

Quadron Services Limited

FINANCIAL STATEMENTS

for the year ended

31 March 2014



Quadron Services Limited

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J Daughtry
C Ivil
M Martin
J Moore
G Poulter

SECRETARY

C Darby

REGISTERED OFFICE

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

AUDITOR

Baker Tilly
Chartered Accountants
International House
Queens Road
Brighton
East Sussex
BN1 3XE

Quadron Services Limited

STRATEGIC REPORT

for the year ended 31 March 2014

REVIEW OF THE BUSINESS

2013/14 was another rewarding year, financially, commercially and operationally, despite the on-going budgetary pressures faced by local authority customers and the resulting impact on turnover. Operational efficiencies and tight control of costs managed to offset this decrease leading to an increase in both gross and net profit.

Commercial Success

The company continued to perform well on the tendering front with two significant new contract wins: The London Borough of Croydon, with an annual value of over £3m and potential ten year term, and Charnwood Borough Council, a potential 20 year contract with an annual value of c. £1.4m.

Financial Control

To underpin the company's robustness during these times of tightening budgets, cashflow 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 worked collaboratively with its clients to achieve savings for them through operational efficiencies whilst maintaining its margin. There were two loss-making contracts in the year and action has been taken since to mitigate both.

Operational Highlights and Awards

Operationally, the majority of key performance indicators for all clients continue to show ongoing improvements and all client relationships remain excellent with many compliments received from members of the public about the services received.

The company had some significant industry successes during the year. These included both BALI Principal Awards in the grounds maintenance category: under £50k per annum for the Kyoto and Fukushima Garden in Holland Park and over £50k per annum for Burgess Park in Southwark. A BALI National Award for Employer of the Year was also won, and in the same awards ceremony, one of Quadron's apprentices was awarded the Horticulture Week's Landscape Apprentice of the Year. Another apprentice also won the London Gardens Society Certificate of Excellence for showing a pride in London through the cultivation of flowers and shrubs.

A further six new Green Flags were awarded to Quadron-maintained parks in addition to the retention of previous ones, bringing Quadron's total Green Flag accredited sites to 57.

In-Bloom successes also remained high for Quadron's clients in the summer of 2013, with the Royal Borough of Kensington & Chelsea winning Gold in the London in Bloom City category as well as Gold and Category Winner for Holland Park for the second year running, Gold for six other parks, and Gold and Category Winner in the Large Cemetery of the Year category for Gunnersbury Cemetery for the second consecutive year. The London Borough of Hammersmith & Fulham won Gold and Category Winner in the Town Centre under 1 square km category and in the Business Improvement District Category. Birmingham City Council won Gold and category winner for the Large City Category of Heart of England in Bloom, and Wokingham Town Council, entering for the first time with Quadron's support, won a Silver Gilt in Thames and Chilterns in Bloom.

Quadron Services Limited

STRATEGIC REPORT (continued)

for the year ended 31 March 2014

REVIEW OF THE BUSINESS *(continued)*

Cultivating Sustainable Green Communities and "Giving Back" to the Community

Quadron's vision of "Cultivating Sustainable Green Communities" encapsulates the company's ethos of working together to create a better environment for all. Community engagement and local sustainability issues remained high on the agenda during the year.

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

Quadron continued to work in partnership with Groundwork, the environmental regeneration charity, to provide work placements and permanent job opportunities for the long term unemployed, and with Thrive, to provide similar support for disabled people. Additionally, a new partnership was commenced with Blue Sky, a charity whose specific purpose is to find real jobs for ex-offenders to reduce their likelihood of re-offending.

Corporate and community volunteer days were also hosted to carry out tree planting, scrub clearance and other similar beneficial tasks in many parks and open spaces. More than 41,983 volunteer and third sector work placement hours were worked in total, providing added value and additional services for clients - an equivalent of an additional 20 full time equivalent permanent employees.

Industry Representation

Managing Director Clive Ivil remains on the BALI board of directors and sits on the National Contractors' Forum and Parks Alliance board, a new cross sector group set up to tackle the funding crisis facing public parks, thus ensuring Quadron is at the forefront of movements and represented amongst the most high profile companies in the industry, working actively with its clients to promote the benefits of parks and open spaces and preserve them for future generations.

Standards of Compliance

Quadron was very pleased to gain Investors in People accreditation early in 2014. Assessors' comments included: "People are treated with dignity and respect" and "Managers are perceived as supporting their people effectively across all sites". The company also retained its CHAS, Exor and ISO14001 accreditations and status as a CIEH registered training centre. Work continues towards ISO 9001. The intranet site is available for all employees to easily access policies and procedures, risk and COSHH assessments, safe working practices, training modules, newsletters and other communications. Every operative has access via a communal PC in each messroom.

Communicating with Employees

Communications with staff include regular newflashes as well as toolbox talks for updates on general company information and health and safety issues. MD walkabouts take place regularly on each contract, giving all employees the opportunity to meet the MD face to face and air any issues they may have.

An Employee/Team of the Month scheme operates with a £50 reward voucher for each winner. Awards are generally made for exemplary customer service and compliments from the public.

Quadron Services Limited

STRATEGIC REPORT (continued)
for the year ended 31 March 2014

REVIEW OF THE BUSINESS *(continued)*

Training and Development

Training as ever has remained a high priority during the year. The e-learning system has continued to evolve with new modules added. This gives operational staff the opportunity to undertake training in bite-sized chunks during inclement weather and gives them the opportunity to learn new computer skills at the same time.

A total of 3,485 short training courses were attended during the year (external and internal) including internal courses delivered by our qualified in-house trainers, such as CIEH Level 2 in Health & Safety, Risk Assessment, COSHH Assessment, Environmental Principles, First Aid, Fire Safety, Manual Handling and Conflict Resolution and Personal Safety. Amongst the workforce, the "Lantra-Awards" qualified in-house trainers and "Biodiversity Champions" positions continue to be popular with colleagues and clients. Every new operative receives accredited induction training on small plant prior to being permitted to use any item. This in-house local approach is a sustainable way of providing affordable and effective ongoing training to all employees.

Apprenticeships are also offered throughout the company with a total of 17 apprentices employed during the year. The two year course leads to an NVQ Level 2 qualification and a permanent job opportunity. In addition, ten employees studied for NVQ Level 3 horticultural qualifications and 52 studied for NVQ Level 2 qualifications. Other long-term qualifications studied included team leading skills, accounts and HR, as well as two employees undertaking work-based conservation.

Future Developments

At April 2014, the forward order book for grounds maintenance term contracts stood at £220m, stretching until 2034 inclusive of available extension periods with core terms worth £142m, thus providing a viable business with a reliable and secure customer base. On this basis the tendering strategy remains selective and focussed on quality customers and opportunities.

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

MATTERS OF STRATEGIC IMPORTANCE

The principal risk and uncertainty to which the company is exposed is the ongoing budgetary pressures faced by local authority customers and the resulting impact on turnover. Other matters of strategic importance are the recruitment, retention, training and development of staff, the maintenance of health and safety standards, and the retention of the company's industry standards accreditations. Financial risk management objectives and policies are described in the directors' report.

On behalf of the board

G Poulter
Director

24.12.14.....



Quadron Services Limited

DIRECTORS' REPORT

The directors submit their report and financial statements of Quadron Services Limited for the year ended 31 March 2014.

PRINCIPAL ACTIVITY

The company's principal activity during the year was the provision of green space management services to the public and private sectors including local authorities, housing associations, health and educational establishments.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £959,000 (2013: £1,231,000). Particulars of dividends paid are detailed in note 10 to the financial statements.

FUTURE DEVELOPMENTS

Future developments are disclosed above in the Strategic Report.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial risk relates to cash flow management. 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.

DIRECTORS

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

J Daughtry
C Iivil
M Martin
J Moore
G Poulter

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.

PENSION SCHEME

The group's final salary pension scheme is now closed to new entrants from existing participating employers. As at 31 March 2014 a valuation of the scheme indicated that the value of the scheme assets stands at £13.2m (2013: £12.5m) with the shortfall in the scheme standing at £104,000 (2013: £124,000) (net of deferred tax).

Quadron Services Limited

DIRECTORS' REPORT

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.

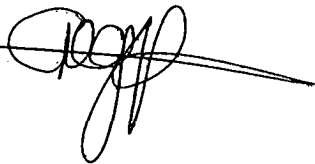
AUDITOR

Baker Tilly has indicated its willingness to continue in office.

On behalf of the board

G Poulter
Director

24.12.14.....



Quadron Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report and 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 9 to 24. 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 7, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

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

24.12.14.....

Quadron Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2014

		2014	2013
	<i>Notes</i>	£000	£000
TURNOVER	2	28,669	25,382
Cost of sales		(18,105)	(15,814)
Gross profit		10,564	9,568
Administrative expenses		(8,888)	(7,893)
Other operating income	3	48	52
OPERATING PROFIT	4	1,724	1,727
Loss on disposal of discontinued operations	7	(290)	–
		1,434	1,727
Interest receivable		35	7
		1,469	1,734
Interest payable and similar charges	8	(160)	(187)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,309	1,547
Taxation	9	(350)	(316)
PROFIT FOR THE FINANCIAL YEAR	27	959	1,231

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

Quadron Services Limited

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2014

	2014 £000	2013 £000
Profit for the financial year	959	1,231
Unrealised surplus on revaluation of certain fixed assets	45	—
Total recognised gains and losses since the last financial statements	<u>1,004</u>	<u>1,231</u>

Quadron Services Limited

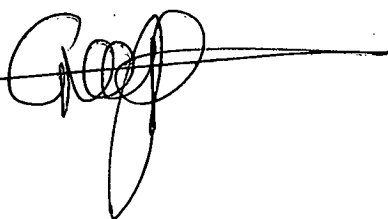
BALANCE SHEET

31 March 2014

	<i>Notes</i>	2014 £000	2013 £000
FIXED ASSETS			
Intangible assets	11	—	—
Tangible assets	12	5,419	5,496
Investments	13	69	69
		<u>5,488</u>	<u>5,565</u>
CURRENT ASSETS			
Stocks	14	12	13
Debtors	15	14,659	13,095
Cash at bank and in hand		3,539	3,926
		<u>18,210</u>	<u>17,034</u>
CREDITORS			
Amounts falling due within one year	17	(13,587)	(13,089)
NET CURRENT ASSETS			
		<u>4,623</u>	<u>3,945</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>10,111</u>	<u>9,510</u>
CREDITORS			
Amounts falling due after more than one year	18	(2,023)	(2,176)
		<u>8,088</u>	<u>7,334</u>
CAPITAL AND RESERVES			
Called up share capital	24	55	55
Share premium account	25	177	177
Revaluation reserve	26	45	—
Profit and loss account	27	7,811	7,102
SHAREHOLDER'S FUNDS			
	28	<u>8,088</u>	<u>7,334</u>

The financial statements on pages 9 to 24 were approved by the board of directors and authorised for issue on ~~24.12.14~~ 24.12.14 and are signed on their behalf by:

G Poulter
Director



Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets and in accordance with applicable accounting standards.

These financial statements present information about the company as an individual undertaking and not about its group. The results of the company and its subsidiary undertakings are included in the accounts of Pfeiffer Holdings Limited, a company incorporated in the United Kingdom.

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, and is recognised on supply of the goods and services.

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 intangible fixed asset, less its estimated residual value, over the useful economic life of that asset as follows:

Purchased goodwill	- 5 years (straight line)
--------------------	---------------------------

FIXED ASSETS

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

DEPRECIATION

Depreciation is calculated so as to write off the cost of a tangible fixed 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.

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

1 ACCOUNTING POLICIES *(continued)*

INVESTMENT PROPERTIES

Investment properties are shown at their open market value. The surplus or deficit arising from the annual revaluation is transferred to the investment revaluation reserve unless a deficit, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the profit and loss account for the year.

This is in accordance with SSAP 19 which, unlike the Companies Act, does not require depreciation of investment properties. Investment properties are held for their investment potential and not for use by the company and so their current value is of prime importance. The departure from the provisions of the Act is required in order to give a true and fair view.

INVESTMENTS

Investments in subsidiary undertakings are stated at cost less provision for impairment.

STOCKS

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

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 2014

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.

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:

	2014	2013
	£000	£000
United Kingdom	<u>28,669</u>	<u>25,382</u>

3 OTHER OPERATING INCOME

	2014	2013
	£000	£000
Rent receivable	<u>48</u>	<u>52</u>

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

4 OPERATING PROFIT

Operating profit is stated after charging:

	2014	2013
	£000	£000
Depreciation of owned fixed assets	886	946
Depreciation of assets held under finance lease agreements	940	735
Operating lease costs: land and buildings	167	206
Operating lease costs: other	141	145
Auditor's remuneration for statutory audit	23	23
Auditor's remuneration for other services	12	16
	<u>12</u>	<u>16</u>

The company bears the audit fees (where applicable), accounts preparation fees and tax compliance fees for its parent companies, subsidiaries and fellow subsidiaries.

Amounts payable to Baker Tilly and its associates in respect of both audit and non audit services:

	2014	2013
	£000	£000
Audit services		
- statutory audit of the financial statements	23	23
Other services		
- taxation services	6	7
- accounts preparation services	6	9
	<u>35</u>	<u>39</u>

5 PARTICULARS OF EMPLOYEES

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

	2014	2013
	No	No
Operations	741	667
Head office	21	20
	<u>762</u>	<u>687</u>

The aggregate payroll costs of the above were:

	2014	2013
	£000	£000
Wages and salaries	15,426	13,367
Social security costs	1,190	1,008
Other pension costs	770	787
	<u>17,386</u>	<u>15,162</u>

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

6 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were:

	2014	2013
	£000	£000
Remuneration receivable	224	194
Value of company pension contributions to money purchase schemes	12	12
	<u>236</u>	<u>206</u>

Remuneration of highest paid director:

	2014	2013
	£000	£000
Total remuneration (excluding pension contributions)	138	120
Value of company pension contributions to money purchase schemes	8	8
	<u>146</u>	<u>128</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2014	2013
	No	No
Money purchase schemes	<u>2</u>	<u>2</u>

In addition to the amounts shown above, certain directors are remunerated (including pension benefits) by the parent company, Pfeiffer Limited. It is not practicable to allocate their remuneration between their services to this company and other group companies.

7 LOSS ON TERMINATION OF DISCONTINUED OPERATIONS

	2014	2013
	£000	£000
Termination of discontinued operations:		
Loss on termination of operation (including depreciation of £220,000)	<u>290</u>	<u>—</u>

The loss on termination of operation reflects the closure of a small catering business unrelated to the company's core activities.

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£000	£000
On finance leases	<u>160</u>	<u>187</u>

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

9 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2014 £000	2013 £000
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 23% (2013 - 24%)	260	230
Adjustments to tax charge in respect of previous periods	(16)	-
	<u>244</u>	<u>230</u>
Group relief claimed	114	164
Total current tax	<u>358</u>	<u>394</u>
Deferred tax:		
Origination and reversal of timing differences	(8)	(78)
Tax on profit on ordinary activities	<u>350</u>	<u>316</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 23% (2013 - 24%), as explained below

	2014 £000	2013 £000
Profit on ordinary activities before taxation	<u>1,309</u>	<u>1,547</u>
Profit on ordinary activities by rate of tax	301	371
Effects of:		
Expenses not deductible for tax purposes	94	19
Depreciation in excess of capital allowances	57	100
Adjustments to tax charge in respect of previous periods	(16)	-
Other short-term timing differences	3	(12)
Transfer pricing adjustment	(81)	(84)
Total current tax (note 9(a))	<u>358</u>	<u>394</u>

(c) Factors that may affect future tax charges

The main rate of corporation tax is expected to reduce to 20% by 1 April 2015. The 21% rate for 2014 and the 20% rate for 2015 were substantively enacted in July 2013.

10 DIVIDENDS

Equity dividends

	2014 £000	2013 £000
Dividend per ordinary share £0.05 (2013: £-)	<u>250</u>	<u>-</u>

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

11 INTANGIBLE FIXED ASSETS

	Purchased goodwill £000
Cost	
At 1 April 2013 and 31 March 2014	<u>200</u>
Amortisation	
At 1 April 2013	<u>200</u>
At 31 March 2014	<u>200</u>
Net book value	
At 31 March 2014	<u>-</u>
At 31 March 2013	<u>-</u>

12 TANGIBLE FIXED ASSETS

	Freehold property £000	Short leasehold improvements £000	Plant and machinery £000	Fixtures and fittings £000	Motor vehicles £000	Total £000
Cost or valuation						
At 1 April 2013	1,327	13	7,692	499	4,284	13,815
Additions	22	-	1,026	77	800	1,925
Disposals	-	-	(396)	-	-	(396)
Revaluation	45	-	-	-	-	45
At 31 March 2014	<u>1,394</u>	<u>13</u>	<u>8,322</u>	<u>576</u>	<u>5,084</u>	<u>15,389</u>
Depreciation						
At 1 April 2013	48	13	5,335	351	2,572	8,319
Charge for the year	224	-	997	64	761	2,046
On disposals	-	-	(395)	-	-	(395)
At 31 March 2014	<u>272</u>	<u>13</u>	<u>5,937</u>	<u>415</u>	<u>3,333</u>	<u>9,970</u>
Net book value						
At 31 March 2014	<u>1,122</u>	<u>-</u>	<u>2,385</u>	<u>161</u>	<u>1,751</u>	<u>5,419</u>
At 31 March 2013	<u>1,279</u>	<u>-</u>	<u>2,357</u>	<u>148</u>	<u>1,712</u>	<u>5,496</u>

Included within freehold property is investment property purchased during the year ended 31 March 2012 for consideration of £620,000. No depreciation has been charged on this asset and it is held at current market value in accordance with SSAP 19. On the instruction of the directors, the property was revalued during the year by Stephen & Co, Chartered Surveyors on an open market basis in accordance with the provisions of the RICS Valuation Standards (Global and UK) 8th Edition. The current market value is deemed to be £665,000 (2013: £620,000).

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

12 TANGIBLE FIXED ASSETS *(continued)*

Finance lease agreements

Included within the net book value of £5,419,000 is £3,267,000 (2013 - £2,650,000) 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 £940,000 (2013 - £735,000).

13 INVESTMENTS

	Shares in subsidiary undertakings £000
Cost	
At 1 April 2013 and 31 March 2014	<u>69</u>
Net book value	
At 31 March 2014 and 31 March 2013	<u>69</u>

At the year end, the company owned 50% of the issued share capital of Blythe Valley Limited and 100% of the issued share capital of Quadron Retail Limited. The principal activity of Blythe Valley Limited is the provision of landscape and agricultural services. Quadron Retail Limited is dormant. Both companies are incorporated in the United Kingdom and registered in England and Wales.

The financial result for the year and the aggregate capital and reserves of these companies at the balance sheet date are as follows:

	2014 £000	2013 £000
<i>Profit and (loss) for the year</i>		
Blythe Valley Limited (2013: fifteen month period)	(50)	(12)
Quadron Retail Limited	<u>-</u>	<u>-</u>
<i>Aggregate capital and reserves</i>		
Blythe Valley Limited	69	119
Quadron Retail Limited	<u>(254)</u>	<u>(254)</u>

The subsidiaries have taken advantage of the audit exemption provisions under section 479A of the Companies Act 2006 relating to subsidiary companies.

The Property Group (2010) Limited (including its dormant subsidiary Powell & Hughes Estate Agents Limited) and HUB Lettings and Support Limited, formerly subsidiaries of Quadron Services Limited, were sold during the year to Warne Investments Limited (a company under common control).

14 STOCKS

	2014 £000	2013 £000
Raw materials	<u>12</u>	<u>13</u>

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

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

15 DEBTORS

	2014	2013
	£000	£000
Trade debtors	2,094	2,350
Amounts owed by group undertakings	8,845	8,435
Other debtors	1,602	409
Prepayments and accrued income	1,857	1,648
Deferred taxation (note 16)	261	253
	<u>14,659</u>	<u>13,095</u>

The debtors above include the following amounts falling due after more than one year:

	2014	2013
	£000	£000
Other debtors	<u>1,311</u>	<u>–</u>

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

16 DEFERRED TAXATION

The deferred taxation included in the balance sheet is as follows:

	2014	2013
	£000	£000
Included in debtors (note 15)	<u>261</u>	<u>253</u>

The movement in the deferred taxation account during the year was:

	2014	2013
	£000	£000
Balance brought forward	253	175
Profit and loss account movement arising during the year	8	78
Balance carried forward	<u>261</u>	<u>253</u>

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

	2014	2013
	£000	£000
Excess of depreciation over taxation allowances	221	225
Other timing differences	40	28
	<u>261</u>	<u>253</u>

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

17 CREDITORS: Amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	891	979
Amounts owed to group undertakings	3,553	3,370
Corporation tax	260	230
PAYE and social security	367	344
VAT	815	645
Obligations under finance lease agreements	1,401	1,548
Other creditors	512	492
Accruals and deferred income	5,788	5,481
	<u>13,587</u>	<u>13,089</u>

18 CREDITORS: Amounts falling due after more than one year

	2014	2013
	£000	£000
Obligations under finance lease agreements	<u>2,023</u>	<u>2,176</u>

The finance leases are secured on the related assets.

19 COMMITMENTS UNDER FINANCE LEASE AGREEMENTS

Future commitments under finance lease agreements are as follows:

	2014	2013
	£000	£000
Amounts payable within 1 year	1,401	1,548
Amounts payable between 1 and 2 years	847	1,136
Amounts payable between 3 and 5 years	1,177	1,039
	<u>3,425</u>	<u>3,723</u>
Finance lease agreements are analysed as follows:		
Current obligations	1,401	1,548
Non-current obligations	2,023	2,176
	<u>3,424</u>	<u>3,724</u>

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

20 PENSIONS

The group of which the company is a member operates a defined contribution pension scheme for certain employees and, for eligible employees, a defined benefit scheme providing benefits based on final pensionable pay. The total contributions for both schemes for the year to 31 March 2014 were £632,000 (2013: £652,000). Contributions of £nil (2013: £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 5 April 2010 was updated to 31 March 2014 by a qualified actuary and showed that the market value of the scheme's assets was £13.2m (2013: £12.5m) and that the value of these assets represented 99% (2013: 99%) 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.

21 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2014 the company had annual commitments under non-cancellable operating leases as set out below.

	2014		2013	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within 1 year	8	19	67	43
Within 2 to 5 years	158	85	92	61
After more than 5 years	-	-	5	-
	<u>166</u>	<u>104</u>	<u>164</u>	<u>104</u>

22 OTHER COMMITMENTS

The company is party to a cross-guarantee and set off agreement between the group's bankers and various group undertakings. At the year end, the total outstanding balances covered by this agreement were £1,482,000 (2013: £2,145,000).

In addition, in connection with the sale of the company's subsidiary The Property Group (2010) Limited to Warne Investments Limited during the year, the company entered into a joint guarantee in respect of the bank borrowings of The Property Group (2010) Limited, which at the date of this report stood at £900,000 (2013: £1,000,000).

Amounts contracted for but not provided in the financial statements amounted to £651,000 (2013 - £Nil).

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

23 RELATED PARTY TRANSACTIONS

Under the provisions of Financial Reporting Standard 8, the company is not required to disclose details of related party transactions with other wholly-owned group entities.

Transactions with group companies that are not wholly-owned

Blythe Valley Limited and Prolectric Services Limited are 50% group entities and are therefore deemed to be related parties for disclosure purposes.

During the year, the company invoiced Blythe Valley Limited £78,000 (2013: £11,000). At the year end, Blythe Valley Limited owed the company £62,000 (2013: £14,000).

During the previous year, Prolectric Services Limited invoiced the company £59,000 and purchased services of £8,000 from the company. No such transactions occurred this year. At the year end, Prolectric Services Limited owed the company £9,000 (2013: £13,000).

Transactions with entities that were previously group companies

HUB Lettings and Support Limited and The Property Group (2010) Limited were previously wholly-owned group entities. Ownership of these companies was transferred to a newly incorporated company, Warne Investments Limited, during the year. All of these companies are under common control and are therefore considered to be related parties. No comparative figures have been presented for the period in which the companies were covered by the exemption noted above.

During the year, the company invoiced HUB Lettings and Support Limited £24,000 and purchased services of £10,000 from HUB Lettings and Support Limited. At the year-end, the company owed HUB Lettings and Support Limited £3,000.

During the year, the company invoiced The Property Group (2010) Limited £635,000. At the year-end The Property Group (2010) Limited owed the company £18,000.

In addition to the above, following the change in ownership Quadron Services Limited lent funds to companies in the Warne Investments Limited group for the purposes of working capital. At the year end, in connection with these funds, Warne Investments Limited owed Quadron Services Limited £1,083,000, The Property Group (2010) Limited owed Quadron Services Limited £305,000, and Quadron Services Limited owed HUB Lettings and Support Limited £77,000.

Transactions with other entities under common control

Quantum Bookbinders Limited, Quantum Coatings Limited, Hobbs & Webb Limited and Letsure Properties Limited are not group companies but are deemed to be related parties of the company on the grounds that they are controlled and owned by M Martin and G Poulter.

During the year, the company invoiced Quantum Bookbinders Limited £61,000 (2013: £117,000) and purchased services of £17,000 (2013: £20,000) from Quantum Bookbinders Limited. At the year-end Quantum Bookbinders Limited owed the company £383,000 (2013: £344,000).

During the year, the company invoiced Quantum Coatings Limited £68,000 (2013: £103,000) and purchased services of £11,000 (2013: £15,000) from Quantum Coatings Limited. At the year-end Quantum Coatings Limited owed the company £175,000 (2013: £143,000).

During the year, the company invoiced Hobbs & Webb Limited £11,000 (2013: £184,000). At the year-end Hobbs & Webb Limited owed the company £nil (2013: £183,000).

During the previous year, the company invoiced Letsure Properties Limited £19,000. No such transactions occurred this year. At the year-end Letsure Properties Limited owed the company £nil (2013: £17,000).

Quadron Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

24 SHARE CAPITAL

	2014 £000	2013 £000
Allotted, called up and fully paid: 5,510,001 Ordinary shares of £0.01 each	<u>55</u>	<u>55</u>

25 SHARE PREMIUM ACCOUNT

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

26 REVALUATION RESERVE

	2014 £000	2013 £000
Revaluation of fixed assets	45	—
At the end of the year	<u>45</u>	<u>—</u>

27 PROFIT AND LOSS ACCOUNT

	2014 £000	2013 £000
At the beginning of the year	7,102	5,871
Profit for the financial year	959	1,231
Dividends	(250)	—
At the end of the year	<u>7,811</u>	<u>7,102</u>

28 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2014 £000	2013 £000
Profit for the financial year	959	1,231
Other net recognised gains and losses	45	—
Dividends	(250)	—
Net addition to shareholder's funds	<u>754</u>	<u>1,231</u>
Opening shareholder's funds	7,334	6,103
Closing shareholder's funds	<u>8,088</u>	<u>7,334</u>

29 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.

The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on page 8.

Quadron Services Limited
DETAILED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2014

	2014 £000	2013 £000
TURNOVER	28,669	25,382
COST OF SALES		
Opening stock and work-in-progress	13	18
Purchases	1,676	1,506
Direct costs	639	629
Direct wages	12,154	10,519
National insurance contributions on direct labour	825	702
Pension contributions - direct labour	536	562
Subcontract	1,277	993
Depreciation of plant and machinery	997	898
	<u>18,117</u>	<u>15,827</u>
Closing stock and work-in-progress	(12)	(13)
	<u>(18,105)</u>	<u>(15,814)</u>
Gross profit	<u>10,564</u>	<u>9,568</u>
GROSS PROFIT PERCENTAGE	<u>36.8%</u>	<u>37.7%</u>
OVERHEADS		
Administrative expenses	8,888	7,893
	<u>1,676</u>	<u>1,675</u>
OTHER OPERATING INCOME		
Rent receivable	48	52
OPERATING PROFIT	<u>1,724</u>	<u>1,727</u>
Loss on termination of discontinued operations (including depreciation of £220,000)	290	–
	<u>(1,434)</u>	<u>(1,727)</u>
Bank interest receivable	35	7
	<u>1,469</u>	<u>1,734</u>
Hire purchase and finance lease charges	160	187
PROFIT ON ORDINARY ACTIVITIES	<u>1,309</u>	<u>1,547</u>

Quadron Services Limited

NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT for the year ended 31 March 2014

	2014 £000	2013 £000
ADMINISTRATIVE EXPENSES		
Personnel costs		
Wages and salaries	3,272	2,848
Employer's national insurance contributions	365	306
Staff pension contributions	234	225
	<u>3,871</u>	<u>3,379</u>
Establishment expenses		
Rent	243	223
Rates	101	91
Water	31	26
Light and heat	109	96
Insurance	164	199
Repairs and maintenance	68	71
Security	14	16
	<u>730</u>	<u>722</u>
General expenses		
Motor expenses	2,120	1,828
Travel and subsistence	–	6
Vehicle leasing charges	243	287
Vehicle hire	86	47
Telephone	40	72
Hire of equipment	3	3
Equipment repairs and renewals	77	77
Printing, stationery and postage	100	73
Staff training	75	64
Staff welfare	5	4
Sundry expenses	170	158
Clothing	105	99
Donations	9	3
Licences, dues and subscriptions	34	26
Advertising	21	25
Client entertaining	9	38
Staff entertaining	1	1
Management charges payable	175	173
Legal and professional fees	–	2
Auditor's remuneration	23	23
Depreciation of land and buildings	22	35
Depreciation of fixtures and fittings	46	48
Depreciation of motor vehicles	761	700
	<u>4,125</u>	<u>3,792</u>
Financial costs		
Provision for doubtful debts	150	–
Bank charges	12	–
	<u>162</u>	<u>–</u>
	<u>8,888</u>	<u>7,893</u>
INTEREST RECEIVABLE		
Bank interest receivable	<u>35</u>	<u>7</u>