

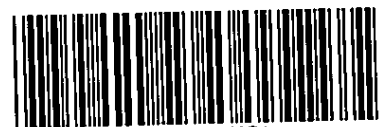
Registered No 1888801

LPM Cleaning Limited

Report and Financial Statements

31 December 2008

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COMPANIES HOUSE

LPM Cleaning Limited

Registered No: 1888801

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

Business address

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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.

Principal activities

The principal activity of the company is that of commercial cleaning and the supply of cleaning materials.

Review of the business and future developments

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 and are optimistic about the long term prospects for growth.

Equal opportunities

The company is committed to providing a working environment in which everyone feels valued, respected and able to contribute to the success of the business, regardless of race, gender, disability, religious belief, or political belief and affiliation. The principle applies to all aspects of conditions of work, including rates of pay, hours of work, holiday entitlement, employment benefits, work allocation, recruitment, training and promotion. With regard to handicapped employees, all reasonable efforts are made to accommodate particular requirements, either in the provision of special adaptation or aids relevant to the particular disability, or in the provision of tailored training to suit the individual's needs.

Employee participation

The company is committed to informing and involving employees regarding the conduct and development of the business. Regular briefings are made to staff at all levels on site and in the main offices. In these forums, the current and future prospects of the company are shared with staff.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. These risks are described further in note 21 to the financial statements.

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 3 August 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

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

By order of the Board


Director
13 July 2009

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 Cleaning Limited

We have audited the financial statements of LPM Cleaning 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 22. 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 Cleaning 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 profit 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	2008 £	2007 £
Turnover	2	15,655,248	15,507,009
Cost of sales		(11,714,765)	(11,640,272)
Gross profit		3,940,483	3,866,737
Administrative expenses		(3,737,942)	(3,581,447)
Operating profit	3	202,541	285,290
Profit on disposal of investment	4	-	355,220
Other interest receivable and similar income	5	16,800	14,926
Interest payable and similar charges	6	(33,276)	-
Profit on ordinary activities before taxation		186,065	655,436
Tax on profit on ordinary activities	9	58,020	-
Profit on ordinary activities after taxation		244,085	655,436

Statement of total recognised gains and losses

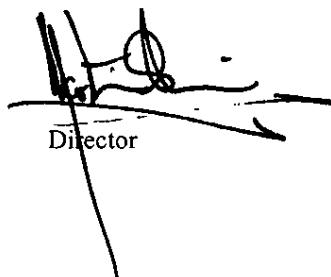
There were no recognised gains or losses other than the profit for the financial year of £244,085 (2007: £655,436).

Balance sheet

at 31 December 2008

	Notes	2008 £	2007 £
Fixed assets			
Tangible assets	10	493,248	445,539
Investments	11	4,008,966	4,008,966
		<u>4,502,214</u>	<u>4,454,505</u>
Current assets			
Stocks	12	100,037	100,037
Debtors	13	3,649,342	4,535,278
Cash at bank and in hand		153,683	165,320
		<u>3,903,062</u>	<u>4,800,635</u>
Creditors: amounts falling due within one year	14	(4,912,333)	(6,025,584)
Net current liabilities		<u>(1,009,271)</u>	<u>(1,224,949)</u>
Creditors: amounts falling due after more than one year	18	(19,302)	-
Net assets		<u>3,473,641</u>	<u>3,229,556</u>
Capital and reserves			
Called up share capital	15	100	100
Profit and loss account	16	3,473,541	3,229,456
Equity shareholders' funds	17	<u>3,473,641</u>	<u>3,229,556</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 have been 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 the total invoice value, excluding value added tax, of sales made during the year.

Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 20% straight line
Motor vehicles	- 25% straight line

Leasing

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Investments

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

Stocks

Stock is valued at the lower of cost and net realisable value.

Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

Group financial statements

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group financial statements. These financial statements present information about the undertaking as an individual entity only and not about its group.

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, and therefore is exempt from the requirement to produce a statement under Financial Reporting Standard 1.

2. Turnover

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

Notes to the financial statements

at 31 December 2008

3. Operating profit

Operating profit is stated after charging:

	2008	2007
	£	£
Depreciation on assets held under finance leases	12,665	6,765
Depreciation and other amounts written off tangible assets	188,676	221,707
Auditors' remuneration - audit services	16,913	15,000
- non-audit services	7,000	-
Operating lease rentals – land and buildings	43,659	36,980
<i>and after crediting:</i>		
Profit on disposal of tangible fixed assets	3,166	35,191

4 Income from investments

	2008	2007
	£	£
Profit on disposal of investments	-	355,220

5. Interest receivable and similar income

	2008	2007
	£	£
Bank interest	16,800	14,926

6. Interest payable and similar charges

	2008	2007
	£	£
Invoice discounting interest	14,526	-
Invoice discounting charges	18,750	-
	33,276	-

Notes to the financial statements

at 31 December 2008

7. Employees

The average number of employees of the company (including the directors) was:

	2008 Number	2007 Number
Average number of employees	1,257	1,410

Staff costs during the year were as follows:

	2008 £	2007 £
Wages and salaries	11,416,687	11,725,206
Social security costs	27,474	30,806
Pension costs	45,000	37,347
Sales commission payments to staff	43,281	71,437

	2008 £	2007 £
<i>Directors' emoluments</i>		
Remuneration and other emoluments	303,421	265,268
Pension contributions	18,667	34,288
Benefits in kind	18,090	16,592
	340,178	316,148

	2008 £	2007 £
<i>Highest paid director</i>		
Emoluments and other benefits	190,944	150,000

8. Pension costs

The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £45,000 (2007 - £37,347).

Notes to the financial statements

at 31 December 2008

9. Tax on profit on ordinary activities

Analysis of charge in period:

	2008	2007
	£	£
<i>Current tax:</i>		
UK corporation tax	-	-
Deferred tax	58,020	-

Factors affecting the tax charge for the year

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 28.5% (2007: 30%). The differences are explained as follows:

	2008	2007
	£	£
Profit on ordinary activities before taxation	186,065	655,436
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 28.5% (2007: 30%)	53,029	196,631
<i>Effects of:</i>		
Expenses not deductible for tax purposes	9,964	17,538
Depreciation in excess of capital allowances	3,077	(3,695)
Group tax relief (received for £nil payment)	(80,566)	(103,908)
Other short term timing differences	14,496	-
Gain on transfer of subsidiary to parent	-	(106,566)
Current tax charge for the year	-	-

Provision for deferred tax:

	£	£
At 1 January 2008	-	-
Profit and loss account	(58,020)	-
At 31 December 2008	(58,020)	-

The deferred tax asset consists of:

	2008	2007
	£	£
Decelerated capital allowances	(40,412)	-
Other timing differences	(17,608)	-
At 31 December 2008	(58,020)	-

Notes to the financial statements

at 31 December 2008

10. Tangible fixed assets

	<i>Fixtures, fittings and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£
<i>Cost:</i>			
At 1 January 2008	766,082	688,175	1,454,257
Additions	186,040	109,207	295,247
Disposals	-	(151,370)	(151,370)
At 31 December 2008	952,122	646,012	1,598,134
<i>Depreciation:</i>			
At 1 January 2008	603,823	404,895	1,008,718
Charge for the year	100,074	101,267	201,341
On disposals	-	(105,173)	(105,173)
At 31 December 2008	703,897	400,989	1,104,886
<i>Net book value:</i>			
At 31 December 2008	248,225	245,023	493,248
At 31 December 2007	162,259	283,280	445,539

The above figures include net book value of £25,330 held under finance leases (2007: £37,995).

11. Fixed asset investments

	<i>Shares in subsidiary undertakings</i>
	£
<i>Cost:</i>	
At 1 January 2008 and 31 December 2008	4,008,966

Holdings of more than 20%

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

<i>Company</i>	<i>Country of Registration</i>	<i>Shares held Class</i>	<i>Shares held %</i>
LPM Dependable Limited (formerly Dependable Services Limited)	England or Wales	Ordinary £1	100%
Dependable Services Limited* (formerly Dependable Services (Cleaning) Limited)	England or Wales	Ordinary £1	100%

* = indirectly held

Notes to the financial statements

at 31 December 2008

12. Stocks

	2008	2007
	£	£
Finished goods and goods for resale	100,037	100,037

13. Debtors

	2008	2007
	£	£
Corporation tax	31,300	-
Trade debtors	2,778,133	3,132,811
Amounts owed by group undertakings	598,681	1,272,914
Other debtors	68,150	21,692
Prepayments and accrued income	115,058	107,861
Deferred tax asset	58,020	-
	3,649,342	4,535,278

14. Creditors: amounts falling due within one year

	2008	2007
	£	£
Bank overdraft	-	85,509
Trade creditors	385,916	560,657
Amounts owed to group undertaking	2,094,352	4,654,375
Invoice discounting facility	1,440,249	-
Other taxes and social security costs	571,536	450,023
Other creditors	379,921	17,340
Accruals and deferred income	40,359	336,904
	4,912,333	6,025,584

15. Share capital

	2008	2007
	£	£
<i>Authorised:</i>		
100 Ordinary shares of £1 each	100	100
	2008	2007
	£	£
<i>Allotted, called up and fully paid:</i>		
100 Ordinary shares of £1 each	100	100

Notes to the financial statements

at 31 December 2008

16. Equity reserves

	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 2008	3,229,456	3,229,456
Profit for the year	244,085	244,085
At 31 December 2008	<u>3,473,541</u>	<u>3,473,541</u>

17. Reconciliation of movements in shareholders' funds

	<i>2008 £</i>	<i>2007 £</i>
Profit for the financial year	244,085	655,436
Opening shareholders' funds	<u>3,229,556</u>	<u>2,574,120</u>
Closing shareholders' funds	<u>3,473,641</u>	<u>3,229,556</u>

18. Obligations under operating leases, finance leases and hire purchase contracts

	<i>2008 £</i>	<i>2007 £</i>
Amounts due under finance leases and hire purchase contracts		
<i>Amounts payable:</i>		
Within one year	12,804	-
In two to five years	18,030	12,804
	<u>30,834</u>	<u>12,804</u>
	<i>2008 £</i>	<i>2007 £</i>
Annual commitments under non-cancellable operating leases		
<i>Leases expiring within:</i>		
One year	70,000	33,000
In two to five years	256,667	-
	<u>326,667</u>	<u>33,000</u>

19. Contingent liabilities

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

Notes to the financial statements

at 31 December 2008

20. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 'Related party disclosures' not to disclose transactions with related parties as it was a wholly owned subsidiary undertaking throughout the year.

21. 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 the raise finance for the company's operation. In addition, the company has various other financial assets and liabilities such as trade debtors and retention and trade creditors arising directly from operations.

Liquidity risk

The company manages its cash and borrowing requirements in order to maximize interest income and minimize 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.

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 the customers who wish to trade on credit terms are subject to credit verifications procedures. Trade debtors and retentions are reviewed on the regular basis and provision is made for doubtful debts where necessary.

22. Ultimate parent undertaking

The immediate parent company is LPM Acquisitions Limited registered in England and Wales. The ultimate parent company is LPM Group Limited a company registered in England and Wales.

In the opinion of the directors, as at 31 December 2008, the company was under the control of Sovereign Capital Limited Partnership II LP.