

# LPM Acquisitions Limited

Report and Financial Statements for the year ended

31 March 2014



# LPM Acquisitions Limited

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Registered No: 05995125

## **Directors**

M Saunders

J Levine

## **Company secretary**

M Saunders

## **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

The Portland Building

25 High Street

Crawley

West Sussex, RH10 1BG

## **Bankers**

Clydesdale Bank

2<sup>nd</sup> Floor, 35 Regent Street

London, SW1Y 4ND

## **Registered office**

Ground Floor Suite

River House

Maidstone Road

Sidcup

Kent DA14 5RH

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2014.

### Principal activity

The principal activity of the company is that of a holding company.

### Results and dividends

The loss for the year after taxation amounted to £310,000 (year ended 31 March 2013: loss of £405,000). The directors do not recommend the payment of a dividend (year ended 31 March 2013: £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:

M Saunders  
J Levine

M Saunders served as company secretary.

### Going concern

The company is part of the wider Axis Group Integrated Services Limited group which meets its day-to-day working capital requirements through close management of group cash flows and an invoice discounting facility.

The group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the group, and therefore the company, is able to operate within the level of its current facilities and other sources of finance that are available to them.

The directors, having considered this and the financial position of the company, 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 directors' 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; 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 adequate 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

## Directors' report (continued)

### Statement of directors' responsibilities (continued)

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.

### 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 auditors in connection with preparing its report, of which the auditors are unaware. Having made enquiries of fellow directors and the company's auditors, 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 auditors are 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 directors' report.

### Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

### 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. Under this provision, the company is exempt from preparing a Strategic Report.

On behalf of the Board



M Saunders  
Director

Date:

9/11/15

Registered No: 05995125

## **Independent auditors' report to the members of LPM Acquisitions Limited**

### **Report on the financial statements**

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#### **Our opinion**

In our opinion, LPM Acquisitions Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2014 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.
- 

#### **What we have audited**

LPM Acquisitions Limited's financial statements comprise:

- the Balance Sheet as at 31 March 2014;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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### **Opinion on other matter prescribed by the Companies Act 2006**

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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.

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### **Other matters on which we are required to report by exception**

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#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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#### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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## Independent auditors' report to the members of LPM Acquisitions Limited (continued)

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### Responsibilities for the financial statements and the audit

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#### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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) ("ISAs (UK & 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.

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#### What an audit of financial statements involves

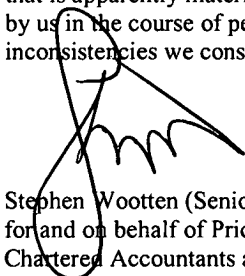
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Stephen Wootten (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Gatwick  
9 January 2015

## Profit and loss account

for the year ended 31 March 2014

		Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Administrative expenses		(8)	-
<b>Operating loss</b>	2	(8)	-
Interest payable and similar charges	4	(302)	(405)
<b>Loss on ordinary activities before taxation</b>		(310)	(405)
Tax on loss on ordinary activities	5	-	-
<b>Loss for the financial year</b>	11	(310)	(405)

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 2014

	Notes	31 March 2014 £'000	31 March 2013 £'000
<b>Fixed assets</b>			
Investments	6	10,949	10,949
<b>Current assets</b>			
Debtors	7	4,025	2,071
Cash at bank and in hand		3	-
		4,028	2,071
<b>Creditors: amounts falling due within one year</b>	8	(15,721)	(12,404)
<b>Net current liabilities</b>		(11,693)	(10,333)
<b>Total assets less current liabilities</b>		<b>(744)</b>	<b>616</b>
<b>Creditors: amounts falling due after more than one year</b>	9	1,629	2,679
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	(2,373)	(2,063)
<b>Total shareholders' deficit</b>	12	(2,373)	(2,063)
<b>Total shareholders' deficit and long term liabilities</b>		<b>(744)</b>	<b>616</b>

The financial statements on pages 6 to 15 were approved by the Board of Directors and signed on their behalf by:



M Saunders  
Director

Date:

9/1/15

Registered No: 05995125



## Notes to the financial statements

At 31 March 2014

### 1. Accounting policies

#### Basis of preparation

These financial statements are prepared on a 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.

#### Going concern

The company is part of the wider Axis Group Integrated Services Limited group which meets its day-to-day working capital requirements through close management of group cash flows and an invoice discounting facility.

The group's forecasts and projections, taking account of reasonable possible changes in trading performance, show that the group, and therefore the company, is able to operate within the level of its current facilities and other sources of finance that are available to them.

The directors, having considered this and the financial position of the company, 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. The carrying value of fixed asset investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### 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 2014

### 2. Operating loss

This is stated after charging:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Refinancing fees	8	-
	<u>8</u>	<u>-</u>

The audit fees of £46,000 (2013: £46,000) for the year were paid by a fellow group company. It is not practical to allocate the audit fees between group companies.

### 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 2014 £'000	Year ended 31 March 2013 £'000
Remuneration and other emoluments	324	324
Contributions to pension schemes	24	24
	<u>348</u>	<u>348</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 2014 £'000	Year ended 31 March 2013 £'000
Emoluments and other benefits	196	188
Contribution to pension scheme	18	18
	<u>214</u>	<u>206</u>

Employee Information: There are no employees of this company and no staff costs are incurred (2013: none).

## Notes to the financial statements

At 31 March 2014

### 4. Interest payable and similar charges

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Loan note interest payable	24	-
Bank interest payable	278	405
	<u>302</u>	<u>405</u>

### 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 2014 £'000	Year ended 31 March 2013 £'000
Current tax:		
UK corporation tax	-	-
Tax on loss on ordinary activities (note 5(b))	<u>-</u>	<u>-</u>

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

The tax assessed on the profit on ordinary activities for the year is higher (2013: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2014 of 23% (2013: 24%). The differences are explained as follows:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Loss on ordinary activities before taxation	(310)	(405)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	(71)	(97)
Effects of:		
Group relief surrendered	71	97
Total current tax (note 5 (a))	<u>-</u>	<u>-</u>

## Notes to the financial statements

At 31 March 2014

### 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 2014 £'000	Year ended 31 March 2013 £'000
Tax losses	(161)	(185)

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.

Reductions in the UK corporation tax rate to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the group's future current tax charge accordingly. The deferred tax asset at 31 March 2014 has been calculated based on the rates of 20% and 21% substantively enacted at the balance sheet date.

### 6. Investments

Cost	Investment in subsidiary undertaking £'000
At 1 April 2013 and 31 March 2014	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
Axis Cleaning & Support Services 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 2014

### 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 2014 £'000	31 March 2013 £'000
Amounts owed by group companies	4,025	2,071

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

	31 March 2014 £'000	31 March 2013 £'000
Bank loan	1,250	1,250
Amounts owed to group undertakings	14,469	11,152
Accruals and deferred income	2	2

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

## Notes to the financial statements

At 31 March 2014

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

	31 March 2014 £'000	31 March 2013 £'000
Bank loan	1,104	2,679
Investors' loan notes	500	-
Loan note interest creditor	25	-
	<u>1,629</u>	<u>2,679</u>

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 (initially – see note below) 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.

In December 2013, the Bank agreed to defer repayments of the B loan note, such that, no repayments are made between December 2013 and September 2014. These four payments totalling £500k will now form part of a bullet payment due at the end of the loan period in September 2015.

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 bank loans are secured on the assets of the group.

Investors' loan notes of £500,000 were created in December 2013 as part of the group refinance. Each loan note has a nominal value of £1 and bears interest at 15%.

Redemption terms on the investors' loan notes are:

5<sup>th</sup> anniversary of the execution date - 33% of the outstanding notes to be redeemed.

6<sup>th</sup> anniversary of the execution date - 33% of the outstanding notes to be redeemed.

7<sup>th</sup> anniversary of the execution date - balance of the outstanding notes to be redeemed.

Borrowings repayable are analysed as follows:

	31 March 2014 £'000	31 March 2013 £'000
Within one year:		
Bank loans (note 8)	1,250	1,250
Between 1 and 2 years:		
Bank loans	1,104	2,679
Over 5 years:		
Investors' loan notes	500	-
	<u>2,854</u>	<u>3,929</u>

## Notes to the financial statements

At 31 March 2014

### 10. Called up share capital

	31 March 2014		31 March 2013	
	No.	£'000	No.	£'000
Allotted, called up and fully paid				
Ordinary shares of £1 each	1	–	1	–
		<u>          </u>		<u>          </u>

### 11. Profit and loss account

	31 March 2014	31 March 2013
	£'000	£'000
At 1 April	(2,063)	(1,658)
Loss for the financial year	(310)	(405)
At 31 March	<u>(2,373)</u>	<u>(2,063)</u>

### 12. Reconciliation of movement in shareholders' deficit

	31 March 2014	31 March 2013
	£'000	£'000
Opening shareholders' deficit	(2,063)	(1,658)
Loss for the financial year	(310)	(405)
Closing shareholders' deficit	<u>(2,373)</u>	<u>(2,063)</u>

### 13. 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.

## Notes to the financial statements

At 31 March 2014

### 14. 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 Axis Group Integrated Services Limited. Therefore the company has not disclosed transactions or balances with wholly owned entities that form part of the group headed by Axis Group Integrated Services Limited.

In the normal course of business, the company undertook transactions with entities that are not wholly owned by Axis Group Integrated Services 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 2014 £'000	31 March 2013 £'000
Related party transactions with non-wholly owned subsidiaries within the Axis Group – recharging of expenses	356	405
	<u>          </u>	<u>          </u>
Related party transactions with non-wholly owned subsidiaries within the Axis Group – balance receivable at balance sheet date	1,715	2,071
	<u>          </u>	<u>          </u>

### 15. Ultimate parent undertaking and controlling party

The company's immediate parent company is Axis Group Integrated Services Limited, 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 Axis Group Integrated Services Limited. Copies of the parent undertaking's financial statements are available from its registered address (Ground Floor Suite, River House, Maidstone Road, Sidcup, Kent, DA14 5RH).

At 31 March 2014, 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 Axis Group Integrated Services Limited.