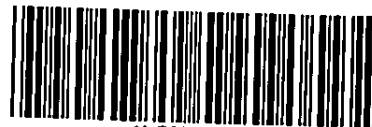


Company Registration No. 4073907 (England and Wales)

**EUROPA SUPPORT SERVICES LIMITED**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

WEDNESDAY



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# EUROPA SUPPORT SERVICES LIMITED

## DIRECTORS AND ADVISERS

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**Directors**

W Allan  
M H Jones  
P Canning  
W Loch  
G Brown  
R Muldoon

**Secretary**

R Muldoon

**Company number**

4073907

**Registered office**

Rosanne House  
Parkway  
Welwyn Garden City  
Hertfordshire  
AL8 6HG

**Registered auditors**

HLB Vantis Audit plc  
66 Wigmore Street  
London  
W1U 2SB

**Bankers**

Clydesdale Bank plc  
30 St Vincent Street  
Glasgow  
Scotland  
G1 2HL

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# **EUROPA SUPPORT SERVICES LIMITED**

## **CONTENTS**

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	<b>Page</b>
Chairman's report	1 - 2
Directors' report	3 - 6
Independent auditors' report	7 - 8
Consolidated profit and loss account	9
Consolidated statement of recognised gains and losses	10
Balance sheets	11
Consolidated cash flow statement	12
Notes to the consolidated cash flow statement	13
Notes to the financial statements	14 - 35

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# **EUROPA SUPPORT SERVICES LIMITED**

## **CHAIRMAN'S REPORT**

### **TO THE SHAREHOLDERS OF EUROPA SUPPORT SERVICES LIMITED**

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During 2009, the UK economy was ravaged by the parallel ills of the credit crunch and recession. The operating conditions for UK businesses were more challenging than they have been for several decades.

Many of our customers experienced significant cost pressures during the year. In the spirit of partnership, we have tried at all times to work with them positively and innovatively to find cost savings in their facilities operations. In many cases, we have helped to reconfigure service delivery and re-set service levels in order to unlock cost savings for our clients. In the main, this has not impacted on our margins, but where it has, we view this as an investment in our long term relationship with our clients.

Against this challenging background, I am delighted to be able to report significant progress and growth in our business during 2009. This is due, in large part, to a number of new contract wins and an acquisition and is testament to the strength of our business and the quality of the people we have working in it.

We achieved a 26% increase in Earnings Before Interest and Tax for the year (2009 £4.4m, 2008 £3.5m) and 34% increase in sales turnover (2009 £62.9m, 2008 £47.1m). Cash flow also remained strong and we closed the year with £7.5m cash in the bank, a similar figure to 2008, despite funding our growth and an acquisition during the period.

We secured a number of new clients in the year including Cambridgeshire Schools, the Ambulance Service, Land Securities, and Mapeley. We look forward to working with them closely in the coming years to meet their property, infrastructure and facilities management needs.

Periods of economic adversity can bring opportunity and our executive team has been alert to the potential to acquire profitable business from distressed companies. In May, management acted swiftly and energetically to acquire the Workspace Services and FM businesses of the Eastlake Group. In addition to contributing a significant level of profitable sales, this acquisition has also brought a number of capable managers into our business and extended our coverage in the corporate sector with clients such as RBS, Lloyds Banking Group and Aegon.

The Eastlake acquisition has also extended our service range by giving us new capabilities in interiors, space planning and furniture management to complement our property, infrastructure and facilities management services.

In 2008, through the acquisition of United Utilities FM and the significant strengthening of our senior management team, we created a foundation for the future. In 2009 we commenced a major programme designed to strengthen the quality of experience we deliver to our customers.

We want our customers to find that dealing with Europa is a fresh, innovative and impressive experience. Our staff survey in 2009 confirmed that our people are more engaged than in the average UK business and that they have a strong commitment to customer service. However, this is just the starting point.

In order to make sure that our customers feel our service is fresh, innovative and impressive, we have introduced a number of new account and service management, leadership, training and measurement approaches which are designed to lift the Europa service experience to an outstanding level. This work will begin to have an impact in 2010 and, we believe, will play a major role in helping us retain existing clients and in helping to differentiate Europa in the quest for new business.

As reported in detail elsewhere in this report, 2009 saw a significant improvement in our health and safety performance, with a 44% reduction in our Accident Frequency Rate. This has been achieved through a focused effort from our HSEQ professionals and operational managers throughout the business.

# **EUROPA SUPPORT SERVICES LIMITED**

## **CHAIRMAN'S REPORT**

### **TO THE SHAREHOLDERS OF EUROPA SUPPORT SERVICES LIMITED**


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Following the year end, the opportunity arose to acquire certain elements of Operon Facilities Management on a similar basis to the Eastlake acquisition. This deal has been completed and as well as bringing additional profitable turnover, it has extended our activities in the public sector and established a presence for Europa in the Republic of Ireland.

Our growth in 2009 and the Eastlake and Operon acquisitions mean that Europa now employs some 2200 people and has an annualised sales turnover in excess of £100m. Our impressive growth over the last two years is down to two factors - the quality of service delivered by people throughout Europa, and the enterprising nature of our senior management team.

On behalf of all of the shareholders, I think it is only right for me to thank them for the value they have created in our business over the last two years.

Looking forward, the scale and broader capabilities we have acquired in 2008 and 2009 will enable us to access a much wider range of opportunities. The executive team is working on a number of exciting opportunities and is confident of delivering further significant growth and development in 2010.



W Allan  
Chairman  
DATE

26 March 2010

# **EUROPA SUPPORT SERVICES LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 DECEMBER 2009***

---

The directors present their report and financial statements for the year ended 31 December 2009

### **Directors**

The following directors have held office since 1 January 2009

W Allan  
M H Jones  
P Canning  
W Loch  
G Brown  
R Muldoon

### **Principal activities and review of the business**

The principal activity of the company continued to be that of a holding company for group core business which is the provision of total facilities management as well as the delivery of cleaning, security, front of house and waste management services to public, utilities, corporate and retail sectors

On 6 May 2009 the group acquired the contracts of Eastlake Group (now Europa Workspace Solutions Limited and Nationwide Facilities Services Limited T/A Europa Workspace Services)

The group performed well during the year. Turnover for the group increased by 34% to £62.9m and earnings before interest and tax increased to £4.4m from £3.5m in the previous year. Net assets have increased to £4.6m from £4.4m in the previous year.

### **Principal risks and uncertainties**

The services provided by the group present limited operational risks and these are mitigated through a comprehensive risk management process. The majority of our activities are delivered through long term contracts which are structured to limit the group's exposure to commercial risks. The principal uncertainties with regard to the group's ability to continue to achieve its current level of profitability are the loss of a major client and general economic and market conditions. The group has a diverse client base and the loss of any particular client would not have a catastrophic impact on the group's viability. The trading performance in 2009 demonstrates the group's ability to perform strongly during adverse economic conditions.

### **Future outlook**

The future outlook is positive. We expect to meet our growth targets, offer innovative solutions based on the quality of both staff and systems and successfully operate in a competitive market.

The group has produced strong growth over the last two years and the directors believe this will continue in 2010. The group is working on new opportunities, a number of which are expected to be secured in 2010.

# **EUROPA SUPPORT SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2009**

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#### **Key performance indicators**

The directors consider the following key performance indicators

- Sales £62.9m (2008 £47.1m)
- Profit before tax £3.7m (2008 £3.0m)
- Net assets £4.6m (2008 £4.4m)

A number of non-financial key performance indicators are also utilised in the management of the company. These include

- Customer satisfaction levels
- Health Safety Environment and Quality performance (HSEQ)
- Employee satisfaction, engagement and retention

#### **HSEQ**

The business has performed very well with regards to health and safety, delivering a 44% reduction in our accident frequency rate and continuing to ensure that our employees' safety is a key priority.

Europa's sustainability steering group has assisted in planning and organising activities and creating the role of environmental champions within the business. This focus has delivered strong results in 2009 with in excess of 80% waste recycling achieved at some of our sites and a significant level of training and awareness workshops delivered to the business.

Europa continued to meet the requirements of ISO 9001, ISO 14001 and OHSAS 18001, with successful audits completed by Bureau Veritas in 2009.

Customer service is a key priority for the business and in 2009 we further developed our customer service strategy with significant investment in training and support to our operational teams.

#### **Results and dividends**

The consolidated profit and loss account for the year is set out on page 9.

# **EUROPA SUPPORT SERVICES LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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### **Financial instruments**

The group's principal financial instruments comprise bank balances, loans to the group, finance lease agreements, trade debtors and trade creditors. The main purpose of these instruments is to finance the group's operations.

Due to the nature of the financial instruments used by the group there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest. The group makes use of money market facilities when funds are available.

In respect of loans, this only comprises of a loan from a financial institution. The group manages liquidity risk by ensuring there are sufficient funds to meet payments. Interest on the loan is variable and the quarterly repayments are fixed.

The group is a lessee in respect of finance leased assets and ensures there are sufficient funds to meet payments.

Trade debtors are managed in respect of credit and cash flow risk by application of policies regarding the credit offered to customers, and the regular monitoring of amounts outstanding with reference to time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts falling due at the appropriate time.

### **Employee involvement and engagement**

Europa has a continuous drive to be the employer of choice. In 2009 the business carried out an employee survey which was conducted by a third party. The results of the survey confirmed that Europa's employee engagements levels are above the UK norm in the business services sector and that our people are highly focused on customer service and health and safety. The key elements of the survey have been communicated to all employees and initiatives are underway in 2010 with a further survey taking place late 2010.

As part of the ongoing development of the business and our investment in the working environment, we opened new offices in Manchester and Glasgow in 2009.

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

### **Disabled persons**

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.



# EUROPA SUPPORT SERVICES LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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### **Directors' responsibilities**

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 group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

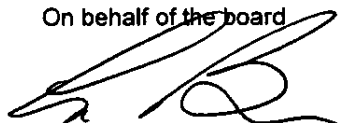
- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



G Brown

Director

26 March 2010

# **EUROPA SUPPORT SERVICES LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF EUROPA SUPPORT SERVICES LIMITED**

---

We have audited the group and parent company financial statements (the "financial statements") of Europa Support Services Limited for the year ended 31 December 2009 set out on pages 9 to 35. 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 pages 3 - 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 group's and 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.

#### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 December 2009 and of the group's 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.

# EUROPA SUPPORT SERVICES LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF EUROPA SUPPORT SERVICES 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

HLB Vantis Audit Plc

Vasim Haq (Senior Statutory Auditor)  
for and on behalf of HLB Vantis Audit plc

31/3/10

Chartered Accountants  
Statutory Auditor

66 Wigmore Street  
London  
W1U 2SB



# EUROPA SUPPORT SERVICES LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
<b>Turnover</b>	<b>2</b>	62,856,267	47,105,507
Cost of sales		(51,255,774)	(38,074,817)
<b>Gross profit</b>		11,600,493	9,030,690
Distribution costs		-	(98,953)
Administrative expenses		(7,161,236)	(5,502,020)
Other operating income		-	117,184
<b>Operating profit</b>	<b>3</b>	4,439,257	3,546,901
Other interest receivable and similar income		-	108,699
Interest payable and similar charges	<b>4</b>	(747,941)	(697,626)
<b>Profit on ordinary activities before taxation</b>		3,691,316	2,957,974
Tax on profit on ordinary activities	<b>5</b>	(1,215,142)	(626,788)
<b>Profit for the year</b>	<b>17</b>	2,476,174	2,331,186

The profit and loss account has been prepared on the basis that all operations are continuing operations

# EUROPA SUPPORT SERVICES LIMITED

## CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 2009

		2009 £	2008 £
<b>Profit for the financial year</b>		<b>2,476,174</b>	<b>2,331,186</b>
Actuarial gains/(losses) on plan assets	364,000	(624,000)	
Experience gains/(losses) on plan liabilities	185,000	(220,000)	
(Loss)/gain on change in actuarial assumptions on plan liabilities	(3,241,000)	653,000	
Net increase in liabilities on acquisition	-	(83,000)	
Actuarial loss on pension scheme		(2,692,000)	(274,000)
Movement on deferred tax relating to pension deficit		822,640	-
<b>Total recognised gains and losses relating to the year</b>		<b>606,814</b>	<b>2,057,186</b>

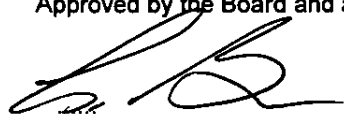
# EUROPA SUPPORT SERVICES LIMITED

## BALANCE SHEETS

AS AT 31 DECEMBER 2009

	Notes	Group 2009 £	2008 £	Company 2009 £	2008 £
<b>Fixed assets</b>					
Intangible assets	8	10,167,641	10,139,678	441,020	-
Tangible assets	9	825,745	569,816	371,406	-
Investments	10	-	-	12,485,120	12,439,927
		<u>10,993,386</u>	<u>10,709,494</u>	<u>13,297,546</u>	<u>12,439,927</u>
<b>Current assets</b>					
Debtors	11	9,735,258	7,277,755	4,533,879	197,212
Cash at bank and in hand		<u>7,527,696</u>	<u>7,398,291</u>	<u>306,524</u>	<u>1,154,844</u>
		17,262,954	14,676,046	4,840,403	1,352,056
<b>Creditors: amounts falling due within one year</b>	12	(16,035,786)	(13,588,664)	(10,890,744)	(5,022,435)
<b>Net current assets</b>		<u>1,227,168</u>	<u>1,087,382</u>	<u>(6,050,341)</u>	<u>(3,670,379)</u>
<b>Total assets less current liabilities</b>		12,220,554	11,796,876	7,247,205	8,769,548
<b>Creditors, amounts falling due after more than one year</b>	13	(5,541,670)	(7,173,166)	(5,541,670)	(7,125,002)
		<u>6,678,884</u>	<u>4,623,710</u>	<u>1,705,535</u>	<u>1,644,546</u>
<b>Retirement benefit obligations</b>	15	(2,115,360)	(247,000)	-	-
		<u>4,563,524</u>	<u>4,376,710</u>	<u>1,705,535</u>	<u>1,644,546</u>
<b>Capital and reserves</b>					
Called up share capital	16	100,000	100,000	100,000	100,000
Share premium account	17	1,240,000	1,240,000	1,240,000	1,240,000
Profit and loss account	17	<u>3,223,524</u>	<u>3,036,710</u>	<u>365,535</u>	<u>304,546</u>
<b>Shareholders' funds</b>	18	<u>4,563,524</u>	<u>4,376,710</u>	<u>1,705,535</u>	<u>1,644,546</u>

Approved by the Board and authorised for issue on 26 MARCH 2010



G Brown  
Director

Company Registration No. 04073907

# EUROPA SUPPORT SERVICES LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
£	£	£
<b>Net cash inflow from operating activities</b>	<b>4,704,539</b>	<b>8,281,774</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	-	108,699
Interest paid	(640,941)	(671,626)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(640,941)</b>	<b>(562,927)</b>
<b>Taxation</b>	<b>(741,929)</b>	<b>(257,500)</b>
<b>Capital expenditure</b>		
Payments to acquire intangible assets	(482,213)	-
Payments to acquire tangible assets	(595,923)	(349,479)
Receipts from sales of tangible assets	-	85,852
<b>Net cash outflow for capital expenditure</b>	<b>(1,078,136)</b>	<b>(263,627)</b>
<b>Acquisitions and disposals</b>		
Purchase of subsidiary undertakings (net of cash acquired)	-	(11,319,327)
<b>Net cash outflow for acquisitions and disposals</b>	<b>-</b>	<b>(11,319,327)</b>
<b>Equity dividends paid</b>	<b>(420,000)</b>	<b>-</b>
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>	<b>1,823,533</b>	<b>(4,121,607)</b>
<b>Financing</b>		
Issue of preference shares	-	1,250,000
New long term bank loan	-	9,500,000
Repayment of long term bank loan	(1,583,332)	(791,666)
Capital element of hire purchase contracts	(110,796)	(228,682)
<b>Net cash (outflow)/inflow from financing</b>	<b>(1,694,128)</b>	<b>9,729,652</b>
<b>Increase in cash in the year</b>	<b>129,405</b>	<b>5,608,045</b>

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

1 Reconciliation of operating profit to net cash inflow from operating activities		2009	2008
		£	£
Operating profit		4,439,257	3,546,901
Depreciation of tangible assets		339,994	350,754
Amortisation of intangible assets		454,250	454,250
Loss on disposal of tangible assets		-	3,496
(Increase)/decrease in debtors		(2,579,182)	3,440,592
(Decrease)/Increase in creditors within one year		2,158,220	238,781
Pension scheme non-cash movement		(108,000)	247,000
<b>Net cash inflow from operating activities</b>		<b>4,704,539</b>	<b>8,281,774</b>

2 Analysis of net funds/(debt)	1 January 2009	Cash flow	Other non-cash changes	31 December 2009
	£	£	£	£
Net cash				
Cash at bank and in hand	7,398,291	129,405	-	7,527,696
Finance leases	(157,194)	110,796	-	(46,398)
Debts falling due within one year	(1,583,332)	-	-	(1,583,332)
Debts falling due after one year	(7,125,002)	1,583,332	-	(5,541,670)
	(8,865,528)	1,694,128	-	(7,171,400)
<b>Net (debt)/funds</b>	<b>(1,467,237)</b>	<b>1,823,533</b>	<b>-</b>	<b>356,296</b>

3 Reconciliation of net cash flow to movement in net debt		2009	2008
		£	£
Increase in cash in the year		129,405	5,608,045
Cash outflow/(inflow) from decrease/(increase) in debt		1,694,128	(8,479,652)
Change in net debt resulting from cash flows		1,823,533	(2,871,607)
New finance lease		-	(25,640)
<b>Movement in net funds/(debt) in the year</b>		<b>1,823,533</b>	<b>(2,897,247)</b>
Opening net (debt)/funds		(1,467,237)	1,430,010
<b>Closing net funds/(debt)</b>		<b>356,296</b>	<b>(1,467,237)</b>



# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

#### 1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2009. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

#### 1.4 Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts.

#### 1.5 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

#### 1.6 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 less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	20% straight line basis
Plant and machinery	rates varying from 20% - 33% straight line basis
Computer hardware and purchased software	20% straight line basis
Fixtures, fittings & equipment	rates varying from 20% - 50% straight line basis
Motor vehicles	25% straight line basis

#### 1.7 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.9 Revenue recognition

Revenue is generally recognised as contract activity progresses so that for incomplete contracts it reflects the partial performance of the contractual obligations. For such contracts the amount of revenue reflects the accrual of the right to consideration by reference to the value of work performed. Revenue not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

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# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 1 Accounting policies

(continued)

#### 1.10 Pensions

The group operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

For defined benefit schemes, the pension costs are assessed using the projected unit credit method, the cost of providing pensions is charged to the profit and loss account so as to spread the regular costs over the service lives of employees. The pension obligation is measured at the present value of the estimated future cash flows using interest rates on government securities that have terms to maturity approximating the terms of the related liability.

When the benefits of a scheme are improved, past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately, following the introduction of, or changes to, a defined benefit plan, the past service cost is recognised as an expense immediately.

#### 1.11 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.12 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

### 3 Operating profit

	2009 £	2008 £
Operating profit is stated after charging		
Amortisation of intangible assets	454,250	454,250
Depreciation of tangible assets	339,994	350,754
Loss on disposal of tangible assets	-	3,496
Operating lease rentals		
- Plant and machinery	13,725	55,340
- Other assets	356,110	143,990
Fees payable to the group's auditor for the audit of the group's annual accounts (company £20,000, 2008 £21,163)	70,000	66,384

Non-audit fees payable to the associates of the group's auditor in respect of

- accounting and taxation work £18,500 (2008 £13,000)
- due diligence on acquisition of a subsidiary £nil (2008 £155,000)

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

<b>4</b>	<b>Interest payable</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	603,123	7,693
	On other loans wholly repayable within five years	-	640,115
	Hire purchase interest	11,316	23,818
	On overdue tax	26,502	-
	Other interest	107,000	26,000
		<u>747,941</u>	<u>697,626</u>
<b>5</b>	<b>Taxation</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U K corporation tax	1,078,114	932,992
	Adjustment for prior years	15,349	-
		<u>1,093,463</u>	<u>932,992</u>
	<b>Current tax charge</b>		
	<b>Deferred tax</b>		
	Deferred tax charge/(credit) current year	121,679	(306,204)
		<u>1,215,142</u>	<u>626,788</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	3,691,316	2,957,974
		<u>3,691,316</u>	<u>2,957,974</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008 - 28.00%)	1,033,568	828,233
		<u>1,033,568</u>	<u>828,233</u>
	<b>Effects of</b>		
	Non deductible expenses	15,258	(21,426)
	Depreciation/amortisation add back	222,384	225,478
	Capital allowances	(158,950)	(112,232)
	Different tax rates / change in tax rate	(4,200)	10,109
	Adjustments to previous periods	15,349	-
	Small company tax relief	(2,402)	(3,577)
	Pension related costs	(280)	6,407
	Other tax adjustments	(27,264)	-
		<u>59,895</u>	<u>104,759</u>
	<b>Current tax charge</b>	<u>1,093,463</u>	<u>932,992</u>

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2009**

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### **6 Profit for the financial year**

As permitted by section 408 of the Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Holding company's profit for the financial year	<u>480,989</u>	<u>282,937</u>

### **7 Dividends**

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Dividend paid	<u>420,000</u>	<u>-</u>

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 8 Intangible fixed assets Group

	Goodwill £
<b>Cost</b>	
At 1 January 2009	10,760,995
Additions	482,213
	<u>11,243,208</u>
At 31 December 2009	11,243,208
<b>Amortisation</b>	
At 1 January 2009	621,317
Charge for the year	454,250
	<u>1,075,567</u>
At 31 December 2009	1,075,567
<b>Net book value</b>	
At 31 December 2009	10,167,641
At 31 December 2008	10,139,678

Additions to goodwill of £41,193 (2008 £10,593,928) relate to the acquisition of Europa Facilities Management Limited and £441,020 to the acquisition of the business from the Eastlake Group

### Intangible fixed assets (continued) Company

	Goodwill £
<b>Cost</b>	
At 1 January 2009	-
Additions	441,020
	<u>441,020</u>
At 31 December 2009	441,020

Additions to goodwill of £441,020 relates to the acquisition of the business from the Eastlake Group

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 9 Tangible fixed assets Group

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2009	24,144	1,481,918	-	31,887	1,537,949
Additions	8,144	98,338	489,441	-	595,923
At 31 December 2009	32,288	1,580,256	489,441	31,887	2,133,872
<b>Depreciation</b>					
At 1 January 2009	15,646	926,620	-	25,867	968,133
Charge for the year	2,815	263,702	67,457	6,020	339,994
At 31 December 2009	18,461	1,190,322	67,457	31,887	1,308,127
<b>Net book value</b>					
At 31 December 2009	13,827	389,934	421,984	-	825,745
At 31 December 2008	8,498	555,298	-	6,020	569,816

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Net book values</b>				
At 31 December 2009	26,077	-	-	26,077
At 31 December 2008	117,872	-	5,625	123,497
<b>Depreciation charge for the year</b>				
31 December 2009	91,795	-	5,625	97,420
31 December 2008	155,949	-	7,500	163,449

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### Tangible fixed assets (continued) Company

	Land and buildings Leasehold £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 January 2009	-	-	-
Additions	8,144	423,746	431,890
At 31 December 2009	8,144	423,746	431,890
<b>Depreciation</b>			
At 1 January 2009	-	-	-
Charge for the year	-	60,484	60,484
At 31 December 2009	-	60,484	60,484
<b>Net book value</b>			
At 31 December 2009	8,144	363,262	371,406
At 31 December 2008	-	-	-

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 10 Fixed asset investments

#### Company

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2009	12,443,927
Additions	41,193
	<hr/>
At 31 December 2009	12,485,120
	<hr/>
<b>Provisions for diminution in value</b>	
At 1 January 2009	4,000
Charge for the year	(4,000)
	<hr/>
At 31 December 2009	-
	<hr/>
<b>Net book value</b>	
At 31 December 2009	12,485,120
	<hr/>
At 31 December 2008	12,439,927
	<hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held	
		Class	%
<b>Subsidiary undertakings</b>			
Europa Facility Services Limited	England and Wales	Ordinary	100
Europa Facilities Management Limited	England and Wales	Ordinary	100
Europa Workspace Solutions Limited	England and Wales	Ordinary	100
Nationwide Facility Services Limited (T/A Europa Workspace Services)	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows

	Principal activity
Europa Facility Services Limited	Facilities management
Europa Facilities Management Limited	Facilities management
Europa Workspace Solutions Limited	Facilities management
Nationwide Facility Services Limited (T/A Europa Workspace Services)	Facilities management



# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 11 Debtors

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	5,695,901	5,352,201	-	-
Amounts owed by group undertakings	-	-	3,519,597	-
Other debtors	673,109	305,514	367,730	197,212
Prepayments and accrued income	3,181,723	1,313,836	646,552	-
Deferred tax asset (see note 14)	184,525	306,204	-	-
	<u>9,735,258</u>	<u>7,277,755</u>	<u>4,533,879</u>	<u>197,212</u>

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

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	1,583,332	1,583,332	1,583,332	1,583,332
Net obligations under finance lease and hire purchase contracts	46,398	109,030	-	-
Trade creditors	4,178,564	1,367,103	174,222	-
Amounts owed to group undertakings	-	-	7,823,359	2,124,444
Corporation tax	1,412,699	1,061,165	12,600	110,824
Taxes and social security costs	2,387,855	1,315,537	-	20,601
Other creditors	1,538,746	2,106,181	1,104,525	1,137,507
Accruals and deferred income	4,888,192	6,046,316	192,706	45,727
	<u>16,035,786</u>	<u>13,588,664</u>	<u>10,890,744</u>	<u>5,022,435</u>

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2009

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

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans	5,541,670	7,125,002	5,541,670	7,125,002
Net obligations under finance leases and hire purchase agreements	-	48,164	-	-
	<u>5,541,670</u>	<u>7,173,166</u>	<u>5,541,670</u>	<u>7,125,002</u>
<b>Analysis of loans</b>				
Not wholly repayable within five years by instalments				
Bank loans	-	8,708,334	-	8,708,334
Wholly repayable within five years	7,125,002	-	7,125,002	-
Included in current liabilities	(1,583,332)	(1,583,332)	(1,583,332)	(1,583,332)
	<u>5,541,670</u>	<u>7,125,002</u>	<u>5,541,670</u>	<u>7,125,002</u>
Instalments not due within five years	-	791,674	-	791,674
	<u>-</u>	<u>791,674</u>	<u>-</u>	<u>791,674</u>
<b>Loan maturity analysis</b>				
In more than one year but not more than two years	1,583,332	1,583,332	1,583,332	1,583,332
In more than two years but not more than five years	3,958,338	4,749,996	3,958,338	4,749,996
In more than five years	-	791,674	-	791,674
	<u>-</u>	<u>791,674</u>	<u>-</u>	<u>791,674</u>

The bank loan is secured by a debenture in favour of Clydesdale Bank plc. The rate of interest applicable on the loan is calculated in accordance with the loan agreement.

### Net obligations under finance leases and hire purchase contracts

Repayable within one year	52,973	121,666	-	-
Repayable between one and five years	-	54,738	-	-
	<u>52,973</u>	<u>176,404</u>	<u>-</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(6,575)	(19,210)	-	-
	<u>46,398</u>	<u>157,194</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(46,398)	(109,030)	-	-
	<u>-</u>	<u>48,164</u>	<u>-</u>	<u>-</u>

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 14 Deferred tax

The deferred tax asset (included in Debtors note 11) is made up as follows:

	Group 2009 £	Company 2009 £
Profit and loss account	<u>121,679</u>	<u>-</u>

	Group 2009 £	2008 £	Company 2009 £	2008 £
Decelerated capital allowances	(185,116)	(237,044)	-	-
Other timing differences	<u>591</u>	<u>(69,160)</u>	<u>-</u>	<u>-</u>
	<u>(184,525)</u>	<u>(306,204)</u>	<u>-</u>	<u>-</u>

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

#### 15 Pension and other post-retirement benefit commitments

##### Defined contribution

The company and group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company and the group in an independently administered fund. The pension cost charge represents contributions payable by the company and the group to the fund.

	2009 £	2008 £
Contributions payable by the group for the year	769,483	640,296

##### Defined benefit pension scheme

The group also operates a funded defined benefit pension scheme ("the Plan"), providing retirement benefits based on final salary.

The valuation used for FRS 17 disclosures has been based on a full assessment of the liabilities of the Plan as at 31 December 2009. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

Actuarial gains and losses have been recognised in the period in which they occur, (but outside the profit and loss account), through the Statement of Recognised Gains and Losses (STRGL). Many of the key financial assumptions are derived directly from the yields on AA-rated corporate bonds or from yields on Government bonds and reflect a best estimate of likely future experience.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2009 £	2008 £
Present value of funded defined benefit obligations	(9,123,000)	(5,496,000)
Fair value of plan assets	6,185,000	5,249,000
Deficit - liability recognised in the balance sheet	(2,938,000)	(247,000)
Related deferred tax asset	822,640	-
Net pension liability	(2,115,360)	(247,000)

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 15 Pension costs

(continued)

The amounts recognised in the profit and loss are as follows:

	Defined benefit pension plans	
	2009 £	2008 £
<b>Included in operating profit</b>		
Current service cost	219,000	225,000
	<u>219,000</u>	<u>225,000</u>
<b>Included in other finance costs</b>		
Interest on obligation	353,000	306,000
Expected return on pension scheme assets	(246,000)	(280,000)
	<u>107,000</u>	<u>26,000</u>
Total	<u>326,000</u>	<u>251,000</u>
 Actual return on plan assets	 <u>610,000</u>	 <u>(344,000)</u>

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 15 Pension costs

(continued)

#### Analysis of amount recognised in the statement of total recognised gains and losses:

	Defined benefit pension plans	
	2009 £	2008 £
Actuarial gains/(losses) on plan assets	364,000	(624,000)
Experience gains/(losses) on plan liabilities	185,000	(220,000)
(Loss)/gain on change in actuarial assumptions on plan liabilities	(3,241,000)	653,000
Other amounts	-	(83,000)
	<u>(2,692,000)</u>	<u>(274,000)</u>

During the year, equity markets increased (and returned more than assumed), and bond markets ended relatively flat. Overall this led to a gain on assets of around £364,000 compared to the expected return.

The financial assumptions underlying the calculation of the liabilities also changed during the year (in particular the yield on AA-rated corporate bonds fell significantly and the long-term outlook for inflation increased). Overall this led to a higher value being placed on the liabilities at the year end than expected at the beginning of the year resulting in a loss of around £3,241,000.

Experience gains on the liabilities were £185,000. This was as a result of pension increases and salary increases being higher than expected over the year.

This meant that in total there was an actuarial loss of £2,692,000 during the year.

Other amounts of £nil (2008 £83,000) relate to the net increase in liabilities as a result of disposals/acquisitions in the year.

The cumulative amount of losses recognised in the STRGL is £2,883,000 (2008 £191,000).

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 15 Pension costs

(continued)

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

	Defined benefit pension plans	
	2009	2008
	£	£
Opening defined benefit obligation	5,496,000	-
Current service cost	219,000	225,000
Interest cost	353,000	306,000
Contributions by scheme participants	94,000	85,000
Actuarial losses/(gains)	3,056,000	(433,000)
Benefits paid	(95,000)	(131,000)
Other movements	-	5,444,000
Total	9,123,000	5,496,000

Other movements above of £nil (2008 £5,444,000) relate to disposals/acquisitions

Changes in fair value of plan assets are as follows.

	Defined benefit pension plans	
	2009	2008
	£	£
Opening fair value of plan assets	5,249,000	-
Expected return	246,000	280,000
Actuarial gains/(losses)	364,000	(624,000)
Contributions by employer	327,000	278,000
Contributions from scheme participants	94,000	85,000
Benefits paid	(95,000)	(131,000)
Other amounts	-	5,361,000
	6,185,000	5,249,000

Other amounts above of £nil (2008 £5,361,000) relate to disposals/acquisitions

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 15 Pension costs

(continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	2009 %	2008 %
Equities	35%	-
Bonds	64%	-
Other assets	1%	100%

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

	2009 % pa	2008 % pa
Discount rate for scheme liabilities	5.60	6.30
Inflation	3.90	2.90
Expected return on plan assets	5.90	5.30
Future salary increases	4.65	3.65
Future pension increases (UU ESPS)	3.90	2.90
Future pension increases (UUPS)	3.60	2.80
Deferred pension increases	3.90	2.90

The group employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principals. The overall expected rate of return on scheme assets is a weighted average of the individual expected rates of return on each asset class.

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that a member currently aged 60 will live on average for a further 29.7 years if they are male and for a further 31.8 years if they are female.

For a member who retires in 2029 at age 60 the assumptions are that they will live on average for a further 26.5 years after retirement if they are male and for a further 28.7 years after retirement if they are female.



# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 15 Pension costs

(continued)

Amounts for the current and previous period are as follows:

#### Defined benefit pension plans

	2009 £	2008 £
Present value of defined benefit obligations	(9,123,000)	(5,496,000)
Fair value of plan assets	6,185,000	5,249,000
Deficit	(2,938,000)	(247,000)
Experience gains/(losses) on plan liabilities	185,000	(220,000)
Actuarial gains/(losses) on plan assets	364,000	(624,000)

The group is currently in consultation with the Plan's membership about ceasing future accrual for active members of the UUPS section and break the link to final salary. At present the implementation for this change is planned for 1 April 2010.

Breaking the link to final salary was not effective as at the balance sheet date so the calculation of the defined benefit obligation as at 31 December 2009 does not reflect this change. Members are assumed to have full salary linkage over the period to retirement. If the link to final salary is broken from 1 April 2010 this will result in a curtailment gain in 2010.

The total contribution amount (member and group) expected to be paid to the scheme in 2010 is estimated to be £506,000 (2008: 333,000). Additional employer contributions will be required if there are any redundancies or augmentations during the year.

### 16 Share capital

	2009 £	2008 £
<b>Authorised</b>		
900,000 Ordinary shares of 10p each	90,000	90,000
100,000 'B' Ordinary shares of 10p each	10,000	10,000
200,000 Convertible preference shares of 10p each	20,000	20,000
	<u>120,000</u>	<u>120,000</u>
<b>Allotted, called up and fully paid</b>		
800,000 Ordinary shares of 10p each	80,000	80,000
200,000 Convertible preference shares of 10p each	20,000	20,000
	<u>100,000</u>	<u>100,000</u>

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 17 Statement of movements on reserves Group

	Share premium account £	Profit and loss account £
Balance at 1 January 2009	1,240,000	3,036,710
Profit for the year	-	2,476,174
Dividends paid	-	(420,000)
Actuarial loss on pension scheme	-	(2,692,000)
Movement on deferred tax relating to pension deficit	-	822,640
Balance at 31 December 2009	<u>1,240,000</u>	<u>3,223,524</u>

### Company

	Share premium account £	Profit and loss account £
Balance at 1 January 2009	1,240,000	304,546
Profit for the year	-	480,989
Dividends paid	-	(420,000)
Balance at 31 December 2009	<u>1,240,000</u>	<u>365,535</u>

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

<b>18 Reconciliation of movements in shareholders' funds</b>	<b>2009</b>	<b>2008</b>
<b>Group</b>	<b>£</b>	<b>£</b>
Profit for the financial year	2,476,174	2,331,186
Dividends	(420,000)	-
	<u>2,056,174</u>	<u>2,331,186</u>
Other recognised gains and losses	(2,692,000)	(274,000)
Proceeds from issue of shares	-	1,250,000
Movement on deferred tax relating to pension deficit	822,640	-
	<u>186,814</u>	<u>3,307,186</u>
Net addition to shareholders' funds	4,376,710	1,069,524
Opening shareholders' funds	<u>4,563,524</u>	<u>4,376,710</u>
Closing shareholders' funds	<u>4,563,524</u>	<u>4,376,710</u>
	<b>2009</b>	<b>2008</b>
<b>Company</b>	<b>£</b>	<b>£</b>
Profit for the financial year	480,989	282,937
Dividends	(420,000)	-
	<u>60,989</u>	<u>282,937</u>
Proceeds from issue of shares	-	1,250,000
	<u>60,989</u>	<u>1,532,937</u>
Net addition to shareholders' funds	1,644,546	111,609
Opening shareholders' funds	<u>1,705,535</u>	<u>1,644,546</u>
Closing shareholders' funds	<u>1,705,535</u>	<u>1,644,546</u>

### 19 Contingent liabilities

#### Group

A cross guarantee exists between all group companies in favour of the group's bankers. At the year end group borrowings amounted to £7,125,002 (2008 £8,708,334)

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 20 Financial commitments

At 31 December 2009 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Expiry date				
Within one year	140,012	45,809	13,500	33,594
Between two and five years	125,130	32,000	145,750	115,229
In over five years	175,578	-	-	995
	<u>440,720</u>	<u>77,809</u>	<u>159,250</u>	<u>149,818</u>

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Expiry date				
Within one year	62,500	-	-	-
Between two and five years	53,910	-	13,890	-
In over five years	35,000	-	-	-
	<u>151,410</u>	<u>-</u>	<u>13,890</u>	<u>-</u>

### 21 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	445,038	254,978
Company pension contributions to money purchase schemes	30,500	21,469
	<u>475,538</u>	<u>276,447</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (2008- 2)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	212,000	93,750
Company pension contributions to money purchase schemes	18,000	9,375
	<u>230,000</u>	<u>103,125</u>

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2009

### 22 Transactions with directors

Included within other debtors is a rent deposit of £50,000 (2008 £50,000) held by M H Jones and Mrs L Jones. This was paid when the director and his wife acquired the leasehold of a property occupied by Europa Facility Services Limited. The rent payable in respect of this property is £nil (2008 £16,000).

Included in other debtors is an overdrawn interest free loan of £12,318 (2008 £12,318) due from M H Jones.

### 23 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was

	2009 Number	2008 Number
Management staff	-	3
Direct labour	1,574	1,300
Administrative staff	92	60
	<u>1,666</u>	<u>1,363</u>

#### Employment costs

	2009 £	2008 £
Wages and salaries	25,853,285	20,490,946
Social security costs	2,238,540	1,730,016
Other pension costs	769,483	640,296
	<u>28,861,308</u>	<u>22,861,258</u>

### 24 Related party transactions

#### Group

The company and group have taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the group headed by Europa Support Services Limited.

#### Company

During the year the company paid dividends to M H Jones of £188,650 and to Ronin One LLP of £231,350. Also during the year the company incurred consultancy fees of £151,840 from Ronin One LLP.

# EUROPA SUPPORT SERVICES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2009

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#### 25 Share-based payment transactions

On 29 October 2007, the company granted 80,000 share options to four individuals whereby each person received 20,000 share options which vested in four tranches of 5,000 per annum conditional upon the agreed and adopted financial budget and operating profit for the years ended 31 December 2006 to 31 December 2009. The four tranches of share options were valued at the grant date at £1.71, £1.45, £1.23 and £1.05. The valuation of these share options was calculated using the Black-Scholes pricing model with the following assumptions:

Exercise price £0.10

Expected volatility 25%

Expected life of option 0, 1, 2, 3 years from the date of grant for the four tranches

Risk free interest rate 5.53%, 5.05%, 4.97%, 4.89% for the four tranches

Share options lapse if performance criteria is not met or on departure of the share option holder. During the year ended 31 December 2009, 20,000 share options lapsed (2008: 20,000) and no share options vested (2008: 10,000). At the year end there were 10,000 (2008: 30,000) share options still held.

On 18 July 2008, the company granted a further 48,000 share options to existing directors and staff. Included within this grant were 38,000 share options that were unconditional and vested immediately and 10,000 options that were conditional upon performance criteria for the years ended 31 December 2008 and 2009. These share options were valued at £2.483 per option using the Black-Scholes pricing model with the following assumptions:

Exercise price £0.10

Expected volatility 28%

Expected life of option 4 years

Risk free interest rate 5.04%

Share options lapse if performance criteria is not met or on departure of the share option holder. During the year ended 31 December 2009, 5,000 share options lapsed (2008: nil) and no share options vested (2008: nil). At the year end there were 5,000 (2008: 10,000) share options still held.

The directors assessed the impact of this scheme to the profit and loss account and considered it to be immaterial, hence the charge to the profit and loss account is £nil (2008: £nil).