

LPM Acquisitions Limited

Report and Financial Statements for the year ended

31 March 2012

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COMPANIES HOUSE

LPM Acquisitions Limited

Registered No 05995125

Director

M Saunders

J Levine

Secretary

M Saunders

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

First Point

Buckingham Gate

Gatwick

West Sussex, RH6 0NT

Bankers

Clydesdale Bank

33 Grace Church Street

London EC3V 0BT

Registered office

4 Crayside

Five Arches Business Park

Maidstone Road

Sidcup

Kent DA14 5AG

Director's report

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

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 year after taxation amounted to £491,000 (year ended 31 March 2011 – loss of £703,000)
The directors do not recommend the payment of a dividend (year ended 31 March 2011 £nil)

Directors and company secretary

The directors who served the company during the year and to the date of these financial statements were as follows

E Boyle	(resigned 30 June 2011)
R Bradford	(resigned 11 April 2011)
F Stratford	(resigned 29 February 2012)
M Saunders	(appointed 6 February 2012)
J Levine	(appointed 1 March 2012)

On 29 February 2012, F Stratford resigned and M Saunders was appointed as company secretary

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

Director's report (continued)

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

On behalf of the Board



M Saunders
Director

Date

9/7/12

Statement of director's responsibilities

The directors are responsible for preparing the directors' 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 prepared 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 accounting 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

to the members of LPM Acquisitions Limited

We have audited the financial statements of LPM Acquisitions Limited for the year ended 31 March 2012 which comprise the profit and loss account, the balance sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors 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 2012 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 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

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 take advantage of the small companies' exemption in preparing the Directors' Report



Matthew Hall (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Gatwick

Date 11 July 2012

Profit and loss account

for the year ended 31 March 2012

		Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
	Notes		
Administrative credit/(expenses)		46	(152)
Operating profit/(loss)	2	46	(152)
Interest payable and similar charges	4	(537)	(551)
Loss on ordinary activities before taxation		(491)	(703)
Tax on loss on ordinary activities	5	—	—
Loss for the financial year	11	(491)	(703)

All amounts relate to continuing operations

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above and their historical cost equivalents

There were no gains or losses other than the loss for the financial year and therefore no statement of total recognised gains and losses has been presented

Balance sheet

At 31 March 2012

	Notes	31 March 2012 £'000	31 March 2011 £'000
Fixed assets			
Investments	6	10,949	10,949
Current assets			
Debtors	7	3,643	5,138
Cash at bank and in hand		1	12
		3,644	5,150
Creditors amounts falling due within one year	8	(12,322)	(12,088)
Net current liabilities		(8,678)	(6,938)
Total assets less current liabilities		2,271	4,011
Creditors: amounts falling due after more than one year	9	3,929	5,178
Capital and reserves			
Called up share capital	10	-	-
Profit and loss account	11	(1,658)	(1,167)
Total capital and reserves	11	(1,658)	(1,167)
Total capital, reserves and long term liabilities		2,271	4,011

The financial statements on pages 7 to 15 were approved by the Board of Directors and signed on their behalf by



M Saunders
Director

Date 9/7/12

Registered No: 05995125

Notes to the financial statements

At 31 March 2012

1. Accounting policies

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

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

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.

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 2012

2. Operating (loss)/profit

This is stated after (crediting)/charging

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
VAT (write back)/provision	(150)	150

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 2012 £'000	Year ended 31 March 2011 £'000
Remuneration and other emoluments	243	114
Contributions to pension schemes	18	9
	<u>261</u>	<u>123</u>

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

The emoluments of the highest paid director included within the above is as follows

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Emoluments and other benefits	168	45
Contribution to pension scheme	15	4
	<u>183</u>	<u>49</u>

Notes to the financial statements

At 31 March 2012

4. Interest payable and similar charges

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Bank interest payable	537	551

5. Tax on loss on ordinary activities

(a) Tax on loss on ordinary activities

The tax charge is made up as follows

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Current tax		
UK corporation tax	—	—
Tax on loss on ordinary activities (note 5(b))	—	—

(b) Factors affecting current tax charge for the year

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 26% (year ended 31 March 2011 – 28%) The differences are explained as follows

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Loss on ordinary activities before taxation	(491)	(703)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (year ended 31 March 2011 – 28%)	(128)	(197)
Effects of		
Expenses not deductible for tax purposes	—	14
Unrelieved tax losses	128	183
Total current tax (note 5 (a))	—	—

Notes to the financial statements

At 31 March 2012

5. Tax (continued)

c) Deferred tax

Deferred tax is not provided in the financial statements. The unprovided deferred tax assets are as follows:

	Year ended 31 March 2012 £'000	Year ended 31 March 2011 £'000
Tax losses	(358)	(283)

The deferred tax asset has not been recognised due to the uncertainty over future suitable taxable profits from which the future reversal of the underlying timing differences will be available for offset.

The 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and a further reduction to 24% (effective from 1 April 2012) was substantively enacted on 26 March 2012.

This will reduce the company's future current tax charge accordingly. The unrecognised deferred tax asset at 31 March 2012 has been calculated based on the rate of 24% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 2% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

6. Investments

	Investment in subsidiary undertaking £'000
Cost	
At 1 April 2011 and 31 March 2012	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%

Notes to the financial statements

At 31 March 2012

6. Investments (continued)

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
Temple Security Limited	Security	England	Ordinary	80
Temple Security Contractors Limited	Security	England	Ordinary	80

The directors believe that the carrying value of the investments is supported by their underlying net assets

7 Debtors

	31 March 2012 £'000	31 March 2011 £'000
Amounts owed by group companies	3,643	5,138

8. Creditors: amounts falling due within one year

	31 March 2012 £'000	31 March 2011 £'000
Bank loan – current portion (note 9)	1,250	1,000
Amounts owed to group companies	11,070	10,936
Accruals and deferred income	2	152
	12,322	12,088

Amounts due to/from group undertakings are unsecured, interest free and repayable on demand

Notes to the financial statements

At 31 March 2012

9 Creditors: amounts falling due after more than one year

	31 March 2012 £'000	31 March 2011 £'000
Bank loan	3,929	5,178

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 1st 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

	2012 £'000
Within one year (note 8)	1,250
Between 1 and 2 years	1,500
Between 2 and 5 years	2,429
	<u>5,179</u>
Analysed as	
Less than one year (note 8)	1,250
Greater than one year	3,929
Total	<u>5,179</u>

10. Share capital

	31 March 2012 No	31 March 2011 No
Allotted, called up and fully paid	£'000	£'000
Ordinary shares of £1 each	1	1
	<u>—</u>	<u>—</u>

11. Reconciliation of shareholders' deficit and movement on reserves

	31 March 2012 £'000	31 March 2011 £'000
Opening shareholders' deficit	(1,167)	(464)
Loss for the financial year	(491)	(703)
Closing shareholders' deficit	<u>(1,658)</u>	<u>(1,167)</u>

Notes to the financial statements

At 31 March 2012

12. Contingent liabilities

The company has entered into cross guarantees with its ultimate parent undertaking, immediate parent undertaking and fellow subsidiaries with 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' as it is a wholly owned subsidiary of LPM Group Limited. Therefore the company has not disclosed transactions or balances with wholly owned entities that form part of the group headed by LPM Group Limited

In the normal course of business, the company undertook transactions with entities that are not wholly owned by LPM Group Limited. These transactions primarily relate to the recharging of expenses. Details of these transactions and balances outstanding at the balance sheet date are set out below

	31 March 2012 £'000	31 March 2011 £'000
Related party transactions with subsidiaries within the LPM Group – recharging of expenses	476	379
Related party transactions with subsidiaries within the LPM Group – balance receivable at balance sheet date	2,501	2,977

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

At 31 March 2012, the directors did not consider there to be any ultimate controlling party. Funds managed by Sovereign Capital Limited Partnership II LLP, a company incorporated in the United Kingdom, have an effective interest of 88.38% in the equity share capital of LPM Group Limited