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London Property Maintenance (Cleaning) Limited

Abbreviated accounts

for the year ended 31 December 2006

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London Property Maintenance (Cleaning) Limited

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London Property Maintenance (Cleaning) Limited

Directors' report for the year ended 31 December 2006

The directors present their report and the accounts for the year ended 31 December 2006

Principal activity and review of the business

The principal activity of the company is that of commercial cleaning and supply of cleaning materials

Results and dividends

The results for the year are set out on page 4

The directors do not recommend payment of a final dividend

Directors and their interests

The directors who served during the year and their interests in the company are as stated below

		Class of share	31/12/06	01/01/06 or date of appointment
I Perfect		Ordinary shares	-	-
D Howroyd	appointed-24-11-06	Ordinary shares	-	-

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

London Property Maintenance (Cleaning) Limited

**Directors' report
for the year ended 31 December 2006**

continued

In so far as the directors are aware

- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Pritchard Fellows & Co Ltd be reappointed as auditors of the company will be put to the Annual General Meeting

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

This report was approved by the Board on and signed on its behalf by *6th September 2007*



**I Perfect
Secretary**

**Independent auditors' report to London Property Maintenance (Cleaning) Limited
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 4 to 16 together with the financial statements of London Property Maintenance (Cleaning) Limited for the year ended 31 December 2006 prepared under Section 226 of the Companies Act 1985

Respective responsibilities of the directors and the auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

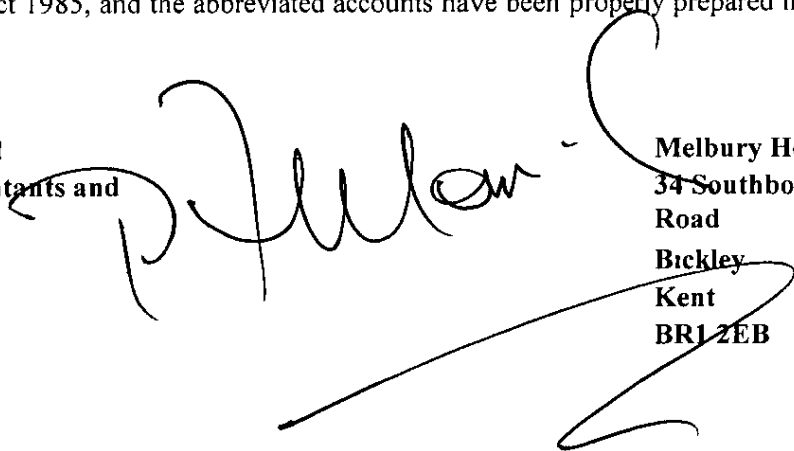
Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

Pritchard Fellows & Co Ltd
Chartered Certified Accountants and

Registered Auditor

18/9/07



Melbury House
34 Southborough
Road
Bickley
Kent
BR1 2EB

London Property Maintenance (Cleaning) Limited

Abbreviated profit and loss account for the year ended 31 December 2006

		Continuing operations	
		2006	2005
	Notes	£	£
Gross profit		3,720,638	3,662,855
Administrative expenses		(3,277,445)	(2,804,016)
Operating profit	2	443,193	858,839
Other interest receivable and similar income	3	-	12,600
Interest payable and similar charges	4	(5,227)	(8,430)
Profit on ordinary activities before taxation		437,966	863,009
Tax on profit on ordinary activities	7	(251,951)	(268,719)
Profit on ordinary activities after taxation		186,015	594,290
Retained profit for the year		186,015	594,290
Retained profit brought forward		2,388,005	1,793,714
Retained profit carried forward		2,574,020	2,388,004

There are no recognised gains or losses other than the profit or loss for the above two financial years

The notes on pages 7 to 16 form an integral part of these financial statements.

London Property Maintenance (Cleaning) Limited

Abbreviated balance sheet as at 31 December 2006

	Notes	2006		2005	
		£	£	£	£
Fixed assets					
Intangible assets	8		-		11,496
Tangible assets	9		446,860		686,893
Investments	10		700,000		700,000
			<u>1,146,860</u>		<u>1,398,389</u>
Current assets					
Stocks	11	115,907		124,078	
Debtors	12	3,388,042		3,067,006	
Cash at bank and in hand		<u>100,937</u>		<u>17,956</u>	
		3,604,886		3,209,040	
Creditors' amounts falling due within one year	13	<u>(2,177,626)</u>		<u>(2,219,325)</u>	
Net current assets			<u>1,427,260</u>		<u>989,715</u>
Net assets			<u><u>2,574,120</u></u>		<u><u>2,388,104</u></u>
Capital and reserves					
Called up share capital	14		100		100
Profit and loss account			<u>2,574,020</u>		<u>2,388,004</u>
Equity shareholders' funds	15		<u><u>2,574,120</u></u>		<u><u>2,388,104</u></u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

The abbreviated accounts were approved by the Board on and signed on its behalf by *6th September 2007*



Director

The notes on pages 7 to 16 form an integral part of these financial statements.

London Property Maintenance (Cleaning) Limited

Cash flow statement for the year ended 31 December 2006

	Notes	2006 £	2005 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		443,193	858,839
Depreciation		538,559	190,396
Decrease in stocks		8,171	(19,285)
(Increase) in debtors		(321,036)	(87,237)
Increase in creditors		223,087	(634,122)
Net cash inflow from operating activities		<u>891,974</u>	<u>308,591</u>
Cash flow statement			
Net cash inflow from operating activities		891,974	308,591
Returns on investments and servicing of finance	19	(5,227)	4,170
Taxation	19	(268,719)	(192,744)
Capital expenditure	19	(287,029)	(226,364)
Increase in cash in the year		<u>330,998</u>	<u>(106,347)</u>
Reconciliation of net cash flow to movement in net funds (Note 20)			
Increase in cash in the year		330,998	(106,347)
New finance leases and hire purchase contracts		-	24,025
Movement in net funds in the year		330,998	(82,322)
Net debt at 1 January 2006		(230,061)	(147,739)
Net funds at 31 December 2006		<u>100,937</u>	<u>(230,061)</u>

London Property Maintenance (Cleaning) Limited

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

1. Accounting policies

1.1 Accounting convention

The accounts are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year

1.3 Goodwill

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

1.4 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows

	<u>Revised</u>	<u>Previous</u>
Fixtures, fittings and equipment	- 20% pa Straight line	15% pa Reducing balance
Computer Equipment	- 50% pa Straight line	15% pa Reducing balance
Motor vehicles	- 25% pa Straight line	25% pa Reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period

1.6 Investments

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

1.7. Stock

Stock is valued at the lower of cost and net realisable value

1.8 Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings

1.9 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise

London Property Maintenance (Cleaning) Limited

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

continued

1 10. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts

2	Operating profit	2006	2005
		£	£
	Operating profit is stated after charging		
	Depreciation and other amounts written off intangible assets	11,496	11,504
	Depreciation and other amounts written off tangible assets	505,417	167,557
	Loss on disposal of tangible fixed assets	21,646	11,335
	Auditors' remuneration	15,200	8,400
	and after crediting		
3.	Interest receivable and similar income	2006	2005
		£	£
	Other interest	-	12,600
4	Interest payable and similar charges	2006	2005
		£	£
	Interest payable on loans < 1 yr	-	5,816
	Hire purchase interest	5,227	2,614
		5,227	8,430
5	Employees		
	Number of employees	2006	2005
	The average monthly numbers of employees (including the directors) during the year were		
	Management Administration & Cleaning	1,573	1,793
	Employment costs	2006	2005
		£	£
	Wages and salaries	11,368,163	10,147,224
	Social security costs	122,900	110,400
	Pension costs	12,000	12,000
		11,503,063	10,269,624

London Property Maintenance (Cleaning) Limited

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

continued

5 1	Directors' emoluments	2006	2005
		£	£
	Remuneration and other emoluments	48,282	40,077
	Pension contributions	3,000	3,000
		<u>51,282</u>	<u>43,077</u>
		Number	Number
	Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

6 Pension costs

The company operates a defined contribution pension scheme in respect of the directors and employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £ 12,000 (2005 - £12,000)

London Property Maintenance (Cleaning) Limited

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

continued

7. Tax on profit on ordinary activities

Analysis of charge in period	2006 £	2005 £
Current tax		
UK corporation tax	253,265	268,719
Adjustments in respect of previous periods	(1,314)	-
	<u>251,951</u>	<u>268,719</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30 per cent) The differences are explained below

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>437,966</u>	<u>863,009</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 December 2005 30%)	131,390	258,903
Effects of.		
Expenses not deductible for tax purposes	31,415	69,206
Capital allowances for period in excess of depreciation	90,460	(59,390)
Adjustments to tax charge in respect of previous periods	(1,314)	-
Current tax charge for period	<u>251,951</u>	<u>268,719</u>

London Property Maintenance (Cleaning) Limited

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

continued

8 Intangible fixed assets

	Goodwill	Total
	£	£
Cost		
At 1 January 2006	57,500	57,500
At 31 December 2006	57,500	57,500
Provision for diminution in value		
At 1 January 2006	46,004	46,004
Charge for year	11,496	11,496
At 31 December 2006	57,500	57,500
Net book values		
At 31 December 2005	11,496	11,496

London Property Maintenance (Cleaning) Limited

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

continued

9. Tangible fixed assets	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost			
At 1 January 2006	619,739	690,074	1,309,813
Additions	112,030	229,602	341,632
Disposals	(32,555)	(186,723)	(219,278)
At 31 December 2006	<u>699,214</u>	<u>732,953</u>	<u>1,432,167</u>
Depreciation			
At 1 January 2006	247,540	375,380	622,920
On disposals	(3,662)	(139,367)	(143,029)
Charge for the year	289,900	215,516	505,416
At 31 December 2006	<u>533,778</u>	<u>451,529</u>	<u>985,307</u>
Net book values			
At 31 December 2006	<u>165,436</u>	<u>281,424</u>	<u>446,860</u>
At 31 December 2005	<u>372,199</u>	<u>314,694</u>	<u>686,893</u>

Following a review of the company's depreciation policy, the directors decided to align this with that of new acquiring group. This change has resulted in an additional depreciation charge of £317,058 which has been provided for in the accounts as follows

	£
Fixtures, Fittings & Equipment	220,055
Motor Vehicle	97,003
	<u>317,058</u>

10 Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 January 2006		
At 31 December 2006	<u>700,000</u>	<u>700,000</u>
Net book values		
At 31 December 2006	<u>700,000</u>	<u>700,000</u>
At 31 December 2005	<u>700,000</u>	<u>700,000</u>

London Property Maintenance (Cleaning) Limited

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

continued

10.1 Holdings of 20% or more

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

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Axis Security Services Limited	England	Security Services	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

	Capital and reserves £	Profit for the year £
Axis Security Services Limited	617,239	100,365
11 Stocks	2006	2005
	£	£
Finished goods and goods for resale	<u>115,907</u>	<u>124,078</u>
12 Debtors	2006	2005
	£	£
Trade debtors	3,073,245	2,405,729
Amount owed by connected companies	-	240,000
Other debtors	21,012	64,008
Prepayments and accrued income	<u>293,785</u>	<u>357,269</u>
	<u>3,388,042</u>	<u>3,067,006</u>

Amounts falling due after more than one year and included in debtors are

Amounts owed by connected companies	<u>-</u>	<u>240,000</u>
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London Property Maintenance (Cleaning) Limited

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

continued

13. Creditors: amounts falling due within one year	2006 £	2005 £
Bank overdraft	-	248,017
Payments received on account	-	608,896
Trade creditors	274,933	183,297
Amounts owed to group undertaking	864,998	156,477
Corporation tax	253,264	270,033
Other taxes and social security costs	458,344	482,748
Other creditors	17,049	1,432
Accruals and deferred income	309,038	268,425
	<u>2,177,626</u>	<u>2,219,325</u>

The bank facilities are secured by way of a debenture held by the banks over all the assets of the company

14 Share capital	2006 £	2005 £
Authorised equity		
100 Ordinary shares of 1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid equity		
100 Ordinary shares of 1 each	<u>100</u>	<u>100</u>

15. Reconciliation of movements in shareholders' funds	2006 £	2005 £
Profit for the year	186,015	594,290
Opening shareholders' funds	2,388,104	1,793,814
Closing shareholders' funds	<u>2,574,119</u>	<u>2,388,104</u>

16. Contingent liabilities

The company has consented to provide a charge on its assets to support group borrowings

London Property Maintenance (Cleaning) Limited

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

continued

17 Related party transactions

During the year the company paid consultancy fees of £167,731 (2005 -£162,782) to Mr Baldwin through an unincorporated business - Town & Country Services - of which he is a proprietor. Further Mr Baldwin had a loan from the company of £240,000 (2005 - £240,000) was paid in full on the 24 November 2006. Mr I Perfect and Mr Baldwin, who have an equal share of interest in the premises of the business, were paid a total of £33,000 (2004 - £33,000) in respect of rent for the year. Axis Security Services Limited and LPM Group Limited are group companies. Net funds transferred and cross charges of administration costs amounted to £ (29,566) (2005 - £88,523) from Axis Security Services Limited and £ (678,955) from LPM Group Limited. The balance owed by the company at the balance sheet date were £186,043 and £678,955 respectively.

18 Ultimate parent undertaking

The company regards LPM Group Limited, incorporated in England as its ultimate holding company. Meredith Corporation Limited disposed of its interest in London Property Maintenance (Cleaning) Limited on the 24th November 2006 to LPM (Acquisition) Limited, a wholly owned subsidiary of LPM group Limited.

19 Gross cash flows

	2006 £	2005 £
Returns on investments and servicing of finance		
Interest received	-	12,600
Interest paid	(5,227)	(8,430)
	<u>(5,227)</u>	<u>4,170</u>
Taxation		
Corporation tax paid	<u>(268,719)</u>	<u>(192,744)</u>
Capital expenditure		
Payments to acquire tangible assets	(341,632)	(255,071)
Receipts from sales of tangible assets	54,603	28,707
	<u>(287,029)</u>	<u>(226,364)</u>

London Property Maintenance (Cleaning) Limited

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

continued

20. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	17,956	82,981	100,937
Overdrafts	(248,017)	248,017	-
	<u>(230,061)</u>	<u>330,998</u>	<u>100,937</u>
Net funds	<u><u>(230,061)</u></u>	<u><u>330,998</u></u>	<u><u>100,937</u></u>