

EUROPA FACILITIES MANAGEMENT LIMITED

Report and Financial Statements

For the year ended 31 December 2012

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EUROPA FACILITIES MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 2012

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EUROPA FACILITIES MANAGEMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

M H Jones
R P Muldoon
G R Brown

SECRETARY

R P Muldoon

REGISTERED OFFICE

Ground Floor
West Wing
The Victoria
152-158 Quays Loop Road
Salford Quays
Manchester
M50 3SP

BANKERS

HSBC Bank plc
2nd Floor
4 Hardman Square
Spinningfields
Manchester
M3 3EB

AUDITOR

Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester
United Kingdom

EUROPA FACILITIES MANAGEMENT LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

DIRECTORS

The following directors have held office since 1 January 2012

M H Jones
R P Muldoon
G R Brown

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activities of the company continued to be that of providing integrated facilities management ("FM") services to the public and infrastructure sectors

Our priority in the year was to reinforce our position in the market as a leading deliverer of FM Services in our chosen sectors, this has been successfully underpinned by expansion and consolidation into more sub-sectors, eg central government, further and higher education and non-acute health and by organically growing the spread and longevity of existing relationships

This has been a challenging year for many of our clients with demand for services set against increasing pressure for cost reductions. We have seized the opportunity to support our clients pro-actively and provide flexible and added value services to support their changing needs

Our market reputation has grown through consistency and quality of service and in certainty of outcomes for clients. Our market presence has been enhanced through our engagement with policy makers, key influencers, industry experts and industry media

Our continued high performance operational delivery on sites and reputation for quality has been reinforced by the continued implementation of our strategy of delivering key front line services internally

GOING CONCERN

Further details regarding the adoption of the going concern basis can be found in note 1 to the financial statements

PRINCIPAL RISKS AND UNCERTAINTIES

The services provided by the company 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 company's exposure to commercial risks. The principal uncertainties with regard to the company'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 company has a diverse client base and the loss of any particular client would not have a catastrophic impact on the company's viability. The trading performance in 2012 demonstrates the company'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 company has produced strong growth over the last two years and the directors believe this will continue in 2013. The company is working on new opportunities, a number of which are expected to be secured in 2013

KEY PERFORMANCE INDICATORS

The directors consider the following key performance indicators

Sales	£37.0m	(2011 £35.8m)
Profit before tax	£1.4m	(2011 £2.2m)
Net assets	£9.1m	(2011 £7.9m)

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

EUROPA FACILITIES MANAGEMENT LIMITED

DIRECTORS' REPORT (continued)

RESULTS AND DIVIDENDS

The results for the year are set out on page 6. There were no dividends paid or proposed in the current or prior year.

FINANCIAL INSTRUMENTS

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

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

In respect of bank balances the company makes use of money market facilities when funds are available.

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 to the appropriate time.

EMPLOYEE INVOLVEMENT

The company'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 company's performance.

DISABLED PERSONS

The company'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.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor. The directors will place a resolution before the Annual General Meeting to reappoint Deloitte LLP as auditor for the ensuing year.

Approved by the Board of Directors on 10/5 2013
and signed on behalf of the Board



R P Muldoon
Secretary

DIRECTORS' RESPONSIBILITIES STATEMENT

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EUROPA FACILITIES MANAGEMENT LIMITED

We have audited the financial statements of Europa Facility Management Limited for the year ended 31 December 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 17. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 annual report 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 31 December 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.

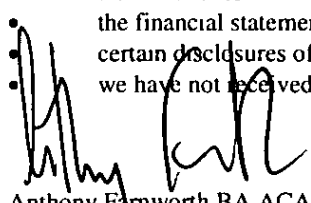
Opinion on other matter prescribed by the Companies Act 2006

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.

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.


Anthony Farnworth BA ACA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Manchester, United Kingdom

10/05/2013

EUROPA FACILITIES MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 December 2012

	Note	2012 £	2011 £
TURNOVER	2	37,019,463	35,761,515
Cost of sales		(31,346,903)	(29,313,135)
GROSS PROFIT		5,672,560	6,448,380
Administrative expenses		(4,136,794)	(4,116,106)
OPERATING PROFIT	3	1,535,766	2,332,274
Interest payable and similar charges	4	(114,000)	(89,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,421,766	2,243,274
Tax on profit on ordinary activities	5	(381,708)	(668,224)
PROFIT FOR THE YEAR	12, 13	1,040,058	1,575,050

All results derive from continuing operations

EUROPA FACILITIES MANAGEMENT LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES Year ended 31 December 2012

	Note	2012 £	2011 £
PROFIT FOR THE FINANCIAL YEAR		1,040,058	1,575,050
<i>Actuarial (loss)/gain on pension scheme</i>			
Actuarial (losses)/gains on plan assets	10	(10,000)	447,000
Experience (losses)/gains on plan liabilities	10	(369,000)	285,000
Change in actuarial assumptions on plan liabilities	10	<u>557,000</u>	<u>(813,000)</u>
		178,000	(81,000)
Deferred tax on actuarial (losses)/gains on pension scheme		<u>(40,940)</u>	<u>20,250</u>
Total recognised gains and losses relating to the year		<u><u>1 177,118</u></u>	<u><u>1,514,300</u></u>

EUROPA FACILITIES MANAGEMENT LIMITED

BALANCE SHEET As at 31 December 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	6	64,344	79,122
CURRENT ASSETS			
Debtors	7	31,748,002	31,084,515
Cash at bank and in hand		<u>1,073,470</u>	<u>2,438,051</u>
		32,821,472	33,522,566
CREDITORS: amounts falling due within one year	8	<u>(23,139,396)</u>	<u>(24,699,206)</u>
NET CURRENT ASSETS		<u>9,682,076</u>	<u>8,823,360</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,746,420	8,902,482
PENSION LIABILITY	10	<u>(628,320)</u>	<u>(961,500)</u>
NET ASSETS		<u>9,118,100</u>	<u>7,940,982</u>
CAPITAL AND RESERVES			
Called-up share capital	11	1	1
Profit and loss account	12	<u>9,118,099</u>	<u>7,940,981</u>
SHAREHOLDERS' FUNDS	13	<u>9,118,100</u>	<u>7,940,982</u>

These financial statements for Europa Facilities Management Limited, registered company number 05188175, were approved by the Board of Directors and authorised for issue on **10/5** 2013

Signed on behalf of the Board of Directors



R P Muldoon

Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2012

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

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).

Going concern

When considering going concern the directors consider the company's business activities, together with the factors likely to affect its future development, performance and position. As noted in this review, the directors view the future outlook of the company as positive.

The company meets its day to day working capital requirements through its own working capital and also intra group funding within the Europa Support Services Limited group ('Group').

In carrying out their duties in respect of going concern, the directors have carried out a review of the company's and Group's financial position and cash flow forecast for 12 months from the date of signing the financial statements. This has been based on a comprehensive review of revenue, expenditure and cash flows, incorporating specific business risks and the uncertainties brought about by the current economic environment.

At the year end, the Group had a net cash balance of £4.4m (2011: £4.9m) and net funds of £1.2m (2011: £0.3m). In addition, in April 2013, the Group secured new banking facilities with HSBC, which consists of a £10.0 million revolving credit facility at 2.0% interest above LIBOR, repayable March 2017. Within this £10.0 million revolving credit facility is a £2.0 million overdraft facility renewable after 12 months.

The company's and Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current resources and facilities, including on-going compliance with the covenants attached to the Group's bank facilities over the period discussed above.

Having taken all of the above factors into consideration, the directors have reached a conclusion that the company is able to manage its business risks despite the current uncertain economic outlook. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

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:

Plant and machinery	Rates varying from 20% - 33% straight line basis
Fixtures, fittings & equipment	Rates vary from 20% - 50% straight line basis
Motor vehicles	50% straight line basis

Leasing

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
Year ended 31 December 2012

1. ACCOUNTING POLICIES (continued)

Turnover recognition

Turnover 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. Turnover not billed to clients is included in debtors and payments on account in excess of the relevant amount of revenue are included in creditors.

Pensions

The company operates a defined benefit pension scheme. The scheme has been closed to future accrual except for a number of employees of Europa Facility services Limited who provide services to the company.

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. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating profit are the current service costs and gains and losses on settlements and curtailments. These are included as part of operating costs. The interest cost and the expected return on assets are shown as a net amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses.

When the benefits of a scheme are improved, past service costs is 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.

Cash flow

The company is a wholly owned subsidiary of Europa Support Services Limited which prepares a publicly available consolidated cash flow statement. As such the company is exempt from the preparation of a cash flow statement.

Taxation

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

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

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

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

2. TURNOVER

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

EUROPA FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

3 OPERATING PROFIT

Operating profit is stated after charging

	2012 £	2011 £
Depreciation of tangible assets	38,198	54,779
Operating lease rentals	138,390	253,732

The audit fee of £10,000 and non-audit fees for the current year have been included in the fee charged to the parent company and has not been recharged

There were no non audit fee in either year

The company had no employees in the current or prior year. The company has relied on employees of another group company, Europa Facility Services Limited. Costs of £12,862,943 have been recharged to the company in the current year (2011 £13,352,910) relating to the costs of these individuals.

No directors were employed or remunerated by the company in the current year or prior year and their costs were not recharged from Europa Facility Services on the basis that the directors deem that it is not possible to apportion these costs fairly.

4. INTEREST PAYABLE

	2012 £	2011 £
Other interest	114,000	89,000

EUROPA FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

5 TAXATION

	2012 £	2011 £
Domestic current year taxation		
UK corporation tax	268,128	433,102
Adjustment for prior years	-	112,247
Current tax charge	<u>268,128</u>	<u>545,349</u>
Deferred tax		
Deferred tax charge current year	83,302	164,170
Deferred tax credit prior year	-	(78,206)
Deferred tax charge – rate change	30,278	36,911
Deferred tax charge	<u>113,580</u>	<u>122,875</u>
Total tax on profit on ordinary activities	<u>381,708</u>	<u>668,224</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>1,421,766</u>	<u>2,243,274</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 24.5% (2011 26.5%)	<u>348,294</u>	<u>594,314</u>
Effects of:		
Non-deductible expenses	3,136	2,957
Capital allowances in excess of depreciation	(16,330)	(21,102)
Adjustments to previous periods	-	112,247
Pensions timing differences	(66,972)	(138,767)
Other tax adjustments	-	(4,300)
Current tax charge	<u>268,128</u>	<u>545,349</u>

The tax charge in future years will be affected by the announcement on 5 December 2012 that the corporation tax main rate would be reduced by 1% to 23% from 1 April 2013 and a further 1% until 1 April 2014 when the rate will be 22%. It is not expected that the reduction will have a significant impact on the company and Group's deferred tax.

EUROPA FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

6 TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2012	59,056	125,484	2,000	186,540
Additions	-	23,420	-	23,420
At 31 December 2012	59,056	148,904	2,000	209,960
Depreciation				
At 1 January 2012	28,068	78,239	1,111	107,418
Charges for the year	17,229	20,080	889	38,198
At 31 December 2012	45,297	98,319	2,000	145,616
Net book value				
At 31 December 2012	13,759	50,585	-	64,344
At 31 December 2011	30,988	47,245	889	79,122

7. DEBTORS

	2012 £	2011 £
Trade debtors	2,532,563	1,889,326
Amounts owed by group undertakings	26,169,143	26,531,722
Other debtors	2,777,068	2,541,847
Taxation and social security	169,308	-
Deferred tax asset (see note 9)	99,920	121,620
	31,748,002	31,084,515

The intercompany balances are repayable on demand, are unsecured and are non interest-bearing

8. CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	2,397,956	1,871,350
Amounts owed to group undertakings	15,990,286	18,574,536
Corporation tax	86,546	259,432
Other creditors	4,664,608	3,993,888
	23,139,396	24,699,206

The intercompany balances are repayable on demand, are unsecured and are non interest-bearing

EUROPA FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

9. DEFERRED TAX

The deferred tax asset (included in debtors, note 7) is made up as follows

	2012 £
Balance at 1 January 2012	121,620
Profit and loss account charge	(21,700)
Balance at 31 December 2012	<u>99,920</u>

	2012 £	2011 £
Decelerated capital allowances	90,028	114,521
Other timing differences	9,892	7,099
	<u>99,920</u>	<u>121,620</u>

10. PENSION COMMITMENTS

Defined benefit pension scheme

The company 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 2011. The present values of the defined benefit obligations, 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:

	2012 £	2011 £
Present value of funded defined benefit obligations	(8,227,000)	(8,162,000)
Fair value of plan assets	7,411,000	6,880,000
Deficit – liability recognised on the balance sheet	(816,000)	(1,282,000)
Related deferred tax asset	187,680	320,500
Net pension liability	<u>(628,320)</u>	<u>(961,500)</u>

EUROPA FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

10. PENSION COMMITMENTS (continued)

The amounts recognised in the profit and loss are as follows

	2012 £	2011 £
Included in operating profit		
Current service cost	128,000	138,000
Included in other finance costs		
Interest on obligation	372,000	390,000
Expected return on pension scheme assets	(258,000)	(301,000)
	114,000	89,000
Total	242,000	227,000

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

	2012 £	2011 £
Actuarial (loss)/gains on plan assets	(10,000)	447,000
Experience (loss)/gains on plan liabilities	(369,000)	285,000
Changes in actuarial assumptions on plan liabilities	557,000	(813,000)
	178,000	(81,000)

The actual return on scheme assets was £248,000 (2011 £749,000)

The cumulative amount of losses recognised in the statement of total recognised gains and losses is £1,887,000 (2011 £2,065,000)

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

	2012 £	2011 £
Opening defined benefit obligation	8,162,000	7,234,000
Current service cost	128,000	138,000
Interest cost	371,000	390,000
Contributions by scheme participants	32,000	32,000
Actuarial (gain)/loss	(188,000)	528,000
Benefits paid	(278,000)	(160,000)
Total	8,227,000	8,162,000

EUROPA FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

10. PENSION COMMITMENTS (continued)

Changes in fair value plan assets are as follows

	2012 £	2011 £
Opening fair value of plan assets	6,880,000	5,798,000
Expected return	258,000	301,000
Actuarial (loss)/gains	(10,000)	447,000
Contributions by employer	529,000	461,000
Contributions from scheme participants	32,000	33,000
Benefits paid	(278,000)	(160,000)
	<u>7,411,000</u>	<u>6,880,000</u>

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

	2012 %	2011 %
Equities	75%	30%
Bonds	25%	69%
Other assets	0%	1%

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

	2012 %	2011 %
Discount rate for scheme liabilities	4.00	4.60
Inflation	2.70	3.10
Expected return on plan assets	4.90	3.80
Future salary increases	3.10	3.50
Future pension increases	2.70	3.10
Deferred pension increases	2.70	3.10

The company 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 principles. 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 underlying mortality assumption for pensions in payment are based upon the standard tables known as PA92 with 50% medium and 50% long cohort future improvement factors subject to a minimum underpin improvement in mortality rates at every age of 1.25% pa. The final liability values have been reduced by 6.5%. There are separate tables for men and women. Before retirement no mortality has been assumed.

EUROPA FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

10 PENSION COMMITMENTS (continued)

Amounts for the current and previous periods are as follows

	2012 £	2011 £	2010 £	2009 £
Present value of defined benefit obligations	(8,227,000)	(8,162,000)	(7,234,000)	(9,123,000)
Fair value of plan assets	7,411,000	6,880,000	5,798,000	6,185,000
Deficit	<u>(816,000)</u>	<u>(1,282,000)</u>	<u>(1,436,000)</u>	<u>(2,938,000)</u>
Experience (losses)/gains on plan liabilities	(369,000)	285,000	524,000	185,000
Actuarial (losses)/gains on plan assets	<u>(10,000)</u>	<u>447,000</u>	<u>203,000</u>	<u>364,000</u>

The estimated amounts of contributions expected to be paid to the scheme during the 2013 financial year is £564,000 (2011: £460,000)

11. SHARE CAPITAL

	2012 £	2011 £
Authorised		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called-up and fully paid		
1 ordinary shares of £1 each	<u>1</u>	<u>1</u>

12 STATEMENT OF MOVEMENTS ON PROFIT AND LOSS ACCOUNT

	Profit and loss account £
Balance at 1 January 2012	7,940,981
Profit for the year	1,040,058
Actuarial gain on pension scheme	178,000
Movement on deferred tax relating to pension deficit	<u>(40,940)</u>
Balance at 31 December 2012	<u>9,118,099</u>

EUROPA FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) Year ended 31 December 2012

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Profit for the financial year	1,040,058	1,575,050
Other recognised losses and gains	178,000	(81,000)
Movement on deferred tax relating to pension deficit	(40,940)	20,250
Net addition to shareholders' funds	1,177,118	1,514,300
Opening shareholders' funds	7,940,982	6,426,682
Closing shareholders' funds	9,118,100	7,940,982

14. CONTINGENT LIABILITY

A cross guarantee exists between all group companies in favour of the group's bankers. At the year end group borrowings amounted to £2,375,006 (2011 £3,958,338). A fixed and floating charge over the company and all assets exists in favour of the group's bankers.

15. FINANCIAL COMMITMENTS

At 31 December 2012 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2013:

	Other 2012 £	2011 £
Operating leases which expire		
Within one year	10,404	-
Between two and five years	150,597	114,592
	161,001	114,592

16. CONTROL

The immediate and ultimate parent undertaking is Europa Support Services Limited, a company registered in England and Wales. The largest and smallest group in which this company is consolidated is that of the Europa Support Services Limited group.

Europa Support Services Limited, prepares group financial statements and copies can be obtained from the Registrar of Companies, Crown Way Cardiff.

The directors consider there is no one ultimate controlling party.

17. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 not to disclose transactions with other wholly owned group companies.