

Registered No 05995125

# **LPM Acquisitions Limited**

## **Report and Financial Statements**

31 March 2011

WEDNESDAY



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COMPANIES HOUSE

LPM Acquisitions Limited

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Registered No 05995125

**Director**

F A Stratford

**Secretary**

F A Stratford

**Auditors**

Ernst & Young LLP  
Wessex House  
19 Threefield Lane  
Southampton  
Hampshire  
SO14 3QB

**Bankers**

Clydesdale Bank  
33 Grace Church Street  
London EC3V 0BT

**Registered office**

Unit 4 Crayside  
5 Arches Business Park  
Maidstone Road  
Sidcup  
Kent DA14 5AG

## Director's report

The directors present their report and financial statements for the year ended 31 March 2011

### Principal activity

The principal activity of the company is that of a holding company and the provision of management services

### Results and dividends

The loss for the period after taxation amounted to £703,000 (15 month period ended 31 March 2010 – loss of £541,000) The directors do not recommend the payment of a dividend (2010 £nil)

### Directors

The directors who served the company during the year were as follows

E D Boyle (resigned 30<sup>th</sup> June 2011)

R J Bradford (resigned 11<sup>th</sup> April 2011)

F A Stratford (appointed 26<sup>th</sup> April 2010)

### Going concern

The parent undertaking has indicated its willingness to continue to provide financial support to the company for the foreseeable future. The directors, having considered this and the financial position of the company, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern. Accordingly the directors have a reasonable expectation that the company will continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

### 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 company'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

### Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the director's report

### Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

### Auditors

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

By order of the Board



Director

27<sup>th</sup> July 2011

## Statement of director's 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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,
- 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# Independent auditors' report

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to the members of LPM Acquisitions Limited

We have audited the financial statements of LPM Acquisitions Limited for the year ended 31 March 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 14. 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 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 auditors

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the director's report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its 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 auditors' report

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to the members of LPM Acquisitions Limited (continued)

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report

Ernst & Young LLP

Julian Gray (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Southampton

Date 29 July 2011

## Profit and loss account

for the year ended 31 March 2011

		Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
	Notes		
Administrative expenses		(152)	5
<b>Operating (loss)/profit</b>	2	(152)	5
Interest payable and similar charges	4	(551)	(546)
<b>Loss on ordinary activities before taxation</b>		(703)	(541)
Tax on loss on ordinary activities	5	—	—
<b>Loss for the financial period</b>		(703)	(541)

## Statement of total recognised gains and losses

for the year ended 31 March 2011

There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £703,000 in the year ended 31 March 2011 (15 month period ended 31 March 2010 – loss of £541,000)

## Balance sheet

At 31 March 2011

	Notes	31 March 2011 £'000	31 March 2010 £'000
<b>Fixed assets</b>			
Investments	6	10,949	10,949
<b>Current assets</b>			
Debtors	7	5,138	6,193
Cash at bank and in hand		12	782
		5,150	6,975
<b>Creditors</b> amounts falling due within one year	8	(12,088)	(12,210)
<b>Net current liabilities</b>		(6,938)	(5,235)
<b>Total assets less current liabilities</b>		4,011	5,714
<b>Creditors:</b> amounts falling due after more than one year	9	(5,178)	(6,178)
<b>Net liabilities</b>		(1,167)	(464)
<b>Capital and reserves</b>			
Called up share capital	10	—	—
Profit and loss account	11	(1,167)	(464)
<b>Shareholders' deficit</b>	11	(1,167)	(464)

The financial statements were approved by the Board of Directors and signed on their behalf by



F A Stratford  
Director

Date 27 July 2011



## Notes to the financial statements

At 31 March 2011

### 1. Accounting policies

#### Basis of preparation

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

The financial statements are prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

#### Fundamental accounting concept

The parent undertaking has indicated its willingness to continue to provide financial support to the company for the foreseeable future. The directors, having considered this and the financial position of the company, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern. Accordingly the directors have a reasonable expectation that the company will continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

#### Statement of cash flows

The financial statements do not include a statement of cash flows because the company is a subsidiary where 100% of the voting rights are controlled within the group and group financial statements, which include the subsidiary undertaking, are made publicly available. The company is therefore exempt from the requirement to produce a statement under financial Reporting Standard No. 1 'Statement of Cash Flows (Revised)'

#### Investments

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

#### Group financial statements

The company is entitled to the exemption under Section 400 of the Companies Act 2006 from the obligation to prepare group financial statements. Accordingly, these financial statements present information about the company as an individual undertaking and not about its group

#### 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
- 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

## Notes to the financial statements

At 31 March 2011

### 2. Operating (loss)/profit

This is stated after charging

	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
Auditors' remuneration	-	2

The audit fees for the year were paid by a fellow group company

### 3. Directors' remuneration

The following directors' remuneration in respect of qualifying services provided to the company and its subsidiaries was paid during the year

	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
Remuneration and other emoluments	84	113
Contributions to pension schemes	6	7
	<u>90</u>	<u>120</u>

All amounts above relate to qualifying services performed for the company's subsidiary undertakings and were paid by fellow group companies

### 4. Interest payable and similar charges

	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
Bank interest payable	<u>551</u>	<u>546</u>

## Notes to the financial statements

At 31 March 2011

### 5. Tax

#### (a) Tax on loss on ordinary activities

The tax charge is made up as follows

	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
Current tax		
UK corporation tax	—	—
Tax on loss on ordinary activities (note 5(b))	—	—

#### (b) Factors affecting current tax charge for the period

The tax assessed for the period is different from the standard rate of corporation tax in the UK of 28% (15 month period ended 31 March 2010 – 28%) The differences are explained as follows

	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
Loss on ordinary activities before taxation	(703)	(541)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (15 month period ended 31 March 2010 – 28%)	(197)	(152)
Effects of		
Expenses not deductible for tax purposes	14	226
Group relief surrendered for no consideration	—	(74)
Unrelieved tax losses	183	—
Total current tax (note 5 (a))	—	—

#### c) Deferred tax

Deferred tax is not provided in the financial statements The amounts unprovided are as follows

	Year ended 31 March 2011 £'000	15 month period ended 31 March 2010 £'000
Tax losses	(283)	—

## Notes to the financial statements

At 31 March 2011

### 5. Tax (continued)

The deferred tax asset has not been recognised due to uncertainty over suitable future profits being available for offset

In his budget of 23 March 2011, the Chancellor of the Exchequer announced budget tax changes, which, if enacted in the proposed manner, will have a significant effect on the company's future tax position. As at the balance sheet date, the reduction in the tax rate to 26% was substantively enacted, and therefore the deferred tax balance has been calculated at this rate.

The budget proposed a further decrease of 1% each year from 1 April 2012 to 23%, to be enacted annually. The potential impact on the unrecognised deferred tax asset is a decrease of £32,702. The effect on the company of these proposed changes to the UK tax system will be reflected in the company's financial statements in future years, as appropriate, once the proposals have been substantively enacted.

### 6 Investments

Cost	Investment in subsidiary undertaking £'000
At 1 April 2010 and 31 March 2011	10,949

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

Name of company	Country of incorporation	Nature of business	Class of share capital held	% held by company
LPM Cleaning Limited	England	Cleaning	Ordinary	100%
Axis Security Services Limited	England	Security	Ordinary	80%
ICG Holdings Limited	England	Holding Co	Ordinary	85%
Axis Acquisitions Limited	England	Holding Co	Ordinary	80%

The company also holds 20% or more of the share capital of the following companies indirectly through one of its subsidiary undertakings

Name of company	Nature of business	Country of incorporation	Class of share capital held	% held by company %
LPM Dependable Limited	Non trading	England	Ordinary	100
Dependable Services Limited	Non trading	England	Ordinary	100
Intercity Group Limited	Holding co	England	Ordinary	85
LPM Intercity Limited	Non trading	England	Ordinary	85
ICG Personnel Limited	Non trading	England	Ordinary	85
LPM Paragon Limited	Non trading	England	Ordinary	85
Morris Contract Cleaning Limited	Non trading	England	Ordinary	85
Paragon Hygiene Services Limited	Non trading	England	Ordinary	85
ICG Cleaning Ltd	Non trading	England	Ordinary	85

## Notes to the financial statements

At 31 March 2011

### 7 Debtors

	31 March 2011 £'000	31 March 2010 £'000
Amounts owed by group companies	5,138	6,193

### 8 Creditors: amounts falling due within one year

	31 March 2011 £'000	31 March 2010 £'000
Trade creditors	–	119
Amounts owed to group companies	10,936	10,562
Accruals and deferred income	152	29
Bank loan – current portion (note 9)	1,000	1,500
	12,088	12,210

### 9 Creditors: amounts falling due after more than one year

	31 March 2011 £'000	31 March 2010 £'000
Bank loan	5,178	6,178

Bank loan notes comprise an A loan of £4.5m repayable in 28 quarterly instalments from 31 December 2008, a B loan of £2.0m repayable in 12 quarterly instalments from 31 December 2012 and £0.5m on 1<sup>st</sup> April 2010 and a C loan of £2.5m repayable in 28 quarterly instalments from 30 June 2009

The A loan bears interest at 4.5% over LIBOR, the B loan bears interest at 8.0% over LIBOR and the C loan bears interest at 4.5% over LIBOR

The loans are secured on the assets of the Group

Bank loans repayable are analysed as follows

	2011 £'000
Within one year (note 8)	1,000
Between 1 and 2 years	1,250
Between 2 and 5 years	3,928
	6,178
Analysed as	
Less than one year (note 8)	1,000
Greater than one year	5,178
Total	6,178

## Notes to the financial statements

At 31 March 2011

### 10 Issued share capital

	31 March 2011		31 March 2010	
	No	£'000	No	£'000
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	—	1	—

### 11. Reconciliation of shareholders' deficit and movement on reserves

	31 March 2011 £'000	31 March 2010 £'000
Opening shareholders' (deficit)/funds	(464)	77
Loss for the financial year	(703)	(541)
Closing shareholders' deficit	(1,167)	(464)

### 12 Contingent Liabilities

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

### 13 Related party transaction

The company has taken advantage of the exemption in Financial Reporting Standard No 8 'Related Party Disclosures' and has not disclosed transactions with group undertakings. There were no other related party transactions.

### 14. Ultimate parent undertaking and controlling party

The company's immediate parent company is LPM Group Ltd, a company registered in England & Wales.

The largest and smallest group of undertakings for which group financial statements have been drawn up which includes the results of the company is that headed by LPM Group Limited. Copies of the parent undertaking's financial statements are available from Companies House.

The directors consider the ultimate parent undertaking and controlling party to be Sovereign Capital Limited Partnership II LLP.