
G Poulter
S Price

(Resigned 22 September 2010)

DISABLED EMPLOYEES

Applications for employment by disabled persons are always considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE INVOLVEMENT

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various matters affecting performance of the company. This is achieved through formal and informal meetings and the company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interest.

Quadron Services Limited

DIRECTORS' REPORT *(continued)*

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the directors have confirmed that they 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 it has been communicated to the auditor.

AUDITOR

Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

On behalf of the board



G Poulter
Director

20 12 2011

Quadron Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF QUADRON SERVICES LIMITED

We have audited the financial statements on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's member, 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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As more fully explained in the Directors' Responsibilities Statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

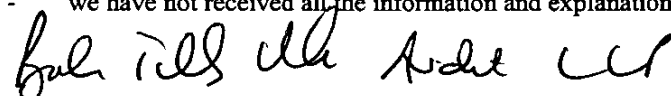
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- 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.



NIGEL HARDY (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Hartwell House

55-61 Victoria Street

Bristol BS1 6AD

20 December 2011

Quadron Services Limited
PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2011

		2011	Restated
	<i>Notes</i>	£000	2010
			£000
TURNOVER	2	34,584	28,279
Cost of sales		(23,830)	(19,284)
Gross profit		10,754	8,995
Administrative expenses		(9,102)	(8,068)
OPERATING PROFIT	3	1,652	927
Interest receivable		38	13
		1,690	940
Interest payable and similar charges	5	(411)	(219)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,279	721
Taxation	6	(231)	82
PROFIT FOR THE FINANCIAL YEAR	22	1,048	803

The profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

Quadron Services Limited

BALANCE SHEET

31 March 2011

	Notes	2011 £000	2010 £000
FIXED ASSETS			
Intangible assets	7	–	–
Tangible assets	8	5,570	5,540
		<u>5,570</u>	<u>5,540</u>
CURRENT ASSETS			
Stocks	10	69	112
Debtors	11	11,037	10,188
Cash at bank and in hand		4,664	4,466
		<u>15,770</u>	<u>14,766</u>
CREDITORS			
Amounts falling due within one year	13	(12,744)	(12,406)
NET CURRENT ASSETS		<u>3,026</u>	<u>2,360</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,596</u>	<u>7,900</u>
CREDITORS			
Amounts falling due after more than one year	14	(3,531)	(3,883)
		<u>5,065</u>	<u>4,017</u>
CAPITAL AND RESERVES			
Called up share capital	20	55	55
Share premium account	21	177	177
Profit and loss account	22	4,833	3,785
SHAREHOLDER'S FUNDS	23	<u>5,065</u>	<u>4,017</u>

The financial statements on pages 8 to 20 were approved by the board of directors and authorised for issue on 20.12.2011 and are signed on their behalf by


G Poulter
Director

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 March 2011

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The financial statements present information about the company as an individual undertaking and not about its group

RECLASSIFICATION OF COMPARATIVES

In the comparative figures, costs of £2,086,000 previously included within administrative expenses have been reclassified to cost of sales on the grounds that management believe this classification more fairly reflects the nature of the underlying costs. The reclassification has no net impact on operating profit and no impact on the balance sheet

CONSOLIDATION

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEA and in accordance with Section 400 of the Companies Act 2006, is not required to produce, and has not published, consolidated accounts

CASH FLOW STATEMENT

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

TURNOVER

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of trade discounts and value added tax

GOODWILL

Goodwill, representing the excess of the fair value of purchase consideration over the fair value of net assets acquired, is capitalised and amortised

AMORTISATION

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill - five years (straight line)

FIXED ASSETS

Tangible fixed assets are stated at cost less depreciation and any provision for impairment

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

1 ACCOUNTING POLICIES *(continued)*

DEPRECIATION

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold property	- 50 years (straight line)
Short leasehold improvements	- lease term (straight line)
Plant and machinery	- 1 to 12 years (straight line)
Fixtures and fittings	- 3 to 5 years (straight line)
Motor vehicles	- 3 to 5 years (straight line)

Residual value is calculated on prices prevailing at the date of acquisition

STOCKS

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

WORK IN PROGRESS

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

LEASING AND HIRE PURCHASE COMMITMENTS

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

PENSION COSTS

The defined benefit scheme is a funded scheme, the assets and liabilities of which are held independently from those of the company, in separate trustee-administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent currency and term to the scheme liabilities. An actuarial valuation is obtained at least triennially and updated at each balance sheet date.

The scheme is a multi-employer scheme. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

1 ACCOUNTING POLICIES *(continued)*

TAXATION

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

FINANCIAL INSTRUMENTS

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities

Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity

GOVERNMENT GRANTS

Government grants relating to tangible fixed assets are treated as deferred income and released to the profit and loss account over the expected useful lives of the assets concerned. Other grants are credited to the profit and loss account as the related expenditure is incurred

2 TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2011	2010
	£000	£000
United Kingdom	<u>34,584</u>	<u>28,279</u>

Quadron Services Limited **NOTES TO THE FINANCIAL STATEMENTS** for the year ended 31 March 2011

3 OPERATING PROFIT

Operating profit is stated after charging

	2011	2010
	£000	£000
Depreciation of owned fixed assets	967	672
Depreciation of assets held under finance lease agreements	608	599
Loss on disposal of fixed assets	13	—
Auditor's remuneration		
- as auditor	18	15
- for other services	5	3
Operating lease costs land and buildings	364	287
Operating lease costs other	447	392

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year was

	2011	2010
	No	No
Operations	807	792
Head office	18	13
	<u>825</u>	<u>805</u>

The aggregate payroll costs of the above were

	2011	2010
	£000	£000
Wages and salaries	15,878	14,599
Social security costs	1,289	1,090
Other pension costs	803	817
	<u>17,970</u>	<u>16,506</u>

The directors of the company are remunerated by the parent company, Pfeiffer Limited. It is not practicable to allocate total remuneration between their services to this company and other group companies.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£000	£000
On finance leases	<u>411</u>	<u>219</u>

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £000	2010 £000
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	84	73
Under/(over) provision in prior years	20	(49)
	104	24
Group relief	157	-
Total current tax	261	24
Deferred tax		
Origination and reversal of timing differences	(30)	(106)
Tax on profit on ordinary activities	231	(82)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2010 lower) than the standard rate of corporation tax in the UK of 28% (2010 - 28%), as explained below

	2011 £000	2010 £000
Profit on ordinary activities before taxation	1,279	721
Profit on ordinary activities by rate of tax	358	202
Effects of		
Expenses not deductible for tax purposes	47	64
Depreciation in excess of/(less than) capital allowances	65	(26)
Adjustments to tax charge in respect of previous periods	20	(49)
Other short-term timing differences	(131)	(88)
Transfer pricing adjustment	(98)	(98)
Sundry tax adjusting items	-	19
Total current tax (note 6(a))	261	24

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

7 INTANGIBLE FIXED ASSETS

	Goodwill £000
Cost	
At 1 April 2010 and 31 March 2011	<u>200</u>
Amortisation	
At 1 April 2010	<u>200</u>
At 31 March 2011	<u>200</u>
Net book value	
At 31 March 2011	<u>—</u>
At 31 March 2010	<u>—</u>

8 TANGIBLE FIXED ASSETS

	Freehold property & Short leasehold improvements £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost					
At 1 April 2010	613	5,723	1,313	2,877	10,526
Additions	581	429	45	563	1,618
Disposals	(600)	—	(1,018)	(21)	(1,639)
At 31 March 2011	<u>594</u>	<u>6,152</u>	<u>340</u>	<u>3,419</u>	<u>10,505</u>
Depreciation					
At 1 April 2010	606	2,440	1,255	685	4,986
Charge for the year	7	994	28	546	1,575
On disposals	(600)	—	(1,018)	(8)	(1,626)
At 31 March 2011	<u>13</u>	<u>3,434</u>	<u>265</u>	<u>1,223</u>	<u>4,935</u>
Net book value					
At 31 March 2011	<u>581</u>	<u>2,718</u>	<u>75</u>	<u>2,196</u>	<u>5,570</u>
At 31 March 2010	<u>7</u>	<u>3,283</u>	<u>58</u>	<u>2,192</u>	<u>5,540</u>

Finance lease agreements

Included within the net book value of £5,570,000 is £2,216,000 (2010 - £2,008,000) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £608,000 (2010 - £599,000).

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

9 FIXED ASSET INVESTMENTS

The company holds one £1 ordinary share (issued at par) in The Property Group (2010) Limited. This is a 100% holding in the company, whose principal activity is the management of property lettings. The Property Group (2010) Limited was incorporated on 29 July 2010 and is registered in England and Wales. Its loss for the financial period to 31 March 2011 was £33,000 and the deficit on its aggregate capital and reserves at that date was £33,000.

The company also holds one £1 ordinary share (issued at par) in The Administration Centre Limited. This is a 100% holding in the company, whose principal activity is the provision of services to property lettings businesses. The Administration Centre Limited was incorporated on 30 July 2010 and is registered in England and Wales. Its loss for the financial period to 31 March 2011 was £45,000 and the deficit on its aggregate capital and reserves at that date was £45,000.

The company also holds 100 £1 ordinary shares (issued at par) in Quadron Retail Limited. This is a 100% holding in the company, whose principal activity is the provision of contract services to retail customers. Quadron Retail Limited is registered in England and Wales. The directors of the company have signalled their intention not to enter into any new contracts in this company. Quadron Retail Limited is dormant. Its profit for the financial period to 31 March 2011 was £nil (2010: £nil) and its aggregate capital and reserves at that date was a deficit of £254,000 (2010: £254,000).

The company also holds 240 £1 ordinary shares (issued at par) in AJC Trading Limited, a company registered in England and Wales. This is a 27% holding in the company, whose principal activity is garden services. AJC Trading Limited is currently in liquidation.

10 STOCKS

	2011 £000	2010 £000
Raw materials	29	33
Work in progress	40	79
	<u>69</u>	<u>112</u>

There is no material difference between the balance sheet value of stocks and their replacement cost.

11 DEBTORS

	2011 £000	2010 £000
Trade debtors	3,312	3,557
Amounts owed by group undertakings	5,120	4,238
Corporation tax repayable	–	20
Other debtors	986	148
Directors' loan accounts	12	82
Prepayments and accrued income	1,546	2,112
Deferred taxation (note 12)	61	31
	<u>11,037</u>	<u>10,188</u>

The trade debtors are given as security for the group overdraft facility.

Quadron Services Limited **NOTES TO THE FINANCIAL STATEMENTS** **for the year ended 31 March 2011**

12 DEFERRED TAXATION

The deferred taxation included in the balance sheet is as follows

	2011	2010
	£000	£000
Included in debtors (note 11)	<u>61</u>	<u>31</u>

The movement in the deferred taxation account during the year was

	2011	2010
	£000	£000
Balance brought forward	31	(75)
Profit and loss account movement arising during the year	<u>30</u>	<u>106</u>
Balance carried forward	<u>61</u>	<u>31</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2011	2010
	£000	£000
Excess of depreciation over taxation allowances	13	(74)
Other timing differences	<u>48</u>	<u>105</u>
	<u>61</u>	<u>31</u>

13 CREDITORS Amounts falling due within one year

	2011	2010
	£000	£000
Trade creditors	2,277	1,942
Amounts owed to group undertakings	3,370	4,106
Corporation tax	84	—
PAYE and social security	357	346
VAT	974	949
Obligations under finance lease agreements	1,299	1,286
Other creditors	525	573
Accruals and deferred income	<u>3,858</u>	<u>3,204</u>
	<u>12,744</u>	<u>12,406</u>

14 CREDITORS Amounts falling due after more than one year

	2011	2010
	£000	£000
Obligations under finance lease agreements	<u>3,531</u>	<u>3,883</u>

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

15 COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows

	2011	2010
	£000	£000
Amounts payable within 1 year	1,299	1,286
Amounts payable between 1 and 2 years	1,174	1,211
Amounts payable between 3 and 5 years	2,357	2,672
	<u>4,830</u>	<u>5,169</u>

The finance leases are secured on the related assets

16 PENSIONS

The company operates a defined contribution pension scheme for certain employees of Quadron Services Limited and Pfeiffer Limited and, for eligible employees, a defined benefit scheme providing benefits based on final pensionable pay. The total contributions for both schemes for the year were £577,000 (2010 £868,000). Contributions of £nil (2010 £nil) were outstanding and payable to the fund at the balance sheet date.

The defined benefit scheme is a multi-employer scheme, the assets and liabilities of which are held independently from the group, being invested by independent investment managers. The company is unable to identify its share of the underlying assets and liabilities of the scheme and accordingly accounts for the scheme as if it were a defined contribution scheme.

The full actuarial valuation for the scheme as a whole at 6 April 2007 was updated to 31 March 2011 by a qualified actuary and showed that the market value of the scheme's assets was £11.1m (2010 £9.8m) and that the value of these assets represented 98% (2010 97%) of the benefits that had accrued to members. The deficit on the scheme will be reduced through continuing with increased contributions by employees and participating employers. Full details of the scheme are available in the Pfeiffer Holdings Limited accounts.

17 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as set out below:

	2011		2010	
	Land and buildings	Other	Land and buildings	Other
	£000	£000	£000	£000
Operating leases which expire				
Within 1 year	163	147	49	29
Within 2 to 5 years	338	71	108	187
After more than 5 years	-	-	38	4
	<u>501</u>	<u>218</u>	<u>195</u>	<u>220</u>

18 OTHER COMMITMENTS

The company is party to a guarantee and set off agreement between the group's bankers and various group undertakings.

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

19 RELATED PARTY TRANSACTIONS

Under the provisions of Financial Reporting Standard 8, the company is not required to disclose details of related party transactions with group entities as it is a wholly-owned subsidiary and the consolidated financial statements in which the company's results are included are available to the public

LetAssured UK Limited is deemed to be a related party of the company on the grounds that it is controlled and owned by M Martin and G Poulter. During the year under review, the company invoiced LetAssured UK Limited £61,000 (2010 £96,000). At the year-end LetAssured UK Limited owed the company £94,000 (2010 £96,000) of which £94,000 (2010 £96,000) is provided against.

Quantum Bookbinders Limited is deemed to be a related party of the company on the grounds that it is controlled and owned by M Martin and G Poulter. During the year under review, the company invoiced Quantum Bookbinders Limited £159,000 (2010 £50,000). At the year-end Quantum Bookbinders Limited owed the company £246,000 (2010 £50,000).

Credit was extended to two directors during the year. The maximum amount outstanding was £nil (2010 £nil) from M Martin and £5,000 (2010 £30,000) from G Poulter. At the year-end the company owed these two directors £nil (2010 £4,000). The balances are interest-free and there are no fixed repayment terms.

20 SHARE CAPITAL

	2011 £000	2010 £000
Allotted, called up and fully paid		
5,510,001 Ordinary shares of £0.00 each	<u>55</u>	<u>55</u>

21 SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

22 PROFIT AND LOSS ACCOUNT

	2011 £000	2010 £000
At the beginning of the year	3,785	2,982
Profit for the financial year	<u>1,048</u>	<u>803</u>
At the end of the year	<u>4,833</u>	<u>3,785</u>

23 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011 £000	2010 £000
Profit for the financial year	1,048	803
Opening shareholder's funds	<u>4,017</u>	<u>3,214</u>
Closing shareholder's funds	<u>5,065</u>	<u>4,017</u>

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2011

24 CONTROLLING PARTY AND PARENT UNDERTAKING

The ultimate controlling parties are the directors M Martin and G Poulter. The immediate parent company is Pfeiffer Limited, a company incorporated in the United Kingdom and registered in England and Wales. The ultimate parent company is Pfeiffer Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales.

Pfeiffer Holdings Limited heads the largest and smallest group in which the results of the company are consolidated. The consolidated financial statements of Pfeiffer Holdings Limited are available from its registered office at The Hub, Warne Road, Weston-Super-Mare, North Somerset, BS23 3UU.