

VPS Holdings Limited

Report and Financial Statements

31 March 2012

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COMPANIES HOUSE

Directors

I Quinlan

J Seaward

M Silver

S Robertson

K Reid (appointed 1 November 2012)

Secretary

T O’Gorman

Auditors

Ernst & Young LLP

400 Capability Green

Luton

Bedfordshire LU1 3LU

Bankers

Royal Bank of Scotland

PO Box 12258

1 Princes Street

London EC2R 8PA

Registered Office

Premiere House

Elstree Way

Borehamwood

Herts WD6 1JH

Registered No 4835721

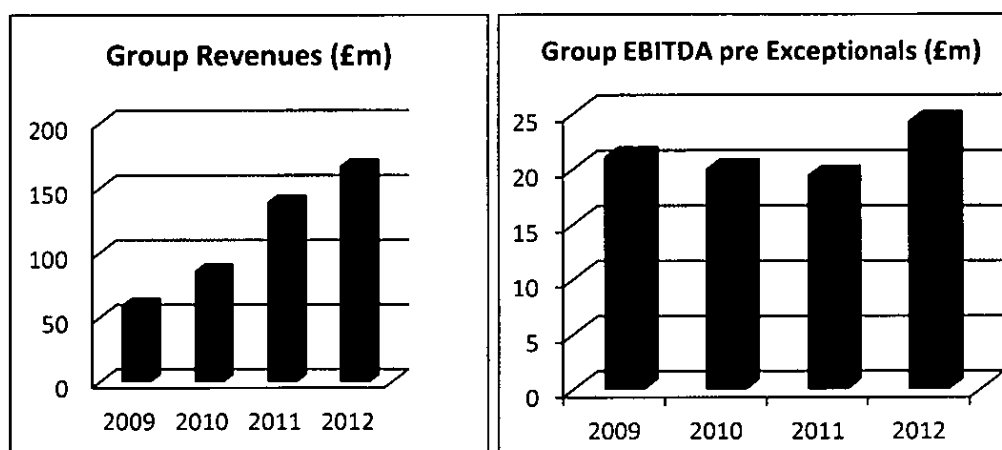
Directors' report

The directors present their report and financial statements for the year ended 31 March 2012

Results and dividends

The VPS Holdings Group (the 'Group') has had a successful year, with turnover increasing by £27.6m to £167.3m and operating profit before exceptional items increasing by £2.2m to £7.1m

The key internal measure of profitability, Earnings before interest, taxation, depreciation, amortisation and exceptional items ('EBITDA') increased by £4.9m to £24.3m



The Group also improved its performance in terms of operating cashflow, increasing by £9.2m to £21.8m

Net debt increased by £17.4m to £143.3m. This was due principally to loan stock borrowings of £23.4m to fund the acquisition of the SitexOrbis Group, working capital requirements, interest accrued on loan stock of £10.7m, offset by a reduction in bank and other net borrowings and increase in cash of £6.2m

The directors do not recommend a final dividend (2011 – £nil)

Principal activity and review of the business

The principal activities of the Group are the provision of vacant property security equipment, vacant property services and the provision of foreclosed property management services

(i) Foreclosed Property Management Services

These activities are located across the USA and involve the maintenance and upkeep of properties that have fallen into foreclosure and which need to be protected and preserved for resale. The business continued to perform strongly with revenue increasing by £4.5m to £86.9m, and EBITDA increasing by £5.6m to £20.7m at constant exchange rates

This improvement in profitability was driven by improved efficiencies in operations and a more flexible workforce to react to the peaks and troughs encountered in this business

Directors' report

Principal activity and review of the business (continued)

(ii) Vacant Property Security and associated Services

These activities are focused on the rental of steel screens and doors (built specifically to prevent access to a vacant property) and the provision of remote wireless battery operated alarms. The business targets those customers with vacant property portfolios both in the social housing and in the commercial property sectors. Associated services provided include man guarding, caretaking, inspections and property services such as "clean and clear".

The business increased revenue this year by £21.9m to £77.8m and EBITDA by £3.1m to £13.3m.

Acquisition

On 27 September 2011, the Group purchased the SitexOrbis group. SitexOrbis operate in similar markets to VPS in the UK and Continental Europe.

The Continental European operations had been successfully integrated into the Group by the end of the reporting period. The Group will benefit from synergistic savings in these geographies in future periods.

The acquired UK business was subject initially to a voluntary submission to the OFT and was subsequently referred to the Competition Commission. In August 2012 the Competition Commission announced that it had not approved the complete acquisition of the SitexOrbis UK business. Since that time, VPS Holdings Limited have been working with the Competition Commission to find a suitable buyer for the SitexOrbis UK business, excluding Northern Ireland.

On 11 December 2012, a Sale Purchase Agreement (the 'agreement') was signed to dispose of this business (see Note 24). The results of the SitexOrbis UK business which have been disposed of are set out below for the period from acquisition to 31 March 2012.

Turnover	£15,257k
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Operating profit	£471k
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Key performance indicators

The Group measures financial performance against annually set budgets, quarterly re-forecasts and prior year financial information. Management compare actual performance against budget, forecast and prior year on a regular basis and action is taken where unfavourable variances occur. Revenue and EBITDA are the two key measures of the business and these have been discussed above.

The Group also uses operational performance indicators, both of a lagging and leading nature to assess the performance of the key operational drivers of the business, against both budgeted and prior year levels and action is taken where performance is below expectations. These include new business development, asset utilisation, payback on rental equipment as well as employee retention and health and safety compliance.

Future developments

The Group continues to seek and develop new geographic territories for its existing portfolio of products and services, in addition to entering new markets and developing new products and services in geographies where the group already has a presence.

Further, the Group seeks acquisition opportunities in new markets associated with its core products and services and in new geographies.

Directors' report

Principal risks and uncertainties

General

Principal risks and uncertainties revolve around changes in the economic climates of the countries where the Group companies operate and are outside the control of management

Financial risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in credit risk and interest rate risk. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

Given the size of the Group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the Board of Directors are implemented by the parent company's finance department.

Price risk

The Group is exposed to the risk of price fluctuations relating to the products and services sold due to the competitive nature of the market it operates in. However, a number of long term contracts are at fixed prices.

Credit risk

The Group has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any significant individual counterparty is subject to a limit, which is reassessed annually by the Group.

The largest concentrations of amounts due to the Group relate to two US based entities- the directors do not believe the Group is exposed to significant credit risk as they are both Government backed.

Liquidity and going concern risk

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out above. In addition the process for managing financial risk, its exposures to price risk and credit risk are also noted. The Group meets its day to day working capital requirements through facilities as highlighted in note 1 and note 14.

The Group has prepared forecasts and projections for the period to March 2014, taking account of reasonably possible changes in trading performance which show that the Group should be able to comply with future covenants of the new debt facility (see Note 24) and operate within the level of the new facilities available to the Group.

The Directors have considered the economic conditions, the current competitive environment the Group operates in and associated credit risk together with the available committed finance facilities and potential actions that can be taken to protect operating profits and cash flows should revenues be worse than expected.

After making enquiries the Directors have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The going concern basis has therefore been adopted in preparing the annual financial statements.

Interest rate cash flow risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances, all of which earn interest at a rate related to LIBOR. In relation to bank loans, 100% of interest payable is determined at LIBOR plus an agreed margin.

Directors' report

Interest payable on loan notes and other loans from the immediate parent company, VPS Acquisitions Limited, is calculated at a constant rate over the term of the financial instruments plus compound interest determined by contractually agreed rates

Directors

The directors who served during the year were as follows

I Quinlan
J Seaward
C Bates (resigned 14 June 2012)
M Silver
S Robertson
K Reid (appointed 1 November 2012)

Director's liabilities

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Political and charitable contributions

Neither the Company nor any of its subsidiaries made any political or charitable donations during the year (2011 – £nil)

Equal opportunities and employment policy

The Group is committed to offering equal opportunities to all, no employee or potential employee receives more or less favourable treatment due to their gender, age, race, national or ethnic origin, disability, sexual orientation, or marital status. The Group is committed to the training and development of all employees and to providing a productive working environment

Should an existing employee's circumstances change, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever possible

Employee involvement

During the year, the policy of providing employees with information about the Group has continued through regular employee updates and divisional meetings. Employees are actively encouraged to present their suggestions and views on the Group's performance. A free flow of information between the directors, managers and employees ensures that every person has an opportunity to contribute ideas to the Group

Health and safety

The Group strives to provide and maintain a safe environment for all employees, clients and visitors to its premises and comply with the relevant health and safety legislation. The Group is committed to the wellbeing of its employees and actively promotes best practise in the workplace

The environment

The Group recognises that it is part of the wider community of employees, clients, suppliers amongst others and recognises that it has a responsibility to act in a way that respects the environment. The Group actively encourages staff to act in an environmentally responsible manner, particularly in the development of recycling and energy conservation policies to ensure finite resources are not dissipated

Directors' report

Disclosure of information to the auditors

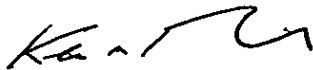
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the Group's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

KPMG LLP resigned as auditors on 26 April 2012 and Ernst & Young LLP was appointed in their place.

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Keith Reid
Director

20TH December 2012

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 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 group and the Company 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 judgments and 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, 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 proper accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and 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 VPS Holdings Limited

We have audited the financial statements of VPS Holdings Limited for the year ended 31 March 2012 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Statement of Cash Flows and the related notes 1 to 26. 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 set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's 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 parent undertaking'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 the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent undertaking's affairs as at 31 March 2012 and of the group's loss 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.

Independent auditor's report

to the members of VPS Holdings 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 undertaking, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent undertaking 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

Ernst & Young LLP

~~[Signature]~~

Andy Clewer (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Luton

~~Date~~

20/12/12

Group profit and loss account

for the year ended 31 March 2012

		2012 £000	2011 £000
	<i>Notes</i>		
Turnover			
Group		152,050	139,694
Businesses subject to Competition Commission review		15,257	-
Group turnover – continuing operations	2	167,307	139,694
Cost of sales		(103,922)	(93,443)
Gross profit		63,385	46,251
Administrative expenses before exceptional items		(56,265)	(41,383)
Exceptional costs	4	(5,200)	(9,798)
Administrative expenses		(61,465)	(51,181)
Operating profit / (loss)			
Continuing operations		1,449	(4,930)
Businesses subject to Competition Commission review		471	-
Group operating profit / (loss)	3	1,920	(4,930)
Interest payable and similar charges before exceptional items		(13,650)	(11,665)
Exceptional items	4	-	(359)
Interest payable and similar charges	7	(13,650)	(12,024)
Loss on ordinary activities before taxation		(11,730)	(16,954)
Tax	8	(819)	(3,896)
Loss for the financial year	18	(12,549)	(20,850)

All amounts relate to continuing activities, including those businesses which were subject to review by the Competition Commission as of 31 March 2012, which have been disclosed separately above

Group statement of total recognised gains and losses

for the year ended 31 March 2012

	2012 £000	2011 £000
Loss for the financial year	(12,549)	(20,850)
Currency translation gain	2,342	765
Total recognised gains and losses for the year	(10,207)	(20,085)

Group balance sheet

at 31 March 2012

		2012	2011
			restated
	Notes	£000	£000
Fixed assets			
Intangible assets	9	80,864	66,713
Tangible assets	10	18,412	18,442
		<u>99,276</u>	<u>85,155</u>
Current assets			
Stocks	12	1,109	771
Debtors	13	44,616	33,558
Cash at bank and in hand		8,639	2,428
		<u>54,364</u>	<u>36,757</u>
Creditors amounts falling due within one year	14	(81,352)	(37,454)
Net current liabilities		<u>(26,988)</u>	<u>(697)</u>
Total assets less current liabilities		72,288	84,458
Creditors amounts falling due after more than one year	15	(108,409)	(117,213)
Provisions for liabilities and charges	16	(1,556)	(2,492)
Net liabilities		<u>(37,677)</u>	<u>(35,247)</u>
Capital and reserves			
Called up share capital	17	4	3
Share premium	18	10,440	2,664
Profit and loss account	18	(48,121)	(37,914)
Shareholders' deficit	19	<u>(37,677)</u>	<u>(35,247)</u>

These financial statements were approved by the board of Directors on 20 December 2012 and were signed on its behalf by



K Reid
Director

Company balance sheet

at 31 March 2012

	Notes	2012 £000	2011 £000
Fixed assets			
Intangible assets	9	1,792	2,150
Investments	11	31,423	23,926
		<u>33,215</u>	<u>26,076</u>
Current assets			
Debtors	13	55,084	16,868
Cash at bank and in hand		<u>2</u>	<u>2</u>
		55,086	16,870
Creditors amounts falling due within one year	14	<u>(10,513)</u>	<u>(1,350)</u>
Net current assets		<u>44,573</u>	<u>15,520</u>
Total assets less current liabilities		77,788	41,596
Creditors amounts falling due after more than one year	15	<u>(121,308)</u>	<u>(81,623)</u>
Net liabilities		<u>(43,520)</u>	<u>(40,027)</u>
Capital and reserves			
Called up share capital	17	4	3
Share premium	18	10,440	2,664
Profit and loss account	18	<u>(53,964)</u>	<u>(42,694)</u>
Shareholders' deficit	19	<u>(43,520)</u>	<u>(40,027)</u>

These financial statements were approved by the board of Directors on 20 December 2012 and were signed on its behalf by



K Reid
Director

Group statement of cash flows

for the year ended 31 March 2012

	Notes	2012 £000	2011 £000
Net cash inflow from operating activities	20(a)	21,421	12,612
Returns on investments and servicing of finance	20(b)	(2,298)	(3,070)
Taxation		(3,327)	131
Capital expenditure and financial investment	20(b)	(7,385)	(6,746)
Acquisitions and disposals	20(b)	(3,788)	(7,341)
Cash outflow before financing		4,623	(4,414)
Financing	20(b)	1,588	2,691
Increase / (decrease) in cash in the year	20(c)	6,211	(1,723)

Reconciliation of net cash flow to movement in net debt

	Notes	2012 £000	2011 £000
Increase / (decrease) in cash		6,211	(1,723)
New and acquired finance leases		(1,723)	(1,339)
Finance lease repayments		2,235	1,892
Increase in debt finance (including non-cash movements)		(23,634)	(12,185)
Translation differences		(490)	(482)
Movement in net debt	20(c)	(17,401)	(13,837)
Net debt at 1 April	20(c)	(125,904)	(112,067)
Net debt at 31 March	20(c)	(143,305)	(125,904)

Notes to the financial statements

at 31 March 2012

1. Accounting policies

Basis of preparation

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

Fundamental accounting concept

The financial statements have been prepared on the going concern basis, notwithstanding the net liabilities of £37,677,000. The Group has prepared forecasts and projections for the period to March 2014, taking account of reasonably possible changes in trading performance which show that the Group should be able to comply with future covenants of the new debt facility (see Note 24) and operate within the level of the new facilities available to the Group.

The Directors have considered the economic conditions, the current competitive environment the Group operates in and associated credit risk together with the available committed finance facilities and potential actions that can be taken to protect operating profits and cash flows should revenues be worse than expected. Over this period the principal sensitivities considered in the forecasts relate to the interest rate relative to LIBOR and the ability of the Group to generate cash from trading activities.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements. However, the financial statements do not contain the adjustments that would result if the Company was unable to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Group financial statements

The Group financial statements include the financial statements of the Company and its subsidiary undertakings made up to the year end. The acquisition method of accounting has been adopted. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the Group profit and loss account from the date of acquisition or up to the date of disposal.

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Statement of cash flows

The Company has taken advantage of the exemption available under FRS 1 not to prepare a statement of cash flows.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life. In accordance with FRS 10, goodwill has been capitalised and is to be amortised over its useful economic life which is 20 years.

On the subsequent disposal or termination of a business acquired since 1 January 1998, the profit or loss on disposal or termination is calculated after charging the unamortised amount of any related goodwill.

Intangible fixed assets

Intangible fixed assets purchased separately are capitalised at their cost.

Intangible assets acquired as part of an acquisition are capitalised at their fair value where this can be measured reliably. Fair values are restricted to an amount that does not create, or increase, any negative goodwill.

Notes to the financial statements

at 31 March 2012

1. Accounting policies (continued)

Intangible fixed assets (continued)

Concession, patents, licences, trademarks and intellectual property purchased by the company are amortised to nil by equal annual instalments over their useful economic lives As follows

Intellectual property	–	16 6% straight line
Concession, patents, licences, trademarks	–	16 6% straight line

The carrying values of intangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable Accounting policies (continued)

Tangible fixed assets

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows

Leasehold improvements	–	over term of the lease
Security equipment	–	25% – 50% straight line
Fixtures, fittings and equipment	–	15% straight line
Motor vehicles	–	25% – 30% straight line

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Investments

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

The carrying values of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Turnover

Turnover comprises amounts (excluding sales taxes and discounts) derived from the provision of rental equipment and services Turnover is recognised to the extent that is probable that the economic benefits will flow to the Group and the revenue can be reliably measured

Stocks

Stocks are stated at the lower of cost and net realisable value In determining the cost of raw materials, consumables and goods for resale the weighted average price is used

Exceptional items

Exceptional items include income and expenses of a one off nature where these items, either individually, or if similar, in aggregate are considered material, their nature and amount are separately disclosed within the notes to the financial statements

Notes to the financial statements

at 31 March 2012

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold
- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- Deferred tax assets are recognised only to the extent that the directors consider that it is 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 on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

The assets and liabilities of overseas subsidiary undertakings are translated at the closing exchange rates. The profit and loss financial statements are translated at the average exchange rates. Gains and losses arising on these retranslations are taken to reserves

Net investment in foreign operations

The portion of the gain or loss on a net investment hedge in a foreign operation is included as a movement in the cumulative foreign exchange reserve

Leasing and hire purchase commitments

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease

Pensions

The Group operates a defined contribution pension scheme. The assets of the scheme are kept separately from those of the Group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period

Research and development

All research and development expenditure is written off as incurred

Notes to the financial statements

at 31 March 2012

1. Accounting policies (continued)

Financial instruments

Loan notes are recognised in the balance sheet at their issued amount less any directly attributable issue costs plus the accrued finance charge that has arisen on them. The finance charge has been calculated using the effective interest rate over the life of the financial instrument plus compound loan note interest calculated at the prevailing rate determined by the loan note agreement.

Finance payments associated with financial instruments are dealt with as part of interest payable and similar charges.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity, as stated in the directors' report.

An analysis of turnover by geographical market is given below:

	2012 £000	2011 £000
UK	47,135	33,899
France	20,215	11,776
USA	96,003	92,861
Other European	3,954	1,158
	<u>167,307</u>	<u>139,694</u>

3. Operating profit/(loss)

This is stated after charging/(crediting)

	2012 £000	2011 £000
Auditors' remuneration – current auditors	420	–
Auditors' remuneration – previous auditors	–	237
Depreciation of tangible fixed assets	12,162	10,085
Amortisation of goodwill	4,998	4,417
Amortisation of other intangibles	7	7
Other operating leases		
- Land & buildings	3,599	2,007
- Other	628	66
(Profit) /loss on disposal of fixed assets	(310)	125
Foreign exchange loss	<u>1,743</u>	<u>1,087</u>

Notes to the financial statements

at 31 March 2012

3. Operating profit/(loss) (continued)

The remuneration of auditors is further analysed as follows

	2012 £000	2011 £000
Audit – current auditors	147	–
Audit – previous auditors	–	144
Taxation services – current auditors		
- compliance services	199	–
- advisory services	74	–
Taxation services – previous auditors		
- compliance services	–	26
- advisory services	–	67
	<u>420</u>	<u>237</u>

4. Exceptional items

	2012 £000	2011 £000
Administrative costs		
Receivables provisioning – US	–	1,764
– Rest of World	–	1,242
Restructuring cost of integration of acquired businesses	2,095	–
Aborted acquisition costs	691	–
Reorganisation and restructuring of existing business	1,070	3,429
Legal and professional fees	917	1,100
Consultancy fees incurred in business development	427	2,263
	<u>5,200</u>	<u>9,798</u>
Interest payable and similar charges		
Bank fees	–	359
Total exceptional items	<u>5,200</u>	<u>10,157</u>

5. Directors' remuneration

	2012 £000	2011 £000
Directors' remuneration	895	639
Company contributions to defined contribution pension schemes	91	40
	<u>986</u>	<u>679</u>

Two (2011 *two*) directors were paid for their services by a management fee from VPS Acquisitions Limited, the parent company of VPS Holdings Limited. Two directors had benefits arising under defined contribution pension schemes (2011 *two*) and the remuneration of the highest paid director was £435,000 (2011 £275,000), and pension contributions of £47,000 (2011 £40,000).

Notes to the financial statements

at 31 March 2012

5. Directors' remuneration (continued)

During the year Ian Quinlan charged the Company £78,321 in respect of directorship fees, through QFS Consultants Limited. At 31 March 2012 the Company had no liability owing to QFS Consultants Limited (2011 £nil)

6. Staff costs

	2012 £000	2011 £000
Wages and salaries	42,834	32,693
Social security costs	6,268	4,121
Other pension costs (note 21)	410	138
	<u>49,512</u>	<u>36,952</u>

The average number of employees during the year was made up as follows

	No	No
Administration, sales and marketing	575	371
Operational	1,049	882
	<u>1,624</u>	<u>1,253</u>

7. Interest payable and similar charges

	2012 £000	2011 £000
Bank loans	2,234	2,953
Amounts payable on loan notes	10,653	8,330
Amortisation of issue costs on bank loans & loan notes	763	741
	<u>13,650</u>	<u>12,024</u>

Included within bank loans above are £nil (2011 £359,000) of exceptional items relating to bank fees

Notes to the financial statements

at 31 March 2012

8. Tax

(a) Tax on loss on ordinary activities

The tax charge is made up as follows

	2012 £000	2011 £000
Current tax		
Current tax on the loss for the year	–	–
Prior year adjustment	(247)	369
	<u>(247)</u>	<u>369</u>
Foreign tax		
Current tax on the loss for the year	3,547	834
Prior year adjustment	(1,565)	9
	<u>1,982</u>	<u>843</u>
Total current tax (note 8(b))	<u>1,735</u>	<u>1,212</u>
Deferred tax		
Current year	(916)	2,684
Prior year	–	–
Total deferred tax (note 8(c))	<u>(916)</u>	<u>2,684</u>
Tax on loss on ordinary activities	<u>819</u>	<u>3,896</u>

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are explained below

	2012 £000	2011 £000
Loss on ordinary activities before tax	<u>(11,730)</u>	<u>(16,954)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26%% (2011 28%)	(3,050)	(4,747)
Effects of		
Expenses not deductible for tax purposes	(522)	620
Capital allowances in excess of depreciation and amortisation	991	848
Tax losses surrendered	–	1,896
Unrelieved tax losses	2,455	–
Prior year adjustment	(1,812)	377
Short term timing differences	1,541	148
Differing tax rate on overseas earnings	833	358
Goodwill amortisation on consolidation	1,299	1,712
Current tax for the year (note 8(a))	<u>1,735</u>	<u>1,212</u>

Notes to the financial statements

at 31 March 2012

8. Tax (continued)

(c) Deferred tax

The deferred tax included in the balance sheet is as follows

	2012	2011
		Restated
	£000	£000
Group		
Included in debtors (note 13)	(3,137)	(3,137)
Included in provisions for liabilities and charges (note 16)	<u>1,556</u>	<u>2,492</u>
Net deferred tax asset	<u>(1,581)</u>	<u>(645)</u>
At 1 April 2011		(645)
Exchange difference		(20)
Recognised in the profit and loss account (note 8(a))		<u>(916)</u>
At 31 March 2012 (note 13)		<u>(1,581)</u>

The elements of deferred taxation are as follows

<i>Group</i>	2012	2011
	£000	£000
Difference between accumulated depreciation and capital allowances	(402)	(468)
Other short term timing differences	(666)	336
Tax losses	<u>(513)</u>	<u>(513)</u>
	<u>(1,581)</u>	<u>(645)</u>

The Group has tax losses arising in the UK of £3,300,000 (2011 £1,609,000) that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, and they have arisen in companies that have been loss making for several years.

Notes to the financial statements

at 31 March 2012

8. Tax (continued)

(c) Deferred tax (continued)

<i>Company</i>	<i>£000</i>
At 1 April 2011	(513)
Recognised in the profit and loss account	-
At 31 March 2012 (note 13)	<u>(513)</u>

(d) Factors that may affect future tax charges

At 31 March 2012 the UK Government had enacted, with effect from 1 April 2012, a 2% reduction in the main rate of UK corporation tax from 26% to 24%. The UK deferred tax balances as at 31 March 2012, therefore, have been calculated based on the application of the reduced 24% UK corporation tax rate. The effect of the re-measurement has been recorded in the profit and loss account.

The UK Government has also proposed reducing the UK corporation tax rate by a further 1% per annum to 22% by 1 April 2014. These further rate changes have not been substantially enacted at the balance sheet date and their effects are not therefore included in these financial statements. We do not expect the enactment of these changes will have a material effect on the deferred tax balance of the Group.

Notes to the financial statements

at 31 March 2012

9. Intangible fixed assets

Group

	<i>Goodwill</i>	<i>Patents and other</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost			
At 1 April 2011	91,167	97	91,264
Additions	19,132	24	19,156
At 31 March 2012	110,299	121	110,420
Amortisation			
At 1 April 2011	24,507	44	24,551
Charge for the year	4,998	7	5,005
At 31 March 2012	29,505	51	29,556
Net book value			
At 31 March 2012	80,794	70	80,864
At 1 April 2011	66,660	53	66,713

The movement in additions of £19,132,000 in the year relate to the acquisition of the SitexOrbis Group (Note 11)

Company

	<i>Intellectual property £000</i>
Cost	
At 1 April 2011 and 31 March 2012	2,150
Amortisation	
At 1 April 2011	—
Charge for the year	358
At 31 March 2012	358
Net book value	
At 31 March 2012	1,792
At 1 April 2011	2,150

Notes to the financial statements

at 31 March 2012

10. Tangible fixed assets

Group

	<i>Leasehold improvements</i>	<i>Security equipment</i>	<i>Fixtures, fittings, and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cost					
At 1 April 2011	550	32,927	11,493	9,791	54,761
Additions	388	3,280	2,985	1,114	7,767
Disposals	(192)	(4,260)	(695)	(1,166)	(6,313)
On acquisition	330	2,919	988	18	4,255
Re-classifications	17	4	382	(403)	–
Foreign exchange	(9)	(1,040)	(147)	(148)	(1,344)
At 31 March 2012	1,084	33,830	15,006	9,206	59,126
Depreciation					
At 1 April 2011	179	23,894	6,745	5,501	36,319
Charge for the year	131	7,433	2,652	1,946	12,162
Disposals	(185)	(4,246)	(676)	(1,110)	(6,217)
Re-classifications	11	4	260	(275)	–
Foreign exchange	(2)	(1,404)	(81)	(63)	(1,550)
At 31 March 2012	134	25,681	8,900	5,999	40,714
Net book value					
At 31 March 2012	950	8,149	6,106	3,207	18,412
At 1 April 2011	371	9,033	4,748	4,290	18,442

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

	<i>Motor vehicles</i>	
	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>
Net book value	2,824	3,783
Depreciation charge for the year	1,060	1,333

Company

The Company does not have any tangible fixed assets

Notes to the financial statements

at 31 March 2012

11. Investments

Company

*Subsidiary
undertakings
£000*

Cost	
At 1 April 2011	23,926
Additions	7,433
Purchase from subsidiary undertaking	64
At 31 March 2012	<u>31,423</u>
Net book value	
At 31 March 2012	<u>31,423</u>
At 1 April 2011	<u>23,926</u>

At 31 March 2012, the Company holds 100% of the ordinary shares in the principal subsidiary undertakings listed below of which the results, assets and liabilities have been included within the Group financial statements. These investments are unlisted.

Notes to the financial statements

at 31 March 2012

11. Investments (continued)

<i>Subsidiary undertakings</i>	<i>Country of incorporation</i>	<i>Principal activity</i>
Vacant Property Security Limited	England and Wales	Provision of security equipment and services
VPSitex Benelux B V	Netherlands	Provision of security equipment and services
Insite Facility Services Limited*	England and Wales	Provision of security equipment and services
VPSitex Ireland Limited*	Ireland	Provision of security equipment and services
Sitex Insurance PCC*	Guernsey	Provision of insurance services
Sitex Orbis Limited*	England and Wales	Provision of security equipment and services
Sitex Security Products Limited*	England and Wales	Provision of security equipment and services
Asset Management Specialists Acquisitions Inc*	USA	Holding Company
VPS LLC*	USA	Provision of security equipment and services
Sitex SAS*	France	Provision of security equipment and services
VPS France SAS*	France	Provision of security equipment and services
VPS (UK) Limited *	England and Wales	Provision of security equipment and services
VPSitex Deutschland GmbH	Germany	Provision of security equipment and services
VPSitex Italia S R L	Italy	Provision of security services
Quatro Electronics Limited	England and Wales	Manufacture of security & safety equipment
Asset Management Specialists Inc*	USA	Provision of property maintenance services
AMS Environmental Inc*	USA	Provision of property maintenance service

* Undertakings held indirectly

On 27 September 2011 the Group acquired SitexOrbis Holdings Limited together with its subsidiaries for a consideration, excluding acquisition costs, of £5,964,000. The investment in SitexOrbis Holdings Limited is included in the Company's balance sheet at its fair value at the date of acquisition. The acquisition was carried out as two separate transactions however, this has been accounted for as a single transaction.

Notes to the financial statements

at 31 March 2012

11. Investments (continued)

Net assets at the date of acquisition

		<i>Book value £000</i>	<i>Revaluation adjustments £000</i>	<i>Fair value to group £000</i>
Tangible fixed assets	(a)	5,102	(847)	4,255
Stock		587	–	587
Debtors	(b) (c)	16,185	(939)	15,246
Creditors due within one year		(15,141)	–	(15,141)
Corporation tax		(911)	–	(911)
Bank debt with accrued interest		(19,380)	–	(19,380)
Net assets		<u>(13,558)</u>	<u>(1,786)</u>	<u>(15,344)</u>
Goodwill arising on acquisition				<u>19,132</u>
				<u>3,788</u>
Cash paid				5,964
Cash acquired on acquisition				(3,645)
Costs associated with acquisition				1,469
				<u>3,788</u>

Adjustments

- (a) Increase in accumulated depreciation to align the depreciation policy to the VPS Holdings Group policy
- (b) Increase in bad debt provision to align the bad debt provisioning policy to the VPS Holdings Group policy
- (c) Increase in buildings dilapidations provision and increase in legal provisions

SitexOrbis Holdings and its subsidiaries contributed £4,546,000 to the Group's net operating cashflows, received £101,000 of interest and utilised £1,446,000 for capital expenditure

SitexOrbis Holdings and its subsidiaries suffered a loss after tax of £2,806,000 in the year ended 31 March 2012 (2011 £22,528,000 loss) of which £2,983,000 was suffered in the period from 1 April 2011 to 27 September 2011. The summarised profit and loss account and loss account for the period from 1 April to the effective date of acquisition is as follows,-

	<i>£'000</i>
Turnover	26,330
Operating loss (including exceptional items)	(1,851)
Interest paid	(696)
Interest received	22
Loss before tax	(2,525)
Taxation	(458)
Loss after tax	(2,983)

There were no recognised gains or losses in the period ended 27 September 2011 other than the loss of £2,983,000 above

Notes to the financial statements

at 31 March 2012

12. Stocks

	<i>Group</i>			<i>Company</i>
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Finished goods, work in progress and raw materials	1,109	771	-	-

13. Debtors

	<i>Group</i>			<i>Company</i>
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
		<i>Restated</i>		
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Trade debtors	35,150	27,686	-	-
Amounts owed by group undertakings	-	-	54,571	16,336
Deferred tax (note 8(c))	3,137	3,137	513	513
Other debtors	2,086	752	-	19
Prepayments and accrued income	4,243	1,983	-	-
	<u>44,616</u>	<u>33,558</u>	<u>55,084</u>	<u>16,868</u>

The prior year deferred tax asset balance has been restated as deferred tax liabilities from other tax jurisdictions have been separated and shown within provisions for liabilities (note 16)

The deferred tax balance of £3,137,000 (2011 £3,137,000) falls due in more than one year. All other debtors fall due within one year.

Management are satisfied that the deferred tax asset is recoverable based on their detailed forecasts of future trading.

Notes to the financial statements

at 31 March 2012

14. Creditors: amounts falling due within one year

	<i>Group</i>			<i>Company</i>
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
		<i>Restated</i>		
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans and overdrafts (secured) (note 15)	33,707	9,621	–	–
Term loan (note 15)	4,810	–	4,810	–
Other loans (note 15)	3,696	–	3,696	–
Obligations under finance lease and hire purchase contracts (note 15)	1,322	1,499	–	–
Trade creditors	7,462	6,729	–	–
Amounts owed to group undertakings	–	–	1,841	1,350
Corporation tax	1,016	1,841	–	–
Other taxation and social security	5,707	3,033	–	–
Other creditors	4,733	505	–	–
Accruals and deferred income	18,899	14,226	166	–
	<u>81,352</u>	<u>37,454</u>	<u>10,513</u>	<u>1,350</u>

15. Creditors: amounts falling due after more than one year

	<i>Group</i>			<i>Company</i>
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans	–	33,983	–	–
Shareholder loan notes	107,186	81,623	107,186	81,623
Amounts owed to group undertakings	–	–	14,122	–
Obligations under finance lease and hire purchase contracts	1,223	1,607	–	–
	<u>108,409</u>	<u>117,213</u>	<u>121,308</u>	<u>81,623</u>

Notes to the financial statements

at 31 March 2012

15. Creditors: amounts falling due after more than one year (continued)

The bank loans and shareholder loan notes above are stated net of unamortised issue costs. These are represented in the table below.

	<i>Group</i>		<i>Company</i>	
	<i>2012</i>	<i>2011</i>	<i>2012</i>	<i>2011</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Bank loans before issue costs	–	35,325	–	–
Unamortised issue costs	–	(1,342)	–	–
Bank Loans after issue costs	–	33,983	–	–
Loan notes before issue costs	107,931	82,493	107,931	82,493
Unamortised issue costs	(745)	(870)	(745)	(870)
Loan notes after issue costs	107,186	81,623	107,186	81,623

Loan notes and other loans due from TDR, the controlling party shareholder

£7,000,000 of cumulative loan notes were issued on 19 September 2003 and are redeemable on 18 September 2013 at a value of £21,173,360, or earlier by sale or listing. Issue costs of £323,495 have been deducted from the proceeds and are being amortised over the term of the debt. Interest is being recognised at an effective rate of 12.5%.

On 31 March 2008, £44,910,300 of cumulative loan notes were issued and are redeemable on 31 March 2018 at a value of £131,112,223, or earlier by sale or listing. Issue costs of £1,243,066 have been deducted from the proceeds and are being amortised over the term of the debt. Interest is being recognised at an effective rate of 11%.

Notes to the financial statements

at 31 March 2012

15. Creditors' amounts falling due after more than one year (continued)

On 26 September 2011, £19,906,769 of cumulative loan notes were issued and are redeemable on 26 September 2021 at a value of £60,187,274, or earlier by sale or listing. Interest is being recognised at an effective rate of 11%.

A £4m term loan was drawn down in stages between May 2010 and December 2010. This is repayable on the earlier of either a refinancing of the senior debt or five days after the end of the current senior debt facilities agreement. Interest is being recognised at an effective rate of 11%.

The £5m Revolver Credit Facility, of which £3.5m has been drawn down at the 31 March 2012, is repayable on the earlier of either a refinancing of the senior debt or five days after the end of the current senior debt facilities agreement. Interest is being recognised at an effective rate of 11%.

Bank loans

The bank loan is repayable in instalments at an interest rate of which 100% (2011 – 100%) is at LIBOR plus an agreed margin. The bank loan termination date is 31 March 2013.

The bank loans are secured by a fixed and floating charge over the assets of the group and company.

Finance Leases

The finance leases are secured by a charge over the assets being financed.

Maturity of debt

Group	2012			2011		
	<i>Loans</i>	<i>Finance</i>	<i>Total</i>	<i>Loans</i>	<i>Finance</i>	<i>Total</i>
	<i>£000</i>	<i>leases</i>	<i>£000</i>	<i>£000</i>	<i>leases</i>	<i>£000</i>
		<i>£000</i>			<i>£000</i>	
Within one year or less, or on demand	42,213	1,322	43,535	9,621	1,499	11,120
In one to two years	18,077	877	18,954	54,534	985	55,519
In two to five years	–	346	346	–	622	622
Over five years	89,109	–	89,109	61,072	–	61,072
	<u>107,186</u>	<u>1,223</u>	<u>108,409</u>	<u>115,606</u>	<u>1,607</u>	<u>117,213</u>

Company	2012		2011	
	<i>Loans</i>		<i>Loans</i>	
	<i>£000</i>		<i>£000</i>	
Within one year or less, or on demand	–		–	
In one to two years	18,077		–	
In two to five years	–		16,230	
Over five years	89,109		65,393	
	<u>107,186</u>		<u>81,623</u>	

Notes to the financial statements

at 31 March 2012

16. Provisions for liabilities & charges

	2012	2011
	£000	<i>Restated</i> £000
Deferred tax liabilities (Note 8 (c))	1,556	2,492

The prior year deferred tax balance has been restated as deferred tax liabilities from other tax jurisdictions, previously included within debtors have been separated and shown within provisions for liabilities

17. Issued share capital

	No	2012 £000	No	2011 £000
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £0.001	3,563,626	4	2,720,001	3

18. Movement on reserves

Group	Share premium account £000	Profit and loss account £000
At 1 April 2011 as previously stated	2,498	(37,748)
Transfer on restatement	166	(166)
At 1 April 2011	2,664	(37,914)
Shares issued during the year	7,776	–
Loss for the year	–	(12,549)
Currency foreign exchange reserve	–	2,342
At 31 March 2012	10,440	(48,121)

£166,000 has been transferred between the profit and loss account and the share premium account, to correctly reflect the equity as shown in the Holding company's accounting records

The cumulative foreign exchange reserve comprises all foreign exchange differences arising from the translation of foreign operations as well as from the translation of liabilities that hedge the Group's net investment in foreign subsidiaries. During the year, foreign exchange gains of £462,000 (2011 *gains of £281,000*) on foreign currency borrowings were offset by losses of £462,000 (2011 *losses of £281,000*) arising from retranslation of foreign assets, designated as the hedging instrument

Notes to the financial statements

at 31 March 2012

18. Movement on reserves (continued)

<i>Company</i>	<i>Share premium account £000</i>	<i>Profit and loss account £000</i>
At 1 April 2011	2,664	(42,694)
Shares issued during the year	7,776	–
Retained loss for the year	–	(11,270)
At 31 March 2012	<u>10,440</u>	<u>(53,964)</u>

19. Reconciliation of shareholders' deficit

<i>Group</i>	<i>2012 £000</i>	<i>2011 £000</i>
Loss for the year	(12,549)	(20,850)
Currency translation differences	2,342	765
Shares issued during the year	<u>7,777</u>	<u>–</u>
Net decrease in shareholders' funds	(2,430)	(20,085)
Opening shareholders' deficit	<u>(35,247)</u>	<u>(15,162)</u>
Closing shareholders' deficit	<u>(37,677)</u>	<u>(35,247)</u>
 <i>Company</i>	 <i>2012 £000</i>	 <i>2011 £000</i>
Loss for the year	(11,270)	(6,812)
Shares issued during the year	<u>7,777</u>	<u>–</u>
Net decrease in shareholders' funds	(3,493)	(6,812)
Opening shareholders' deficit	<u>(40,027)</u>	<u>(33,215)</u>
Closing shareholders' deficit	<u>(43,520)</u>	<u>(40,027)</u>

Notes to the financial statements

at 31 March 2012

20. Notes to the statement of cash flows

(a) Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2012	2011
	£000	£000
Operating profit/(loss)	1,920	(4,930)
Depreciation charge	12,162	10,085
Hedging adjustment	-	281
Amortisation of other intangibles	7	7
Amortisation of goodwill	4,998	4,417
(Profit)/ loss on sale of fixed assets	(310)	125
Decrease / (increase) in stocks	257	(366)
Decrease in debtors	4,108	1,040
(Decrease) / increase in creditors	(1,721)	1,953
Net cash inflow from operating activities	<u>21,421</u>	<u>12,612</u>

Cash from operating activities includes exceptional items of £5,200,000 (2011 – £6,792,000)

(b) Analysis of cash flows

	2012	2011
	£000	£000
Returns on investments and servicing of finance		
Interest paid	(2,298)	(3,070)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(7,767)	(6,730)
Proceeds from sale of fixed assets	406	-
Payment for patents	(24)	(16)
	<u>(7,385)</u>	<u>(6,746)</u>
Acquisitions and disposals		
Purchase of subsidiary undertaking	(3,788)	(7,341)
	<u>(3,788)</u>	<u>(7,341)</u>
Financing		
Issue of share capital	7,777	-
New finance leases	1,723	1,339
Capital element of finance leases	(2,235)	(1,892)
Repayment of bank loan	(29,084)	(8,157)
Receipt of bank loan	-	7,401
Receipt of loan stock	23,407	4,000
	<u>1,588</u>	<u>2,691</u>

Notes to the financial statements

at 31 March 2012

20. Notes to the statement of cash flows (continued)

(c) Analysis of net funds/(debt)

	<i>1 April 2011</i>	<i>Loans and finance leases acquired</i>	<i>Cash flow</i>	<i>Non cash movements</i>	<i>Foreign exchange differences</i>	<i>31 March 2012</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Cash in hand and at bank	2,428	–	6,211	–	–	8,639
Debt due within one year	(9,621)	(19,380)	29,084	(41,758)	(538)	(42,213)
Debt due after one year	(115,606)	–	(23,407)	31,827	–	(107,186)
Finance leases	(3,105)	–	512	–	48	(2,545)
	<u>(128,332)</u>	<u>(19,380)</u>	<u>6,189</u>	<u>(9,931)</u>	<u>(490)</u>	<u>(151,944)</u>
Total	<u>(125,904)</u>	<u>(19,380)</u>	<u>12,400</u>	<u>(9,931)</u>	<u>(490)</u>	<u>(143,305)</u>

21. Pensions

The Group contributes to defined contribution pension schemes that are open to eligible employees. The pension cost charge for the year represents contributions payable by the group to the schemes and amounted to £410,000 (2011: £138,000). At 31 March 2012 contributions of £34, (2011: £12,000) were outstanding.

22. Other financial commitments

At 31 March 2012 the group had annual commitments under non-cancellable operating leases as set out below:

	<i>2012</i>		<i>2011</i>	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Operating leases which expire				
Within one year	693	263	384	–
In two to five years	4,024	365	862	32
Over five years	986	–	2,458	–
	<u>5,703</u>	<u>628</u>	<u>3,704</u>	<u>32</u>

23. Contingent liabilities

Each Group company is party to a Group banking facility under which it has guaranteed the bank borrowings, performance bonds and guarantees of its fellow Group companies. The total gross bank borrowings of the Group at 31 March 2012 are £34,313,029 (2011: £44,816,468).

Notes to the financial statements

at 31 March 2012

24 Related party transactions

As the Company is a wholly owned subsidiary of VPS Holdings Sarl, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group

During the year the Company accrued fees for management charges, and associated expenses, payable to TDR Capital LLP of £1,498,570 (2011 £1,774,816) At 31 March 2012, the Company showed current liabilities totalling £3,272,816 (2011 £1,774,246) owing to TDR Capital LLP All transactions were carried out on an arms length basis

Shareholder loan notes are disclosed in note 15

25. Post Balance Sheet Events

Disposal of SitexOrbis

On 11 December 2012 a Sale Purchase Agreement (the 'agreement') was signed with a third party that has been approved by the Competition Commission At the signing date of these financial statements the transaction is in the process of being approved by the Financial Services Authority and the Guernsey Financial Services Commission

The total consideration for the sale of the businesses is a maximum of £10,500k structured as initial consideration followed by deferred consideration, which is based on achievement of profit hurdles for the next three financial years

As part of the agreement, the Northern Ireland business of SitexOrbis UK will be retained and integrated into the VPS (UK) business

25. Post Balance Sheet Events (continued)

New Senior Debt Facility

On [19th December 2012] VPS Holdings Limited entered a new Senior Facility Agreement ('the new facility') with HSBC Bank Plc, ING Bank N V, Investec, Royal Bank of Scotland Plc and Royal Bank of Canada Capital Markets The new five year facility was put in place to repay the existing senior debt to Royal Bank of Scotland Plc and Lloyds TSB Plc (which was due to expire in March 2013) and to provide a sizeable acquisition and capex facility to enable the Group to continue to follow its strategy of both organic and acquisitive growth

The senior debt of £33,707,000 liability (Note 14) at 31 March 2012 has reduced to £26,957,000 at the date of signing these financial statements and will be repaid in January 2013 with the proceeds of the new facility

In addition, the Group will also use funds from the new facility to repay £9,200k of parent company loan notes and £3,272,816 of management charges and associated expenses re-charges due to TDR Capital LLP

26. Ultimate parent undertaking and controlling party

The immediate controlling party is VPS Acquisitions Limited The largest group that these Company results are consolidated into is that headed by VPS Holdings Sarl

The ultimate parent undertaking and controlling party is TDR Capital LLP