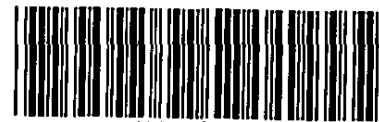


Resource (United Kingdom) Limited

Directors' report and financial statements

for the year ended 30 September 2012

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Resource (United Kingdom) Limited

Company Information

Directors	Mr A Vaughan (resigned 31 May 2013) Mr D J Seaton Mr R Gray Mr R Foran (appointed 31 May 2013)
Company secretary	Mr M R Daniel
Company number	3341350
Registered office	Innovation House Bullerthorpe Lane Colton Leeds West Yorkshire LS15 9JL
Auditors	Ernst & Young LLP 1 Bridgewater place Water Lane Leeds LS11 5QR
Bankers	Bank of Scotland 38 St Andrew Square Edinburgh EH2 2YR Irish Bank Resolution Corporation Limited Stephen Court 18 - 21 Stephens Green Dublin 2

Resource (United Kingdom) Limited

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Resource (United Kingdom) Limited

Directors' report for the year ended 30 September 2012

The directors present their report and the financial statements for the year ended 30 September 2012

Principal activities

The principal activity of the company during the period was the provision of cleaning and security services to the retail, government, education and commercial sectors throughout the United Kingdom

Business review

During this period of continued uncertain economic conditions the support services sector continues to grow with the trend towards outsourcing seen by many public and private sector organisations as a means of reducing costs. This growth potential is tempered by a delay in decision making often delaying public procurement processes to a significant extent. On-going margin pressures within the sector remain challenging as value realisation continues as a key purchasing driver.

Following a period of trading retrenchment there has been a significant improvement in performance both in terms of contract retention in addition to significant contract award with 'blue chip' organisations in the reported trading period. Our service offer and expertise in providing support services has been developed for specifically targeted sub-segments that, we believe, provide growth opportunities in both the public and private sectors, especially where our technical understanding and specialist skills can be successfully applied.

On-going and continued systemic improvements to our business, combined with a major programme of change have significantly strengthened the organisation during this trading period.

The company uses several key performance indicators to analyse business performance on both a monthly and annual basis. These include both financial and non financial measures. The principal financial KPIs are set out below with comparison between current year and previous financial period.

	Year ended 30 September 2012	18 months ended 30 September 2011
	£000	£000
Turnover	31,441	65,300
Operating profit	1,067	1,028
Debtor days	46 days	44 days

Results and dividends

The profit for the year, after taxation, amounted to £996,917 (2011 - £865,216)

At 30 September 2012 the company had net assets of £9,501,813 (2011 £8,501,916)

Resource (United Kingdom) Limited

Directors' report for the year ended 30 September 2012

Directors

The directors who served during the year were

Mr A Vaughan (resigned 31 May 2013)
Mr D J Seaton
Mr R Gray
Mr R Foran (appointed 31 May 2013)

Political and charitable contributions

The company made charitable donations of £5,970 (2011 £1,267) during the period

Principal risks and uncertainties

Financial risk management objectives and policies

The company uses various financial instruments including bank loans or overdrafts, finance leases and hire purchase agreements, and cash, and various items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations.

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below. The company does not make use of derivative transactions to minimise exposure to interest rates or foreign exchange.

The main risks arising from the company's financial instruments are interest rate risk, credit risk and liquidity risk and price and market risk.

The directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The company policy throughout the year has been to ensure continuity of funding by matching the source of funds to the intended use of those funds, so that fixed assets are financed out of reserves and through the use of hire purchase and finance lease arrangements where appropriate, funding for significant projects is secured on specific borrowings with draw down and repayment terms that are tied in to progress on each project. Short term flexibility is achieved by overdraft facilities.

Interest rate risk

The company finances its operations through a mixture of retained profits, bank borrowings and hire purchase and finance lease arrangements. The company exposure to interest rate fluctuations on its borrowings is managed through annual review of its borrowings requirements, and where appropriate, through the use of fixed or floating interest arrangements.

Credit risk

The company's principal financial assets are cash and trade debtors. The credit risk associated with cash is limited. The principal credit risk arises therefore from trade debtors.

In order to manage credit risk the directors assess potential customers as part of the tender process, or prior to opening a sales ledger account, based on a mixture of past history, credit references, and industry knowledge. As payment milestones are normally incorporated into contracts, invoices are normally settled

Resource (United Kingdom) Limited

Directors' report for the year ended 30 September 2012

promptly after presentation

Price and market risk

The company operates in both the Euro and Sterling economic environments and the exchange risk is managed through matching working capital, labour and other supplies within the same economic zone

Employee involvement

During the period, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

Capital restructuring

The company relies on the overall parent company's banking arrangements for its continued funding. In last year's report, the Directors advised that the Group had entered into formal agreements with each category of debt holder which has significantly reduced the amount of debt held in the balance sheet, increased the Group to positive net worth and improved cash flow by reducing the levels of interest and capital repayments required to service bank debt. The bank provided a new debt facility of £12m (reduced from £68m), which is fixed for a term ending on 30 June 2014. In addition the bank facility also provides additional Working Capital and bonds to support the business in achieving its growth plans subject to the Group satisfying certain conditions.

Going concern

As a result of the capital restructuring in 2011 of the Company's parent undertaking, Resource Group Services Limited, and the considerations which are outlined in Note 1 of the financial statements, the Directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

Resource (United Kingdom) Limited

Directors' report for the year ended 30 September 2012

Directors' responsibilities statement

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Provision of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Resource (United Kingdom) Limited

**Directors' report
for the year ended 30 September 2012**

Auditors

During the year, Grant Thornton UK LLP has resigned as auditors and replaced by Ernst & Young LLP

Ernst & Young LLP will be proposed for re-appointment in accordance with section 285 of the Companies Act 2006

This report was approved by the board on and signed on its behalf



Mr D J Seaton
Director

31 July 2013

Resource (United Kingdom) Limited

Independent auditors' report to the members of Resource (United Kingdom) Limited

We have audited the financial statements of Resource (United Kingdom) Limited for the year ended 30 September 2012, which comprise the Profit and loss account, the Statement of total recognised gains and losses, the Balance sheet and the related notes 1 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2012 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.

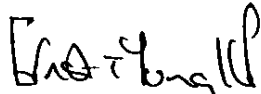
Resource (United Kingdom) Limited

Independent auditors' report to the members of Resource (United Kingdom) Limited

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



Alistair Denton (Senior Statutory Auditor)
for and on behalf of
Ernst & Young LLP
Statutory Auditor
Leeds

Date 29 August 2013

Resource (United Kingdom) Limited

**Profit and loss account
for the year ended 30 September 2012**

		Year to 30 September 2012 £	As restated 18 months ended 30 September 2011 £
	Note		
Turnover	1,2	31,440,769	65,300,146
Cost of sales		<u>(29,472,282)</u>	<u>(61,619,054)</u>
Gross profit		1,968,487	3,681,092
Administrative expenses		(2,951,140)	(6,150,810)
Exceptional administrative expenses		-	(146,663)
Total administrative expenses		(2,951,140)	(6,297,473)
Other operating income	3	<u>2,050,217</u>	<u>3,645,180</u>
Operating profit	4	1,067,564	1,028,799
Interest receivable and similar income		-	8
Interest payable and similar charges	9	(69,434)	(177,402)
Other finance income	10	<u>(3,686)</u>	<u>6,531</u>
Profit on ordinary activities before taxation		994,444	857,936
Tax on profit on ordinary activities	11	<u>2,473</u>	<u>7,280</u>
Profit for the financial year/ period	17	<u>996,917</u>	<u>865,216</u>

All amounts relate to continuing operations

Resource (United Kingdom) Limited

**Statement of total recognised gains and losses
for the year ended 30 September 2012**

		Year to 30 September 2012 £	As restated 18 months ended 30 September 2011 £
	Note		
Profit for the financial year/ period		996,917	865,216
Actuarial gain related to pension scheme	19	3,870	(70,455)
Deferred tax attributable to actuarial gain	19	<u>(890)</u>	<u>17,614</u>
Total recognised gains and losses relating to the year/ period		<u>999,897</u>	<u>812,375</u>

Resource (United Kingdom) Limited

Balance sheet as at 30 September 2012

	Note	£	2012 £	As restated 2011 £
Fixed assets				
Tangible assets	12		546,302	834,329
Current assets				
Debtors	13	20,197,908		17,948,606
Cash at bank		<u>651,186</u>		<u>412,105</u>
		20,849,094		18,360,711
Creditors: amounts falling due within one year	14	<u>(10,598,219)</u>		<u>(9,653,945)</u>
Net current assets			<u>10,250,875</u>	<u>8,706,766</u>
Total assets less current liabilities			10,797,177	9,541,095
Creditors: amounts falling due after more than one year	15	<u>(1,197,454)</u>		<u>(956,190)</u>
Net assets excluding pension scheme (liabilities)			9,599,723	8,584,905
Defined benefit pension scheme liability	19	<u>(97,910)</u>		<u>(82,989)</u>
Net assets including pension scheme (liabilities)			<u>9,501,813</u>	<u>8,501,916</u>
Capital and reserves				
Called up share capital	16		1,000,003	1,000,003
Share premium account	17		13,406,181	13,406,181
Profit and loss account	17	<u>(4,904,371)</u>		<u>(5,904,268)</u>
Shareholders' funds	18		<u>9,501,813</u>	<u>8,501,916</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on **31 July 2013**

Mr D J Seaton
Director



1. Accounting policies

1.1 Basis of preparation of financial statements

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

Going Concern

The Company's parent, Resource Services Group Limited, has undertaken to continue to provide financial support to the Company for at least 12 months from the date of approval of the financial statements. The key considerations made by the Board of Resource Services Group Limited in relation to the going concern of Resource Services Group Limited are outlined below

As a cornerstone element of the Board's governance process financial projections are prepared for a five year period and are regularly updated to ensure their accuracy and deliverability. The projections include fully integrated financial statements including Balance Sheets and Cashflows and are reviewed regularly by the Board. The nature of the business in terms of the predictability and consistency of contract margins and the robust Forecast processes used give the Board a high degree of visibility on the future financial performance of the business in terms of both revenues and cash generation. Our Forecasts are shared with our Bank, IBRC, who have provided both term and working capital facilities which the Board are confident are adequate for the business's needs through to 30th June 2014, the scheduled term of the current facility. As with any debt facility the Bank's continued support of the business is a function of meeting agreed covenants and the Board are confident that these will be met since the business is trading in line with its Forecasts and have every expectation that it will continue to do so through the term of the current facility. In addition the Bank has given every indication that it will continue to support the business past that date if required should the current well publicised winding up of IBRC by the Irish government, scheduled to be completed by the end of 2013, as defined by Irish government statute, fail to be resolved in the anticipated timeframe.

Following the appointment of Special Liquidators from KPMG in February 2013 the IBRC winding up is subject to several phases, a valuation process of all outstanding loans, a review process which will decide the route by which IBRC will sell the loan of the particular borrower and then a transaction phase which will complete the divestment. The review process may result in a number of loans being bundled into portfolios to be sold if a suitable standalone transaction is not forthcoming and if neither process is achieved may result in a loan being acquired by the long term investment vehicle of the Irish Government, NAMA.

In light of this process the Board are actively engaged with IBRC and are also exploring a number of alternate routes to replace the banking arrangements of the business. Given the ongoing engagement the board has with IBRC and a number of potential financial providers to date, we have a high degree of confidence that the existing facility will be extended or replaced prior to expiry. Whilst acknowledging that until the refinancing is completed there is a degree of uncertainty as to the banking arrangements for the business post 30 June 2014, given the range of options and the time to expiry, the Board do not consider this to be a material uncertainty to the business and therefore believe that the Going Concern basis of preparation is appropriate.

Fundamental error

In preparing the financial statements for the current period the Group has corrected the accounting treatment for the Resource Group defined benefit pension scheme. This scheme was previously accounted for as a defined contribution scheme under FRS 17 rather than a defined benefit scheme. This has led to a prior year restatement.

Resource (United Kingdom) Limited

The prior period comparatives and opening reserves at 1 April 2010 have been amended to reflect the accounting for the defined benefit liability under FRS 17 net of related deferred tax. In addition, there have been consequential changes to account for the current service cost and net finance income on the scheme in profit or loss of the comparative period. Actuarial losses have been recognised in the statement of recognised gains and losses.

The impact of these adjustments on the group balance sheet is to decrease net assets by £7,120 as at 1 April 2010 and £82,989 at 30 September 2011. The profit and loss account in the comparative period has also been restated to replace the pension contributions of £79,034 with the current service cost of £45,425, gain on settlement of £70,448 and net finance income of £6,531. There has also been a consequential adjustment to the deferred tax credit of £7,280. There has been no impact on corporation tax.

1.2 Turnover

The turnover in the profit and loss account represents amounts receivable from the provision of property support and security and guarding services supplied to customers under contractual arrangements during the year. Turnover is deferred to the extent that the provision of services does not fall in line the financial year.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	depreciated over the life of the lease
Plant & machinery	-	33.3% or 50% straight line depending on the asset
Motor vehicles	-	25% straight line
Fixtures & fittings	-	10%, 33.3% or 50% straight line depending on the asset
Office equipment	-	20% or 33.3% straight line depending on the asset
Computer equipment	-	20% or 33.3% straight line depending on the asset

**Notes to the financial statements
for the year ended 30 September 2012**

1. Accounting policies (continued)

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and loss account.

**Notes to the financial statements
for the year ended 30 September 2012**

1. Accounting policies (continued)

1.7 Pensions

The Group operates a defined benefit pension scheme. The Resource Group Defined Benefit Pension Scheme, which requires contributions to be made to separately administered funds. The scheme is open by trustee invite.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit method, which attributed entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in profit or loss on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the profit and loss account. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations resulting from the passage of time and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment made at the beginning of the year of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets of contributions received and benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the profit and loss accounts as other financial income or expense.

Actuarial gains and losses are recognised in full in the statement of total recognised gains and losses in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The scheme's assets, liabilities and associated costs under FRS 17 have been allocated between the two entities which employ members of the scheme namely Resource (United Kingdom) Limited and Resource (NI) Limited and have been recognised in the respective financial statements.

The liabilities of individual members have been used as the basis to attribute liabilities between the respective employers. The service cost and contributions in respect of accrual of benefits have been split based on estimated pensionable salary. Interest costs and return on scheme assets have been calculated on the basis of the liabilities and assets allocated to each respective employer at the beginning of the accounting period and cashflows allocated to that employer over the period.

Contributions to defined benefit contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

1. Accounting policies (continued)**1.8 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.

1.9 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

2 Turnover

The whole of the turnover is attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

3. Other operating income

	Year to 30 September 2012 £	18 months ended 30 September 2011 £
Management charges receivable	<u>2,050,217</u>	<u>3,645,180</u>

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

4. Operating profit

The operating profit is stated after charging/(crediting)

	Year to 30 September 2012 £	18 months ended 30 September 2011 £
Depreciation of tangible fixed assets		
- owned by the company	288,633	534,885
- held under finance leases	133,771	1,114,193
Operating lease rentals		
- plant and machinery	43,143	-
- other operating leases	188,176	-
Difference on foreign exchange	32,100	33,729
(Profit) on disposal of fixed assets	(120,534)	(62,985)
Operating lease - rental committed	-	262,531
Operating lease - rentals non committed	-	186,752
Write down of tangible fixed assets	-	30,247
Exceptional administrative expenses (Note 5)	-	146,663

5. Exceptional items

	Year to 30 September 2012 £	18 months ended 30 September 2011 £
Exceptional cost - bad debt write off	-	203,945
Exceptional cost - onerous lease	-	815,000
Exceptional cost - VAT penalty	-	90,000
Exceptional profit - creditor write off	-	(962,282)
	-	146,663

The exceptional bad debt has arisen due to difficulties arising with one of the company's principal customers. The exceptional onerous lease costs relate to a legal obligation in relation to an onerous lease of property which is no longer in use by the Group. The exceptional VAT penalty relates to late payment. The exceptional profit relates to the write off a creditor balance no longer due on the purchase of Pall Mall Holdings Limited.

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

6 Auditors' remuneration

	Year ended 30 September 2012 £000	18 months ended 30 September 2011 £000
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	89	82
Audit-related assurance services	-	22
Taxation compliance services	<u>13</u>	<u>-</u>

Fees payable to the company's auditor for the audit of the annual accounts includes £27,000 paid to the preceding auditor, Grant Thornton UK LLP

7. Staff costs

Staff costs, including directors' remuneration, were as follows

	Year to 30 September 2012 £	As restated 18 months ended 30 September 2011 £
Wages and salaries	23,908,464	49,247,136
Social security costs	1,441,466	3,266,683
Other pension costs	148,224	366,725
	<u>25,498,154</u>	<u>52,880,544</u>

The average monthly number of employees, including the directors, during the year was as follows

	Year to 30 September 2012 No	18 months ended 30 September 2011 No
Number of managerial and administrative staff	58	153
Number of direct labour and operatives staff	2,088	2,767
	<u>2,146</u>	<u>2,920</u>

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

8. Directors' remuneration

	Year to 30 September 2012 £	18 months ended 30 September 2011 £
Emoluments	<u>181,777</u>	<u>1,096,000</u>
Company pension contributions to defined contribution pension schemes	<u>15,625</u>	<u>-</u>

During the year retirement benefits were accruing to 1 director (2011 - NIL) in respect of defined contribution pension schemes

The highest paid director received remuneration of £166,152 (2011 - £NIL)

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £15,625 (2011 - £NIL)

9. Interest payable

	Year to 30 September 2012 £	18 months ended 30 September 2011 £
On other loans	54	-
On finance leases and hire purchase contracts	69,380	177,402
	<u>69,434</u>	<u>177,402</u>

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

10. Other finance income

	Year to 30 September 2012 £	As restated 18 months ended 30 September 2011 £
Expected return on pension scheme assets	18,900	45,504
Interest on pension scheme liabilities	(22,586)	(38,973)
	<u>(3,686)</u>	<u>6,531</u>

11. Taxation

	Year to 30 September 2012 £	As restated 18 months ended 30 September 2011 £
Analysis of tax charge in the year/period		
Current tax (see note below)		
UK corporation tax charge on profit for the year/period	-	-
Deferred tax		
Origination and reversal of timing differences	(4,686)	(7,577)
Change in tax rate	<u>2,213</u>	<u>297</u>
Total deferred tax	<u>(2,473)</u>	<u>(7,280)</u>
Tax on profit on ordinary activities	<u>(2,473)</u>	<u>(7,280)</u>

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

11. Taxation (Continued)**Factors affecting tax charge for the year/period**

The tax assessed for the year/period is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 25 00% (2011 - 27 33%). The differences are explained below

	Year to 30 September 2012 £	18 months ended 30 September 2011 £
Profit on ordinary activities before tax	<u>994,444</u>	<u>857,936</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25 00% (2011 - 27 33%)	248,611	234,474
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	(495,511)	12,798
Capital allowances for year/period in excess of depreciation	(245,202)	(54,110)
Utilisation of tax losses	485,723	-
Short term timing difference leading to an increase/ (decrease) in taxation	8,517	12,568
Income not deductible for tax purposes	-	(8,203)
Unrelieved tax losses carried forward	(2,138)	8,302
Group relief	-	(205,829)
Current tax charge for the year/period (see note above)	<u>-</u>	<u>-</u>

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

11. Taxation (continued)**Factors that may affect future tax charges**

Reductions in the corporation tax rate from 24% to 23% from 1 April 2013 were substantively enacted during the year. Consequently unrecognised deferred tax assets at the year-end have been calculated using a tax rate of 23%. Subsequent reductions in the tax rate to 21% from 1 April 2014, and 20% from 1 April 2015, have been announced by the Chancellor of the Exchequer but have not been substantively enacted at the balance sheet date.

Movement in deferred tax asset relating to defined benefit pension scheme:

	Year to 30 September 2012 £	As restated 18 months ended 30 September 2011 £
At 1 October 2011 and 1 April 2010	(27,663)	(2,769)
Change in tax rate	2,213	297
Statement of recognised gains and losses	890	(17,614)
Deferred tax charge/ credit in profit and loss	(4,686)	(7,577)
At 30 September	(29,246)	(27,663)

The company has unrecognised deferred tax assets of £884,515 (2011: £857,434) in relation to accelerated capital allowances and £17,444 (2011: £18,383) in relation to short term timing differences, and £784,687 (2011: nil) in relation to tax losses. These deferred tax assets are not recognised because of the uncertainty over future taxable profits against which these losses can be utilised.

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

12. Tangible fixed assets

	Leasehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Equipment £	Total £
Cost						
At 1 October 2011	34,247	847,285	1,833,957	665,513	235,215	3,616,217
Additions	-	157,812	-	2,526	40,641	200,979
Disposals & write down	-	(89,291)	(595,839)	(25,380)	-	(710,510)
Intercompany transfers	-	-	(85,848)	-	-	(85,848)
At 30 September 2012	<u>34,247</u>	<u>915,806</u>	<u>1,152,270</u>	<u>642,659</u>	<u>275,856</u>	<u>3,020,838</u>
Depreciation						
At 1 October 2011	9,705	698,978	1,535,000	374,161	164,044	2,781,888
Charge for the year	3,875	133,277	200,574	49,415	35,263	422,404
On disposals & write down	-	(83,574)	(561,357)	(3,525)	-	(648,456)
Intercompany transfers	-	-	(81,300)	-	-	(81,300)
At 30 September 2012	<u>13,580</u>	<u>748,681</u>	<u>1,092,917</u>	<u>420,051</u>	<u>199,307</u>	<u>2,474,536</u>
Net book value						
At 30 September 2012	<u>20,667</u>	<u>167,125</u>	<u>59,353</u>	<u>222,608</u>	<u>76,549</u>	<u>546,302</u>
At 30 September 2011	<u>24,542</u>	<u>148,307</u>	<u>298,957</u>	<u>291,352</u>	<u>71,171</u>	<u>834,329</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows

	2012 £	2011 £
Motor vehicles	<u>-</u>	<u>257,641</u>

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

13. Debtors

	2012 £	2011 £
Due after more than one year		
Amounts owed by group undertakings	4,043,872	4,043,872
Other debtors	17,974	-
Due within one year		
Trade debtors	3,473,967	3,771,904
Amounts owed by group undertakings	11,118,096	9,024,887
Prepayments and accrued income	1,543,999	1,107,943
	<u>20,197,908</u>	<u>17,948,606</u>

**14. Creditors:
Amounts falling due within one year**

	2012 £	2011 £
Net obligations under finance leases and hire purchase contracts	78,584	261,667
Trade creditors	1,151,836	634,034
Amounts owed to group undertakings	5,793,061	4,410,489
Social security and other taxes	519,450	790,551
Other creditors	136,402	-
Accruals and deferred income	2,918,886	3,557,204
	<u>10,598,219</u>	<u>9,653,945</u>

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

**15. Creditors:
Amounts falling due after more than one year**

	2012 £	2011 £
Net obligations under finance leases and hire purchase contracts	-	38,154
Amounts owed to group undertakings	1,197,454	918,036
	<u>1,197,454</u>	<u>956,190</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2012 £	2011 £
Between one and five years	<u>-</u>	<u>38,154</u>

16. Share capital

	2012 £	2011 £
Allotted, called up and fully paid		
1,000,003 Ordinary shares of £1 each	<u>1,000,003</u>	<u>1,000,003</u>

17. Reserves

	Share premium account £	As restated Profit and loss account £
At 1 October 2011	13,406,181	(5,904,268)
Profit for the year	-	996,917
Pension reserve movement	-	2,980
	<u>13,406,181</u>	<u>(4,904,371)</u>
At 30 September 2012		

Resource (United Kingdom) Limited

Notes to the financial statements for the year ended 30 September 2012

18. Reconciliation of movement in shareholders' funds

	2012 £	As restated 2011 £
Opening shareholders' funds	8,501,916	7,689,541
Profit for the year/period	996,917	865,216
Other recognised gains and losses during the year/period	<u>2,980</u>	<u>(52,841)</u>
Closing shareholders' funds	<u>9,501,813</u>	<u>8,501,916</u>

Shareholders funds at 1 April 2010 were originally £7,696,661 before deducting prior year adjustment of £7,120 (as described in Note 1)

19. Pension commitments

The company operates a defined benefit pension scheme in the UK The Resource Group Defined Benefit Scheme The scheme is open by trustee invite

Contributions are paid to the scheme at rates recommended by the actuaries based on regular review of the scheme's financial position The scheme's assets are held by trustees separately from the assets of the company

The valuation used for the FRS 17 disclosures has been based on the results of the most recent actuarial valuation at 1 April 2009 updated to 30 September 2012 by a qualified independent actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the Scheme at 30 September 2012

The scheme assets are stated at their market value at their respective balance sheet dates

The scheme's assets, liabilities and associated costs under FRS 17 have been allocated between the two entities which employ members of the scheme namely Resource (United Kingdom) Limited and Resource (NI) Limited and have been recognised in the respective financial statements

The liabilities of individual members have been used as the basis to attribute liabilities between the respective employers The service cost and contributions in respect of accrual of benefits have been split based on estimated pensionable salary Interest costs and return on scheme assets have been calculated on the basis of the liabilities and assets allocated to each respective employer at the beginning of the accounting period and cashflows allocated to that employer over the period

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

19. Pension commitments (continued)

The amounts recognised in the Balance sheet are as follows

	Year to 30 September 2012 £	As restated 18 months ended 30 September 2011 £
Present value of funded obligations	(459,165)	(434,502)
Fair value of scheme assets	<u>332,009</u>	<u>323,850</u>
Deficit in scheme	(127,156)	(110,652)
Related deferred tax asset	<u>29,246</u>	<u>27,663</u>
Net liability	<u>(97,910)</u>	<u>(82,989)</u>

The amounts recognised in profit or loss are as follows

	Year to 30 September 2012 £	As restated 18 months ended 30 September 2011 £
Current service cost	(11,930)	(45,425)
Interest on obligation	(22,586)	(38,973)
Expected return on scheme assets	18,900	45,504
Settlement loss recognised	<u>(13,312)</u>	<u>(70,448)</u>
Total	<u>(28,928)</u>	<u>(109,342)</u>

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

19. Pension commitments (continued)

Changes in the present value of the defined benefit obligation are as follows

	Year to 30 September 2012 £	As restated 18 months ended 30 September 2011 £
Opening defined benefit obligation	434,502	470,805
Current service cost	11,930	45,425
Interest cost	22,586	38,973
Contributions by scheme participants	458	2,831
Actuarial Losses	19,819	3,394
Exchange differences on foreign schemes	(11,394)	(119,444)
Benefits paid	(18,736)	-
Premiums paid	-	(7,482)
Closing defined benefit obligation	<u>459,165</u>	<u>434,502</u>

Changes in the fair value of scheme assets are as follows

	Year to 30 September 2012 £	As restated 18 months ended 30 September 2011 £
Opening fair value of scheme assets	323,850	460,916
Expected return	18,900	45,504
Actuarial gains and (losses)	23,689	(67,061)
Plan settlements	(24,706)	(189,892)
Contributions by employer	8,554	79,034
Contributions by scheme participants	458	2,831
Benefits paid	(18,736)	-
Premiums paid	-	(7,482)
	<u>332,009</u>	<u>323,850</u>

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

19. Pension commitments (continued)

The major categories of scheme assets as a percentage of total scheme assets are as follows

	2012	2011
Equity securities	52.20%	66.20%
Debt securities	0.10%	1.90%
Property	13.10%	13.50%
Other	34.60%	18.40%

Principal actuarial assumptions at the Balance sheet date (expressed as weighted averages)

	2012	2011
Discount rate at 30 September	4.75%	5.25%
Future salary increases	4.00%	4.25%
Future pension increases	3.00%	3.25%
Rate of price inflation	3.00%	3.25%

Amounts for the current and previous period are as follows

Defined benefit pension schemes

	2012 £	2011 £
Defined benefit obligation	(459,165)	(434,502)
Scheme assets	<u>332,009</u>	<u>323,850</u>
Deficit	<u>(127,156)</u>	<u>(110,652)</u>
Experience adjustments on scheme assets	<u>23,689</u>	<u>(67,061)</u>

Expected return on scheme assets

The expected rate of return assumption for equities has been set by considering the yield on government bonds of appropriate duration for the Scheme's liabilities and adding a margin to allow for expected outperformance of equities above these bonds. The expected return assumption for bonds is derived from the average of corporate and government bond yields, weighted in proportion to the Scheme's bond holding at 30 September 2012.

Resource (United Kingdom) Limited

**Notes to the financial statements
for the year ended 30 September 2012**

20. Operating lease commitments

At 30 September 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Motor vehicles	
	2012	2011	2012	2011
	£	£	£	£
Expiry date:				
Within 1 year	21,090	-	-	-
Between 2 and 5 years	46,962	64,387	112,115	-
After more than 5 years	<u>191,570</u>	<u>191,570</u>	<u>-</u>	<u>-</u>

21. Commitments under hire purchase agreements

Future commitments under hire purchase agreements net of future finance lease charges are as follow

	Year to 30 September 2012 £	18 months ended 30 September 2011 £
Amounts payable within 1 year	78,584	261,667
Amounts payable between 1 and 2 years	-	38,154
	<u>78,584</u>	<u>299,821</u>

The hire purchase agreements are secured by the assets to which they relate

22. Related party transactions

The company is a wholly owned subsidiary of Pall Mall Holdings Limited. The directors consider that the ultimate parent company is Resource (No 1) Limited.

As a wholly owned subsidiary of Resource (No 1) Limited, the company has availed from the exemption under FRS 8 from disclosing transactions with other group companies.

Resource (United Kingdom) Limited

Notes to the financial statements for the year ended 30 September 2012

23. Ultimate parent undertaking and controlling party

Resource (United Kingdom) Limited's immediate parent is Pall Mall Holdings Limited, a company incorporated in England and registered at Innovation House, Bullerthorpe Lane, Leeds LS15 9JL

Pall Mall Holdings Limited is an indirect subsidiary of Resource Services Group Limited, a company incorporated in Northern Ireland and registered at Edgewater Business Park, 8 Edgewater Road, Belfast BT3 9JQ. Resource Services Group Limited prepares consolidated accounts and is the smallest group which prepares consolidated financial statements in which the Resource (United Kingdom) Limited is included.

The ultimate parent undertaking is Resource No 1 Limited, a company incorporated in Northern Ireland and registered at Edgewater Business Park, 8 Edgewater Road, Belfast BT3 9JQ.

Resource No 1 Limited prepares consolidated accounts and is the largest group which prepares consolidated financial statements in which the company is included.

Resource No 1 Limited is owned 100% by the directors and management. Consequently, the directors consider the directors of Resource No 1 Limited are the ultimate controlling party of the company.