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**LPM Cleaning Limited**  
**( Formerly London Property Maintenance (Cleaning) Ltd )**

**Abbreviated accounts**  
**for the year ended 31 December 2007**

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## **LPM Cleaning Limited**

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## **LPM Cleaning Limited**

### **Directors' report for the year ended 31 December 2007**

The directors present their report and the accounts for the year ended 31 December 2007. The company changed its name from London Property Maintenance (Cleaning) Limited to LPM Cleaning Limited on the 11th September 2007.

#### **Activities**

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

#### **Review of business and future Developments**

The company acquired the whole of the issued share capital of Dependable Services Limited on the 28 September 2007.

On the 13th November 2007 under a group restructure Axis Security Services Limited, a wholly owned subsidiary of LPM Cleaning Limited was transferred to LPM Acquisitions Limited, its immediate parent company. The purpose of the share transfer being to enable Axis Security Services Ltd to operate independently from LPM Cleaning Ltd as part of the LPM Group.

The financial performance of the company for the year ended 31 December 2007, is set out on page 5. The Directors do not recommend a dividend for the year and are optimistic about the long term prospects for Growth.

Details of the Group's employees are provided in the Notes to the Accounts.

#### **Financial risk management objectives and policies**

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. These risks are described further in note 25 to the accounts.

#### **Directors**

The directors who served during the year are as stated below:

I Perfect	Resigned 30/11/07
D Howroyd	
J M Scobie	Appointed 30/11/07

#### **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:

## **LPM Cleaning Limited**

### **Directors' report for the year ended 31 December 2007**

continued

- 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.

#### **Statement of disclosure to auditor**

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

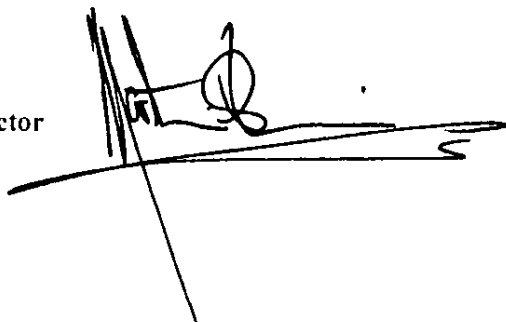
#### **Auditors**

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 24/4/08 and signed on its behalf by

Director

A handwritten signature in black ink, consisting of a stylized 'G' followed by a large loop and a horizontal line extending to the right.

**Independent auditors' report to LPM 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 LPM Cleaning Limited for the year ended 31 December 2007 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

**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 Auditors**

**Melbury House**  
**34 Southborough**  
**Road**  
**Bickley**  
**Kent**  
**BR1 2EB**

24/4/08

**LPM Cleaning Limited**

**Abbreviated profit and loss account  
for the year ended 31 December 2007**

		<b>Continuing operations</b>	
		<b>2007</b>	<b>2006</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Gross profit</b>		3,866,737	3,720,638
Administrative expenses		(3,581,447)	(3,277,445)
<b>Operating profit</b>	<b>2</b>	285,290	443,193
Investment income	<b>3</b>	355,220	-
Other interest receivable and similar income	<b>4</b>	14,926	-
Interest payable and similar charges	<b>5</b>	-	(5,227)
<b>Profit on ordinary activities before taxation</b>		655,436	437,966
Tax on profit on ordinary activities	<b>8</b>	-	(251,951)
<b>Profit on ordinary activities after taxation</b>		655,436	186,015
<b>Profit for the year</b>	<b>16</b>	655,436	186,015
Retained profit brought forward		2,574,020	2,388,005
<b>Retained profit carried forward</b>		<u>3,229,456</u>	<u>2,574,020</u>

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.

**LPM Cleaning Limited**

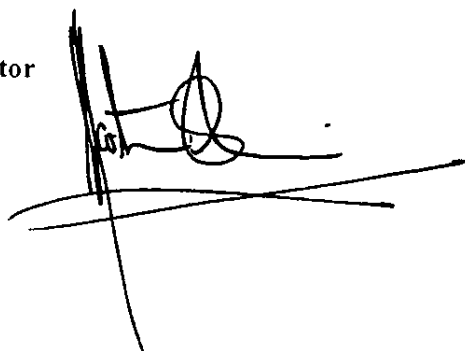
**Abbreviated balance sheet  
as at 31 December 2007**

		2007		2006	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Tangible assets	10		445,539		446,860
Investments	11		4,008,966		700,000
			<u>4,454,505</u>		<u>1,146,860</u>
<b>Current assets</b>					
Stocks	12	100,037		115,907	
Debtors	13	4,535,278		3,388,042	
Cash at bank and in hand		165,320		100,937	
		<u>4,800,635</u>		<u>3,604,886</u>	
<b>Creditors amounts falling due within one year</b>	14	(6,025,584)		(2,177,626)	
<b>Net current (liabilities)/assets</b>			(1,224,949)		<u>1,427,260</u>
<b>Net assets</b>			<u>3,229,556</u>		<u>2,574,120</u>
<b>Capital and reserves</b>					
Called up share capital	15		100		100
Profit and loss account	16		3,229,456		2,574,020
<b>Equity shareholders' funds</b>	17		<u>3,229,556</u>		<u>2,574,120</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 24/4/08 and signed on its behalf by

Director



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

# LPM Cleaning Limited

## Cash flow statement for the year ended 31 December 2007

	Notes	2007 £	2006 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		285,290	443,193
Depreciation		186,516	538,559
Decrease in stocks		15,870	8,171
(Increase) in debtors		(1,147,236)	(321,037)
Increase in creditors		4,094,937	223,087
<b>Net cash inflow from operating activities</b>		<u>3,435,377</u>	<u>891,973</u>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		3,435,377	891,973
Returns on investments and servicing of finance	20	14,926	(5,227)
Taxation	20	(253,265)	(268,719)
Capital expenditure and financial investment	20	170,025	(287,029)
Acquisitions and disposals	20	(3,308,966)	-
<b>Increase in cash in the year</b>		<u>58,097</u>	<u>330,998</u>
<b>Reconciliation of net cash flow to movement in net funds (Note 21)</b>			
<b>Increase in cash in the year</b>		58,097	330,998
<b>Net funds at 1 January 2007</b>		<u>100,937</u>	<u>(230,061)</u>
<b>Net funds at 31 December 2007</b>		<u>159,034</u>	<u>100,937</u>



## **LPM Cleaning Limited**

### **Notes to the abbreviated financial statements for the year ended 31 December 2007**

#### **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

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

##### **1.3. 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

Fixtures, fittings and equipment	- 25% straight line
Motor vehicles	- 25% straight line

##### **1.4. Leasing**

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

##### **1.5. Investments**

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

##### **1.6. Stock**

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

##### **1.7. 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

##### **1.8. Group accounts**

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

# LPM Cleaning Limited

## Notes to the abbreviated financial statements for the year ended 31 December 2007

continued

<b>2. Operating profit</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging		
Depreciation and other amounts written off intangible assets	-	11,496
Depreciation and other amounts written off tangible assets	221,707	505,417
	<u>221,707</u>	<u>505,417</u>
and after crediting		
Profit on disposal of tangible fixed assets	35,191	(21,646)
	<u>35,191</u>	<u>(21,646)</u>
<b>3 Income from investments</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Profit on disposal of investments	355,220	-
	<u>355,220</u>	<u>-</u>
Arising on the share transfer of subsidiary company Axis Security Services Limited to immediate Parent Company LPM Acquisitions Limited		
<b>4. Interest receivable and similar income</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Bank interest	14,926	-
	<u>14,926</u>	<u>-</u>
<b>5. Interest payable and similar charges</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Hire purchase interest	-	5,227
	<u>-</u>	<u>5,227</u>

**LPM Cleaning Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 December 2007**

continued

**6. Employees**

<b>Number of employees</b>	<b>2007</b>	<b>2006</b>
The average monthly numbers of employees (including the directors) during the year were		
Average employee	<u>1,410</u>	<u>1,573</u>
<b>Employment costs</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Wages and salaries	11,725,206	11,368,163
Social security costs	30,806	122,900
Pension costs-other operating charge	37,347	12,000
Sales commission payments to staff	<u>71,437</u>	<u>-</u>
	<u>11,864,796</u>	<u>11,503,063</u>

**6.1. Directors' emoluments**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	265,268	48,282
Pension contributions	34,288	3,000
Compensation for loss of office	-	18,767
Benefits in kind	<u>16,592</u>	<u>13,717</u>
	<u>316,148</u>	<u>83,766</u>
<b>Highest paid director</b>	<b>£</b>	<b>£</b>
Amounts included above		
Emoluments and other benefits	<u>150,000</u>	<u>18,531</u>

**7. Pension costs**

The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £37,347 (2006 - £12,000)

**LPM Cleaning Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 December 2007**

continued

**8. Tax on profit on ordinary activities**

<b>Analysis of charge in period</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax	-	253,265
Adjustments in respect of previous periods	-	(1,314)
	<u>-</u>	<u>251,951</u>

**Factors affecting tax charge for period**

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

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>655,436</u>	<u>437,966</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 December 2006 30%)	196,631	131,390
<b>Effects of:</b>		
Expenses not deductible for tax purposes	17,538	31,415
Capital allowances for period in excess of depreciation	(3,695)	90,460
Utilisation of group tax losses	(103,908)	-
Adjustments to tax charge in respect of previous periods	-	(1,314)
Gain on transfer of subsidiary to parent	(106,566)	-
Current tax charge for period	<u>-</u>	<u>251,951</u>

**9 Intangible fixed assets**

	<b>Goodwill</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Cost</b>		
At 1 January 2007	<u>57,500</u>	<u>57,500</u>
At 31 December 2007	<u>57,500</u>	<u>57,500</u>
<b>Provision for diminution in value</b>		
At 1 January 2007	57,500	57,500
At 31 December 2007	<u>57,500</u>	<u>57,500</u>

**LPM Cleaning Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 December 2007**

continued

10. Tangible fixed assets	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 January 2007	699,215	732,952	1,432,167
Additions	89,261	164,868	254,129
Disposals	(22,394)	(209,645)	(232,039)
At 31 December 2007	<u>766,082</u>	<u>688,175</u>	<u>1,454,257</u>
<b>Depreciation</b>			
At 1 January 2007	533,778	451,529	985,307
On disposals	(15,115)	(183,181)	(198,296)
Charge for the year	85,160	136,547	221,707
At 31 December 2007	<u>603,823</u>	<u>404,895</u>	<u>1,008,718</u>
<b>Net book values</b>			
At 31 December 2007	<u>162,259</u>	<u>283,280</u>	<u>445,539</u>
At 31 December 2006	<u>165,437</u>	<u>281,423</u>	<u>446,860</u>

# LPM Cleaning Limited

## Notes to the abbreviated financial statements for the year ended 31 December 2007

continued

<b>11</b>	<b>Fixed asset investments</b>	<b>Shares in Subsidiary undertakings £</b>	<b>Total £</b>
	<b>Cost</b>		
	At 1 January 2007	700,000	700,000
	Additions	4,008,966	4,008,966
	Disposals	(700,000)	(700,000)
	At 31 December 2007	<u>4,008,966</u>	<u>4,008,966</u>
	<b>Net book values</b>		
	At 31 December 2007	<u>4,008,966</u>	<u>4,008,966</u>
	At 31 December 2006	<u>700,000</u>	<u>700,000</u>

### Holdings of more than 20%

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

<b>Company</b>	<b>Country of Registration</b>	<b>Shares held Class</b>	<b>Shares held %</b>
Axis Security Services Limited	England or Wales	Ordinary £1	100%
Dependable Services Limited	England or Wales	Ordinary £1	100%

On then 28th September 2007 the company acquired Dependable Services Limited, a company based in Leeds and on the 13th November 2007 under group restructure it disposed its total shareholding to Axis Security Services Limited its immediate parent company LPM Acquisitions

<b>12.</b>	<b>Stocks</b>	<b>2007 £</b>	<b>2006 £</b>
	Finished goods and goods for resale	<u>100,037</u>	<u>115,907</u>

**LPM Cleaning Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 December 2007**

continued

<b>13. Debtors</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Trade debtors	3,132,811	3,073,245
Amounts owed by group undertakings	1,272,914	-
Other debtors	21,692	21,012
Prepayments and accrued income	107,861	293,785
	<u>4,535,278</u>	<u>3,388,042</u>
 <b>14. Creditors: amounts falling due within one year</b>	 <b>2007</b>	 <b>2006</b>
	<b>£</b>	<b>£</b>
Bank overdraft	6,285	-
Trade creditors	560,657	274,933
Amounts owed to group undertaking	4,654,375	864,998
Corporation tax	-	253,264
Other taxes and social security costs	450,023	458,344
Other creditors	17,340	17,049
Accruals and deferred income	336,904	309,038
	<u>6,025,584</u>	<u>2,177,626</u>
 <b>15. Share capital</b>	 <b>2007</b>	 <b>2006</b>
	<b>£</b>	<b>£</b>
<b>Authorised equity</b>		
100 Ordinary shares of £1 each	100	100
<b>Allotted, called up and fully paid equity</b>		
100 Ordinary shares of £1 each	100	100
 <b>16. Equity Reserves</b>	 <b>Profit and loss account</b>	 <b>Total</b>
	<b>£</b>	<b>£</b>
<b>At 1 January 2007</b>	2,574,020	2,574,020
Profit for the year	655,436	655,436
<b>At 31 December 2007</b>	<u>3,229,456</u>	<u>3,229,456</u>

**LPM Cleaning Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 December 2007**

continued

<b>17. Reconciliation of movements in shareholders' funds</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Profit for the year	655,436	186,015
Opening shareholders' funds	2,574,120	2,388,105
Closing shareholders' funds	<u>3,229,556</u>	<u>2,574,120</u>

**18. Contingent liabilities**

The Company has entered into cross guarantees with its ultimate parent company, immediate parent company and fellow subsidiaries with respect of obligations relating to bank borrowings and investor loan notes

**19. Transactions with directors**

During the year rent totalling £16,500 was paid to Mr I Perfect a director of the company



**LPM Cleaning Limited**

**Notes to the abbreviated financial statements  
for the year ended 31 December 2007**

continued

**20 Gross cash flows**

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	14,926	-
Interest paid	-	(5,227)
	<u>14,926</u>	<u>(5,227)</u>
<b>Taxation</b>		
Corporation tax paid	(253,265)	(268,719)
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible assets	(254,129)	(341,632)
Receipts from sales of tangible assets	68,934	54,603
Receipts from sales of investments	355,220	-
	<u>170,025</u>	<u>(287,029)</u>
<b>Acquisitions and disposals</b>		
Receipts on disposal of group interests	700,000	-
Payments on acquisition of group interests	(4,008,966)	-
	<u>(3,308,966)</u>	<u>-</u>

**21. Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	100,937	64,383	165,320
Overdrafts	-	(6,285)	(6,285)
	<u>100,937</u>	<u>58,098</u>	<u>159,035</u>
<b>Net funds</b>	<u>100,937</u>	<u>58,098</u>	<u>159,035</u>

## **LPM Cleaning Limited**

### **Notes to the abbreviated financial statements for the year ended 31 December 2007**

continued

#### **22. Related party transactions**

LPM Acquisitions Limited is parent company of LPM Cleaning Limited and it has share holding of 100%. During the year there were no sales or purchases between companies. Net funds transfers and cross charges of administration costs amounted to £540,000 (2006 - £167,731). The balance owed at the balance sheet date, LPM Group Limited was £1,272,914 and the balance due at the balance sheet date, Axis Security Services Limited £444,612 (2006 - 186,043). During the year rent totalling £16,500 was paid to Mr I Perfect, a director of the company.

#### **23.**

##### **Treasury Operations and Financial instruments**

The company operates a treasury function which is responsible for managing the liquidity and interest risks associated with the company's activities.

The company's principal financial instruments include bank overdrafts and loans, the main purpose of which is the raise finance for the company's operation. In addition, the company has various other financial assets and liabilities such as trade debtors and retention and trade creditors arising directly from operations.

##### **Liquidity Risk**

The company manages its cash and borrowing requirements in order to maximize interest income and minimize interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business. Funds are transferred between group companies to assist in managing this risk.

##### **Inherent Rate Risk**

The company is exposed to fair value interest rate risk in its borrowing and cash flow interest rate risk on bank overdraft and loans.

##### **Credit Risk**

Investments of cash surpluses and borrowings are made through banks and companies which must fulfill credit rating criteria approved by the Board. All the customers who wish to trade on credit terms are subject to credit verifications procedures. Trade debtors and retentions are reviewed on the regular basis and provision is made for doubtful debts where necessary.

#### **24. Ultimate parent undertaking**

The immediate parent company is LPM Acquisitions Limited registered in England and Wales. The ultimate parent company is LPM Group Limited a company registered in England and Wales.