

LPM Acquisitions Limited

Report and Financial Statements for the year ended

31 March 2016



LPM Acquisitions Limited

Registered No: 05995125

Directors

J Levine

M Saunders (Resigned 28th September 2015)

S Giles (Appointed 28th September 2015)

Company secretary

M Saunders (Resigned 28th September 2015)

S Giles (Appointed 28th September 2015)

Bankers

Clydesdale Bank

2nd 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 financial statements for the year ended 31 March 2016.

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 £90,000 (year ended 31 March 2015: loss of £3,304,000). The directors do not recommend the payment of a dividend (year ended 31 March 2015: £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:

J Levine

M Saunders (Resigned 28th September 2015)

S Giles (Appointed 28th September 2015)

S Giles was appointed company secretary on 28th September 2015, and M Saunders resigned as company secretary on 28th September 2015.

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 has undertaken a new refinancing deal with PNC Bank effective from 30 August 2016.

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 new 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 strategic report, 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 comprising Financial Reporting Standard 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), 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 comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any of FRS 102 used in the preparation of 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.

Directors' report (continued)

Statement of directors' responsibilities (continued)

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 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.

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.

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



S Giles
Director.

Date: 26/9/16

Registered No: 05995125

Profit and loss account

for the year ended 31 March 2016

		Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Administrative expenses		-	(3,105)
Operating loss	5	-	(3,105)
Interest payable and similar charges	7	(90)	(199)
Loss on ordinary activities before taxation		(90)	(3,304)
Tax on loss on ordinary activities	8	-	-
Loss for the financial year	15	(90)	(3,304)

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.

Statement of comprehensive income

for the year ended 31 March 2016

		31 March 2016 £'000	31 March 2015 £'000
Loss for the financial year		(90)	(3,304)
Other comprehensive income (net of tax)		-	-
Total comprehensive loss attributable to members of parent company	15	(90)	(3,304)

Balance sheet

As at 31 March 2016

	Notes	31 March 2016 £'000	31 March 2015 £'000
Fixed assets			
Investments	9	7,844	7,844
Current assets			
Debtors	10	4,001	4,001
Cash at bank and in hand		3	3
Creditors: amounts falling due within one year	11	4,004 (16,046)	4,004 (16,925)
Net current liabilities		(12,042)	(12,921)
Total assets less current liabilities		(4,198)	(5,077)
Creditors: amounts falling due after more than one year	12	(1,569)	(600)
		(5,767)	(5,677)
Capital and reserves			
Called up share capital	14	–	–
Retained earnings	15	(5,767)	(5,677)
Total shareholders' deficit		(5,767)	(5,677)

For the financial year ending 31st March 2016 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

No members have required the company to obtain an audit of its accounts for the year ended 31st March 2016 in accordance with section 476 of the Companies Act 2006.

The director's acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The notes on pages 6 to 14 are an integral part of these financial statements. The financial statements of LPM Acquisitions Limited on pages 4 to 14 were authorised for issue by the Board of Directors and were signed on its behalf by:

S Giles
Director



Date:

26/9/16.

Registered No: 05995125

Statement of changes in equity

For the year ended 31 March 2016

	Note	Called up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 April 2014	15	-	(2,373)	(2,373)
Loss for the financial year	15	-	(3,304)	(3,304)
Total comprehensive loss for the financial year		-	(3,304)	(3,304)
At 31 March 2015	16	-	(5,677)	(5,677)

	Note	Called up share capital £'000	Accumulated losses £'000	Total equity £'000
At 1 April 2015	15	-	(5,677)	(5,677)
Loss for the financial year	15	-	(90)	(90)
Total comprehensive loss for the financial year		-	(90)	(90)
At 31 March 2016	16	-	(5,767)	(5,767)

Notes to the financial statements

At 31 March 2016

1. General information

LPM Acquisitions Limited is a holding company. It is a private company limited by shares and is incorporated in England.

2. Statement of compliance

The financial statements of LPM Acquisitions Limited have been prepared in compliance with UK accounting standards, including Financial Reporting Standard 102 (FRS 102) and the Companies Act 2006.

3. Summary of significant accounting policies

The principle accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 20.

Basis of accounting

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of these financial statements has required the use of certain accounting estimates along with management exercising their judgement in the process of applying the company accounting policies.

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 479A of the Companies Act. Under the provisions of section 479A the ultimate parent company Axis Group Integrated Services Limited has guaranteed all of the company's liabilities to which the company is subject at 31 March 2016.

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 has undertaken a new refinancing deal with PNC Bank effective from 30 August 2016.

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 new 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.

Exemptions under FRS 102

Statement of cash flows

The company has taken advantage of the exemption, under FRS 102 paragraph 1.12 (b), from preparing a statement of cash flows, on the basis that it is a qualifying company and its ultimate parent company, Axis Group Integrated Services Limited, includes the company's cash flows in its own consolidated financial statements.

Key management personnel compensation

Under FRS 102 the company has taken also taken advantage from the exemption to disclose the company's key management personnels' compensation. The company has met the criteria of being a qualifying company including notification of, and no objection to the use of the exemption by the company's shareholders.

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.

Notes to the financial statements

At 31 March 2016

3. Summary of significant accounting policies (continued)

Consolidated financial statements

The company is a wholly owned subsidiary of Axis Group Integrated Services Limited. It is included in the consolidated financial statements of Axis Group Integrated Services Limited which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are the company's separate financial statements.

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current taxation

Current taxation is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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.

4. Critical accounting judgements and estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Deferred tax asset

The company has used its judgment in recognising unrelieved tax losses and other deferred tax assets on the basis that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes to the financial statements

At 31 March 2016

5. Operating loss

This is stated after charging:

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Investment impairment	-	3,105

The audit fees for the year were paid by a fellow group company. It is not practical to allocate the audit fees between group companies.

6. Directors' remuneration

No directors' remuneration was paid during the year in respect of qualifying services provided to the company (2015: £nil).

There are no employees of this company and no staff costs are incurred (2015: none).

7. Interest payable and similar charges

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Loan note interest payable	-	75
Bank interest payable	90	124
	<u>90</u>	<u>199</u>

8. 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 2016 £'000	Year ended 31 March 2015 £'000
Current tax:		
UK corporation tax	-	-
Tax on loss on ordinary activities (note 8(b))	<u>-</u>	<u>-</u>

Notes to the financial statements

At 31 March 2016

8. Tax on loss on ordinary activities (continued)

(b) Factors affecting current tax charge for the year

The tax assessed on the profit on ordinary activities for the year is higher (2015: higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2016 of 20% (2015: 21%). The differences are explained as follows:

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Loss on ordinary activities before taxation	(90)	(3,304)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	(18)	(694)
Effects of:		
Expenses not deductible for tax purposes	-	668
Group relief surrendered	18	26
Total current tax (note 8 (a))	-	-

(c) Deferred tax

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

	Year ended 31 March 2016 £'000	Year ended 31 March 2015 £'000
Tax losses	(176)	(186)

(d) Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% was substantively enacted on 1 April 2015. Further changes enacted reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020.

The current tax at 31 March 2016 has been calculated based on the rate of 20%, whilst the deferred tax asset as at 31 March 2016 has been calculated at the rate anticipated to be in place at the date of unwinding of the deferred tax asset.

Notes to the financial statements

At 31 March 2016

9. Investments

	Investment in subsidiary undertakings £'000
Cost:	
At 1 April 2015 and 31 March 2016	10,949
Impairment:	
At 1 April 2015	(3,105)
Impairment in year	-
At 31 March 2016	(3,105)
Net book value:	
At 31 March 2016	7,844
At 31 March 2015	7,844

After a review at 31 March 2015, the directors believed that the carrying value of the investment of £9,539,000 held in the Axis Cleaning & Support Services Limited was not supported by the underlying net assets of that investment, and hence an impairment of £3,105,000 was recognised at this date.

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	100%
ICG Holdings Limited	England	Holding Co	Ordinary	85%
Axis Acquisitions Limited	England	Holding Co	Ordinary	100%

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	100
Temple Security Contractors Limited	Security	England	Ordinary	100

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

Notes to the financial statements

At 31 March 2016

10. Debtors

	31 March 2016 £'000	31 March 2015 £'000
Amounts owed by group undertakings	4,001	4,001

11. Creditors: amounts falling due within one year

	31 March 2016 £'000	31 March 2015 £'000
Bank loans and overdrafts	535	1,604
Amounts owed to group undertakings	15,509	15,319
Accruals and deferred income	2	2
	<u>16,046</u>	<u>16,925</u>

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

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

	31 March 2016 £'000	31 March 2015 £'000
Bank loan	1,069	-
Investors' loan notes	500	500
Loan note interest creditor	-	100
	<u>1,569</u>	<u>600</u>

On 5 February 2016, a refinancing deal was signed by the group where bank loan notes at year end comprised of an 'A' loan of £482,143 repayable in 12 quarterly instalments from 29 April 2016, a 'B' loan of £675,000 repayable in 12 quarterly instalments from 29 April 2016 and a 'C' loan of £446,429 repayable in 12 quarterly instalments from 29 April 2016. All of the bank loan notes bear interest at 4.5% over LIBOR. The loans are secured on the assets of the group. Subsequently, on 30 August 2016 the group has signed a new finance deal with PNC Bank.

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:

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

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

7th anniversary of the execution date - balance of the outstanding notes to be redeemed.

Notes to the financial statements

At 31 March 2016

13. Borrowings

Borrowings repayable are analysed as follows:

	31 March 2016 £'000	31 March 2015 £'000
Within one year:		
Bank loans (note 12)	535	1,604
Between 2 and 5 years:		
Bank loans	1,069	-
Over 5 years:		
Investors' loan notes	500	500
	<u>2,104</u>	<u>2,104</u>

14. Called up share capital

	31 March 2016 No. £'000	31 March 2015 No. £'000
Allotted, called up and fully paid		
Ordinary shares of £1 each	1 -	1 -
	<u>1 -</u>	<u>1 -</u>

15. Retained earnings

	31 March 2016 £'000	31 March 2015 £'000
At 1 April	(5,677)	(2,373)
Loss for the financial year	(90)	(3,304)
At 31 March	<u>(5,767)</u>	<u>(5,677)</u>

16. Reconciliation of movement in shareholders' deficit

	31 March 2016 £'000	31 March 2015 £'000
Opening shareholders' deficit	(5,677)	(2,373)
Loss for the financial year	(90)	(3,304)
Closing shareholders' deficit	<u>(5,767)</u>	<u>(5,677)</u>

Notes to the financial statements

At 31 March 2016

17. 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.

18. Related party transaction

Transactions with subsidiaries

All related party transactions in the year have been with wholly owned fellow group companies within the Axis group and hence have not been disclosed.

Transactions with key management personnel

See note 6 for disclosure of the directors' remuneration.

19. Controlling party

The company's immediate parent company is Seebeck 133 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 2016, the ultimate controlling parties were Roger Burdett, Jonathan Levine, Simon Giles and David Mundell.

20. Transition to FRS 102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. There are no material changes in accounting policies which impact the loss for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

Loss for the financial year	Year ended 31 March 2015	
	£'000	
UK GAAP – as previously reported		(3,304)
Total adjustments to profit before tax for the financial year		-
Total tax adjustments		-
FRS 102		(3,304)
Total equity	1 April 2014 £'000	31 March 2015 £'000
UK GAAP – as previously reported	(2,373)	(5,677)
Total adjustments to equity	-	-
FRS 102	(2,373)	(5,677)