

Axiom Services Limited

Annual report

for the year ended 31 December 2006

Registered Number 05072628

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Axiom Services Limited

Annual report for the year ended 31 December 2006

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Axiom Services Limited

Directors and advisers

Directors

P D Goss
K R Rayment
V P Wooding
P D Greenslade

Secretary

A G Secretarial Limited
150 Aldersgate Street
London
EC1A 4EJ

Registered office

Lloyds Chambers
1 Portsoken Street
London
E1 8BT

Registered auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

The Royal Bank of Scotland plc
280 Bishopsgate
London
EC2M 4RB

Solicitors

Osborne Clarke
One London Wall
London
EC2Y 5EB

Axiom Services Limited

Directors' report for the year ended 31 December 2006

The directors present their report and the audited financial statements of the company for the year ended 31 December 2006

Principal activities

The company acts as a financing company to other group companies

Review of business and future developments

On 2 July 2004 the company entered into a facility agreement to assist a fellow subsidiary in the acquisition of the Axiom business from Aon Limited and continued in this capacity throughout 2006

Results and dividends

The company made a loss for the year before tax of £16,912 (2005 loss of £21,452) the details of which are set out on page 5

The directors do not recommend the payment of a final dividend on the ordinary shares of the company (2005 £nil)

Directors and their interests

The directors who held office during the year were

V P Wooding	(Chief Executive Officer)
A G Chopourian	Resigned 1 June 2006
P D Goss	
K R Rayment	
P D Greenslade	

The directors who held office at 31 December 2006 had no interests in the shares of the company. Their interests in the shares of the ultimate parent company, Axiom Holdings Limited, are shown in that company's financial statements, with the exception of P D Goss whose interests in the shares of Axiom Holdings Limited, are as follows

	2006	2005
	Ordinary	Ordinary
	shares	shares
	£1 shares	£1 shares
P D Goss	<u>27,083</u>	<u>27,083</u>

Axiom Services Limited

Directors' report year ended 31 December 2006 (continued)

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statement for each financial year. Under that law the directors have elected to prepare the financial statement in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Financial Risk Factors

Interest Risk

Axiom Services Limited acts as a financing company within the Axiom group, with Axiom Services Limited holding a variable rate banking facility and as such is exposed to the risk of fluctuating interest rates. Should the company consider there may be a significant fluctuation in interest rates they will seek to mitigate this risk as appropriate.

Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Axiom Services Limited

Directors' report year ended 31 December 2006 (continued)

Disclosure of Information to Auditors

So far as the directors are aware, there is no relevant audit information (that is, information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware. The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the next Annual General Meeting.

By order of the Board


**V P Wooding
Director**


9 May 2007

Axiom Services Limited

Independent auditors' report to the members of Axiom Services Limited

We have audited the financial statements of Axiom Services Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

10 May 2007

Axiom Services Limited

Profit and loss account for the year ended 31 December 2006

	Note	2006 £	2005 £
Administrative expenses		(16,912)	(21,451)
Other income	2	<u>412,540</u>	<u>392,932</u>
Operating profit	2	395,628	371,481
Interest receivable	4	1,435	1,810
Interest payable and similar charges	5	<u>(413,975)</u>	<u>(394,743)</u>
Loss on ordinary activities before taxation		(16,912)	(21,452)
Tax on loss on ordinary activities	6	-	-
Loss for the year		<u>(16,912)</u>	<u>(21,452)</u>

The above results relate to the continuing operations of the company

There were no recognised gains or losses for the current year or prior financial period other than as stated in the profit and loss account

There is no difference between the loss on ordinary activities before taxation and loss for the periods stated above and their historical cost equivalents

Axiom Services Limited

Balance sheet as at 31 December 2006

	Note	2006 £	2005 £
Current assets			
Debtors amounts falling due after more than one year	7	7,835,215	3,722,592
Debtors amounts falling due within one year	7	349	349
Cash at bank and in hand		-	5,203
		<u>7,835,564</u>	<u>3,728,144</u>
Creditors: amounts falling due within one year	8	<u>(1,002,080)</u>	<u>(39,865)</u>
Net current assets		<u>6,833,484</u>	<u>3,688,279</u>
Total assets less current liabilities		<u>6,833,484</u>	<u>3,688,279</u>
Creditors: amounts falling due after more than one year	9	<u>(6,882,642)</u>	<u>(3,720,525)</u>
Net liabilities		<u>(49,158)</u>	<u>(32,246)</u>
Capital and reserves			
Called up share capital	10	1	1
Profit and loss account	11	(49,159)	(32,247)
Shareholders' deficit	12	<u>(49,158)</u>	<u>(32,246)</u>

The financial statements on pages 5 to 13 were approved by the board of directors on 9 May 2007 and were signed on its behalf by


V P Wooding
Director


P D Greenslade
Finance Director

Axiom Services Limited

Notes to the financial statements for the year ended 31 December 2006

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The accounting policies have been applied consistently, as detailed below.

Basis of preparation

The financial statements have been prepared on a going concern basis. The company has received continued financial support from Axiom Holdings Limited, the company's ultimate parent company. Axiom Holdings Limited has indicated its willingness to continue to support the company so as to enable it to meet its liabilities as they fall due for the foreseeable future.

Cash flow statement

The company has taken advantage of the exemption not to prepare a cash flow statement under Financial Reporting Standard 1 (revised). The company is a wholly owned subsidiary of a parent which itself prepares consolidated financial statements and a group cash flow statement.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date and that result in an obligation to pay more tax in the future or right to pay less tax in the future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain.

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

Finance costs and debt

Finance costs of debt are recognised in the profit and loss account over the term of the debt at a constant rate on the carrying value. Debt is initially stated at the amount of net proceeds after deduction of issue costs. The carrying value is increased by the finance costs in respect of the accounting period.

2 Operating profit

	2006	2005
	£	£
Operating profit is stated after (crediting)/charging		
Other income	412,540	392,932
Auditors' remuneration - audit services	-	3,868

Other income consists entirely of recharged interest payable by Axiom Consulting Limited, a fellow subsidiary company.

Auditors' remuneration in respect of the company was borne by Axiom Consulting Limited, a fellow subsidiary company.

Axiom Services Limited

Notes to the financial statements for the year ended 31 December 2006

3 Remuneration of directors

No directors' remuneration in relation to this company was paid during the year (2005 £nil)

4 Interest receivable

	2006	2005
	£	£
Bank interest	1,435	1,810
	<u>1,435</u>	<u>1,810</u>

5 Interest payable and similar charges

	2006	2005
	£	£
Bank loans and overdrafts	362,999	343,763
Amortisation of capitalised bank loan facility costs	50,976	50,980
	<u>413,975</u>	<u>394,743</u>

6 Tax on loss on ordinary activities

	2006	2005
	£	£
Taxation on the loss for the year		
UK corporation tax at 30% (2005 30%)	-	-
Total deferred taxation	-	-
Tax on loss on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed for the year is different from the standard rate of corporation tax in the UK (30%) applied to the pre-tax loss of the company. The differences are explained below.

	2006	2005
	£	£
Loss on ordinary activities before tax	<u>(16,912)</u>	<u>(21,452)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2005 30%)	(5,074)	(6,436)
Effects of		
Tax losses	5,074	6,436
Current tax charge for year	<u>-</u>	<u>-</u>

Axiom Services Limited

Notes to the financial statements for the year ended 31 December 2006

6 Tax on loss on ordinary activities (continued)

Deferred tax

	£
At 1 January 2006	-
Charge for year	-
At 31 December 2006	-

At 31 December 2006 there is a £14,748 (2005 £9,674) unrecognised deferred tax asset in respect of tax losses. The asset has not been recognised as the company has no track record of sustained profitability.

7 Debtors

	2006	2005
	£	£
Amounts falling due within one year:		
Other debtors	349	349
Amounts falling due after more than one year:		
Amounts owed by group undertakings	7,835,215	3,722,592
	<u>7,835,564</u>	<u>3,722,941</u>

Amounts due from group undertakings are unsecured, interest free and repayable on demand, although the directors of Axiom Services Limited have stated their intention not to demand repayment of the above balance for a period of at least one year from the signing of these financial statements.

8 Creditors – amounts falling due within one year

	2006	2005
	£	£
Accruals and deferred income	2,080	39,865
Bank loan (see Note 9)	1,000,000	-
	<u>1,002,080</u>	<u>39,865</u>

Axiom Services Limited

Notes to the financial statements for the year ended 31 December 2006

9 Creditors – amounts falling due after more than one year

	2006	2005
	£	£
Amounts owed to group undertakings	11,141	-
Bank loan	6,871,501	3,720,525
	<u>6,882,642</u>	<u>3,720,525</u>

Loan facilities

	2006	2005
	£	£
Facility A Tranche 1	5,600,000	1,500,000
Facility B	2,500,000	2,500,000
	<u>8,100,000</u>	<u>4,000,000</u>

	2006	2006	2005	2005
	£	£	£	£
Analysis of loans				
Falling due within one year	1,000,000		-	
Falling due within two to five years	5,850,000		-	
Falling due after more than five years	<u>1,250,000</u>		<u>4,000,000</u>	
Total facilities outstanding		8,100,000		4,000,000
Loan facilities issue expenses		<u>(228,499)</u>		<u>(279,475)</u>
		7,871,501		3,720,525
Current bank loans (see Note 8)		<u>(1,000,000)</u>		-
		<u>6,871,501</u>		<u>3,720,525</u>

On 2 July 2004, the company entered into a Facility Agreement with the Royal Bank of Scotland relating to

- i) a multi-currency Sterling loan facility of £9,000,000 (Facility A),
- ii) a Sterling term loan facility of £2,500,000 (Facility B), and
- iii) a multi-currency revolving loan and guarantee facility of £1,000,000 (incorporating an optional overdraft facility)

Facility A terminates on 2 July 2011 and reduces on 30 June and 31 December each year until termination by amounts varying between £500,000 and £900,000. Current and prior year movements are detailed below.

Facility A reduced by a total of £1,600,000 to £7,400,000 in 2005, further reduced by £900,000 to £6,500,000 in June 2006 and reduced by another £900,000 to £5,600,000 in December 2006. There were no other movements in 2006.

Facility B terminates on 2 July 2012 and reduces to £1,250,000 on 31 December 2011.

Interest is payable at floating rates with margins of between 1.5% and 2.25% on LIBOR.

Axiom Services Limited

Notes to the financial statements for the year ended 31 December 2006

10 Called up share capital

	2006 £	2005 £
Authorised		
1,000 ordinary shares of £1	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1 ordinary share of £1	<u>1</u>	<u>1</u>

11 Reserves

	£
At 1 January 2006	(32,247)
Loss for the year	(16,912)
At 31 December 2006	<u>(49,159)</u>

12 Reconciliation of movement in shareholders' deficit

	2006 £	2005 £
Loss for the year	(16,912)	(21,452)
Opening shareholders' deficit	(32,246)	(10,794)
Closing shareholders' deficit	<u>(49,158)</u>	<u>(32,246)</u>

13 Related party transactions

As the company is a wholly owned subsidiary of Axiom Financing Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated statements of Axiom Holdings Limited, within which the company is included, can be obtained from the address given in note 14.

The company had no other related party transactions.

Axiom Services Limited

Notes to the financial statements for the year ended 31 December 2006

14 Ultimate and immediate parent company

The immediate parent company is Axiom Financing Limited, a company registered in England and Wales

The directors consider the ultimate parent company to be Axiom Holdings Limited, a company registered in England and Wales. Copies of the group financial statements of Axiom Holdings Limited are available from Lloyds Chambers, 1 Portsoken Street, London E1 8BT

15 Contingent Liabilities

The company is a participant in a group banking arrangement involving debentures and cross-guarantees with fixed charges over the major contracts. The company's assets have been secured under a composite group cross-guarantee and debenture as part of this agreement dated 14 July 2004. The total value of the secured banking arrangement as at 31 December 2006 is £8,100,000 (2005 £4,000,000)

The bank facilities have been advanced to Axiom Holdings Limited and all of its UK based subsidiaries