

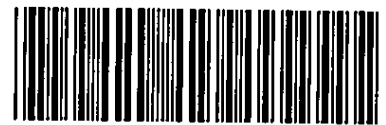
Registered No 5995125

LPM Acquisitions Limited

Report and Financial Statements

31 December 2008

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COMPANIES HOUSE

LPM Acquisitions Limited

Registered No: 5995125

Directors

D Howroyd
J M Scobie
E D Boyle

Secretary

J M Scobie

Auditors

Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

Bankers

Clydesdale Bank
33 Gracechurch Street
London
EC3V 0BT

Registered office

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

Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

Activity

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

Review of business and future developments

On 11 April 2008 the company acquired the Intercity cleaning group through the purchase of 85% of the shares of ICG Holdings Ltd, extending our provision of cleaning and security services into the north-west. The LPM group continues to seek appropriate acquisition targets to enhance the value of LPM and are optimistic about the long term prospects for growth.

The financial performance of the company for the year ended 31 December 2008 is set out on page 6.

The directors do not recommend a dividend for the year.

Principal risks and uncertainties

The group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. These risks are further described in the note 12 to the accounts.

Directors

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

D Howroyd

J M Scobie

E D Boyle (appointed 30 October 2008)

P Egan (resigned 26 September 2008)

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, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

Ernst & Young LLP were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 13 July 2009 and signed on its behalf by

Director



Statement of directors' responsibilities in respect of the financial statements

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). The financial statements are required by law to 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 those 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; 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 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.

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 December 2008 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of LPM Acquisitions Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Bristol

13 July 2009

Profit and loss account

for the year ended 31 December 2008

	Notes	Year ended Period ended	
		31 December 2008	31 December 2007
		£	£
Turnover	2	515,000	515,000
Administrative expenses		(47,545)	(11,884)
Operating profit	3	467,455	503,116
Interest payable and similar charges	4	(469,549)	(397,084)
(Loss)/profit on ordinary activities before taxation		(2,094)	106,032
Tax on (loss)/profit on ordinary activities	5	(26,841)	-
(Loss)/profit for the period		(28,935)	106,032

All operations relate to continuing activities

Statement of total recognised gains and losses

There were no recognised gains or losses other than the profit or loss for the above financial periods.

Balance sheet

at 31 December 2008

	Notes	2008 £	2007 £
Fixed assets			
Investments	6	10,947,645	10,642,971
Current assets			
Debtors	7	2,878,416	3,841,336
Cash at bank and in hand		34	88
		<u>2,878,450</u>	<u>4,800,635</u>
Creditors: amounts falling due within one year	8	(8,324,445)	(8,708,362)
Net current liabilities		<u>(5,445,995)</u>	<u>(4,866,938)</u>
Total assets less current liabilities		5,501,650	5,760,033
Creditors: amounts falling due after more than one year	9	(5,424,552)	(5,670,000)
Net assets		<u>77,098</u>	<u>106,033</u>
Capital and reserves			
Called up share capital	11	1	1
Profit and loss account	10	77,097	106,032
Equity shareholders' funds	10	<u>77,098</u>	<u>106,033</u>

The financial statements were approved by the Board of Directors on ^{13 July} 2009 and signed on their behalf by:

Director

Notes to the financial statements

at 31 December 2008

1. Accounting policies

Accounting convention

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

Basis of preparation

The company had net current liabilities at 31 December 2008. The company has received assurances from its parent that it will continue to provide the company with financial support to enable it to meet its liabilities as they fall due for at least the next 12 months. Accordingly the directors consider it appropriate to prepare the financial statements on a going concern basis.

Turnover

Turnover represents management charges received during the year and is stated net of VAT.

Investments

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

Group financial statements

The company is entitled to the exemption under Section 228 of the Companies Act 1985 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.

Related party transactions

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

Cash flow statement

The financial statements do not include a cash flow statement because the company is a subsidiary where 100% of the voting rights are controlled within the group and consolidated 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 1: Cash Flow Statements (Revised).

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

Operating profit is stated after charging:

	<i>Year ended Period ended</i>	
	<i>31 December</i>	<i>31 December</i>
	<i>2008</i>	<i>2007</i>
	<i>£</i>	<i>£</i>
Auditors' remuneration	600	2,000
	<u> </u>	<u> </u>

Notes to the financial statements

at 31 December 2008

4. Interest payable and similar charges

	<i>Year ended</i> <i>31 December</i>	<i>Period ended</i> <i>31 December</i>
	2008	2007
	£	£
Interest payable on bank loans repayable after more than one year	469,549	397,084

5. Tax on (loss)/profit on ordinary activities

(a) Tax on loss on ordinary activities

The tax charge is made up as follows:

	<i>Year ended</i> <i>31 December</i>	<i>Period ended</i> <i>31 December</i>
	2008	2007
	£	£
<i>Current tax:</i>		
UK corporation tax	26,841	-
Tax on loss on ordinary activities (note 5 (b))	26,841	-

(b) Factors affecting current tax charge

The differences are reconciled below:

	<i>Year ended</i> <i>31 December</i>	<i>Period ended</i> <i>31 December</i>
	2008	2007
	£	£
Loss/(profit) on ordinary activities before taxation	(2,094)	106,032
Loss on ordinary activities at standard rate of taxation in the UK of 28.5% (2007: 30%)	(597)	31,810
<i>Effects of:</i>		
Expenses not deductible for tax purposes	597	-
Group relief surrendered for nil consideration	-	(31,810)
Adjustments in respect of prior periods	26,841	-
Total current tax (note 5 (a))	26,841	-

Notes to the financial statements

at 31 December 2008

6. Fixed asset investments

	£
<i>Cost:</i>	
At 31 December 2007	10,642,971
Additions	304,674
	<hr/>
At 31 December 2008	10,947,645
	<hr/>
<i>Net book value:</i>	
At 31 December 2008	10,947,645
	<hr/> <hr/>
At 31 December 2007	10,642,971
	<hr/> <hr/>

Holdings of more than 20%

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

<i>Company</i>	<i>Country of proportion registration or incorporation</i>	<i>Nature of business</i>	<i>Shares held Class</i>	<i>Shares held %</i>
LPM Cleaning Limited	England	Cleaning	Ordinary	100%
Axis Security Services Limited	England	Security	Ordinary	74%
ICG Holdings Limited	England	Holding Co	Ordinary	85%

On 11 April 2008 the entity acquired 85% of the issued share capital of ICG Holdings Limited. In addition, Axis Security Services Limited became a directly held subsidiary during the year.

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

<i>Company</i>	<i>Nature of business</i>	<i>Country of incorporation</i>	<i>Share capital held</i>	<i>Shares held %</i>
LPM Dependable Limited	Contract cleaning	England	Ordinary	100
Dependable Services Limited (formerly Dependable Services (Cleaning) Ltd)	Non trading	England	Ordinary	100
Intercity Group Limited	Holding co	England	Ordinary	85
LPM Intercity Limited (formerly ICG Cleaning Ltd)	Contract cleaning	England	Ordinary	85
ICG Personnel Limited	Agency staff	England	Ordinary	85
LPM Paragon Limited (formerly Olympia Cleaning Services Ltd)	Contract cleaning	England	Ordinary	85
Morris Contract Cleaning Limited	Non trading	England	Ordinary	85
Paragon Hygiene Services Limited (formerly Gorton Bros Ltd)	Non trading	England	Ordinary	85
ICG Cleaning Limited (formerly Brian Winder (General Cleaning contractors) Ltd)	Non trading	England	Ordinary	85

Notes to the financial statements

at 31 December 2008

7. Debtors

	2008	2007
	£	£
Amounts owed by group companies	2,847,034	3,701,210
Other debtors	31,382	140,119
Prepayments and accrued income	-	7
	<u>2,878,416</u>	<u>3,841,336</u>

8. Creditors: amounts falling due within one year

	2008	2007
	£	£
Trade creditors	17,929	-
Amounts owed to group undertaking	7,636,819	7,848,620
Other creditors	26,841	752,455
Accruals and deferred income	-	107,287
Bank loan – current portion	642,856	-
	<u>8,324,445</u>	<u>8,708,362</u>

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

	2008	2007
	£	£
Bank loan	5,424,552	5,670,000
	<u>5,424,552</u>	<u>5,670,000</u>

Bank loans comprise an A Loan of £4.5m repayable in 28 quarterly instalments from 31 December 2008 and a B Loan of £2.0m repayable in 12 quarterly instalments from 31 December 2012. Both loans bear interest at 5.04% and are secured on the assets of the group, repayable as follows:

	2008
	£
Within one year	642,856
Between 1 and 2 years	642,856
Between 2 and 5 years	2,821,866
	<u>4,107,578</u>
In more than 5 years	2,231,708
	<u>6,339,286</u>
Less: unamortised issue costs	(271,878)
	<u>6,067,408</u>

Notes to the financial statements

at 31 December 2008

The previous loan of £5.67m was repaid during the year.

10. Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
(Loss)/profit for the financial period	(28,935)	106,032
Net proceeds of equity share issue	-	1
Net addition to shareholders' funds	<u>(28,935)</u>	<u>106,033</u>
Opening shareholder funds	106,033	-
Net addition	(28,935)	106,033
Closing shareholder funds	<u><u>77,098</u></u>	<u><u>106,033</u></u>

11. Share capital

	2008	2007
	£	£
<i>Authorised:</i>		
1,000 Ordinary shares of £1 each	1,000	1,000
	<u><u>1,000</u></u>	<u><u>1,000</u></u>
	2008	2007
	£	£
<i>Allotted, called up and fully paid:</i>		
1 Ordinary shares of £1 each	1	1
	<u><u>1</u></u>	<u><u>1</u></u>

12. 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 to raise finance for the company's operations.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximise interest income and minimise 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. This is managed through hedging of the bank loans.

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the Board. All customers who wish to trade on credit terms are subject to

Notes to the financial statements

at 31 December 2008

credit verifications procedures. Trade debtors and retentions in other group companies are reviewed on a regular basis and provision is made for doubtful debts where necessary.

13. Ultimate parent undertaking

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

In the opinion of the directors, as at 31 December 2008, the company's ultimate controlling party was Sovereign Capital Limited Partnership II LP.

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.