

Registered No 05995125

LPM Acquisitions Limited

Report and Financial Statements for the year ended

31 March 2013

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COMPANIES HOUSE

LPM Acquisitions Limited

Registered No 05995125

Director

M Saunders

J Levine

Secretary

M Saunders

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

First Point

Buckingham Gate

Gatwick

West Sussex, RH6 0NT

Bankers

Clydesdale Bank

33 Grace Church Street

London EC3V 0BT

Registered office

Ground Floor Suite

River House Maidstone Road

Sidcup

Kent DA14 5RH

Director's report

The directors present their report and the audited financial statements for the year ended 31 March 2013

Principal activity

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

Results and dividends

The loss for the year after taxation amounted to £404,645 (year ended 31 March 2012 loss of £491,000)
The directors do not recommend the payment of a dividend (year ended 31 March 2012 £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

Going concern

The parent undertaking has indicated its willingness to continue to provide financial support to the company for the foreseeable future. The directors, having considered this and the financial position of the company, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern. Accordingly the directors have a reasonable expectation that the company will continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. In December 2013 refinancing took place at the Group level. This restructured the future senior debt repayments to Clydesdale and lowered covenant targets until the senior debt is fully repaid. Axis investors showed their commitment to the Group by injected £500,000 into the business as part of the refinancing.

Statement of director's responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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

Director's report (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 auditor in connection with preparing its report, of which the auditor is unaware Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006 Such qualifying third party indemnity provision remains in force as at the date of approving the director's report

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

Directors' indemnities

The company maintains liability insurance for its directors and officers which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006

Small company exemptions

This report has been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006

On behalf of the Board



M Saunders
Director

Date 20th December 2013

Registered No: 05995125

Independent auditors' report to the members of LPM Acquisitions Limited

We have audited the financial statements of LPM Acquisitions Limited for the year ended 31 March 2013 which comprise the profit and loss account, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2013 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 requirement of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' report



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

Date 20/12/13.

Profit and loss account

for the year ended 31 March 2013

| | | Year ended 31 March 2013 £'000 | Year ended 31 March 2012 £'000 |
|--|-------|--|--|
| | Notes | | |
| Administrative credit | | 0 | 46 |
| Operating profit | 2 | 0 | 46 |
| Interest payable and similar charges | 4 | (405) | (537) |
| Loss on ordinary activities before taxation | | (405) | (491) |
| Tax on loss on ordinary activities | 5 | — | — |
| Loss for the financial year | 11 | (405) | (491) |

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 2013

| | Notes | 31 March 2013 £'000 | 31 March 2012 £'000 |
|--|-------|---------------------------|---------------------------|
| Fixed assets | | | |
| Investments | 6 | 10,949 | 10,949 |
| Current assets | | | |
| Debtors | 7 | 2,071 | 3,643 |
| Cash at bank and in hand | | – | 1 |
| | | 2,071 | 3,644 |
| Creditors amounts falling due within one year | 8 | (12,404) | (12,322) |
| Net current liabilities | | (10,333) | (8,678) |
| Total assets less current liabilities | | 616 | 2,271 |
| Creditors: amounts falling due after more than one year | 9 | 2,679 | 3,929 |
| Capital and reserves | | | |
| Called up share capital | 10 | – | – |
| Profit and loss account | 11 | (2,063) | (1,658) |
| Total Shareholders' deficit | 12 | (2,063) | (1,658) |
| Total shareholders' deficit and long term liabilities | | 616 | 2,271 |

The financial statements on pages 6 to 14 were approved by the Board of Directors and signed on their behalf by



M Saunders
Director

Date 20th December 2013

Registered No: 05995125

Notes to the financial statements

At 31 March 2013

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 parent undertaking has indicated its willingness to continue to provide financial support to the company for the foreseeable future. The directors, having considered this and the financial position of the company, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern. Accordingly, the directors have a reasonable expectation that the company will continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. In December 2013 refinancing took place at the Group level.

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 2013

2. Operating loss

This is stated after (crediting)/charging

| | Year ended 31 March 2013 £'000 | Year ended 31 March 2012 £'000 |
|----------------|--|--|
| VAT write back | - | (150) |

The audit fees for the year were paid by a fellow group company

3. Directors' remuneration

The following directors' remuneration in respect of qualifying services provided to the company and its subsidiaries was paid during the year

| | Year ended 31 March 2013 £'000 | Year ended 31 March 2012 £'000 |
|-----------------------------------|--|--|
| Remuneration and other emoluments | 324 | 243 |
| Contributions to pension schemes | 24 | 18 |
| | <u>348</u> | <u>261</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 2013 £'000 | Year ended 31 March 2012 £'000 |
|--------------------------------|--|--|
| Emoluments and other benefits | 188 | 168 |
| Contribution to pension scheme | 18 | 15 |
| | <u>206</u> | <u>183</u> |

Employee Information There are no employees of this company and no staff costs are incurred

Notes to the financial statements

At 31 March 2013

4. Interest payable and similar charges

| | Year ended 31 March 2013 £'000 | Year ended 31 March 2012 £'000 |
|-----------------------|--|--|
| Bank interest payable | 405 | 537 |

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 2013 £'000 | Year ended 31 March 2012 £'000 |
|--|--|--|
| Current tax | | |
| UK corporation tax | - | - |
| Tax on loss on ordinary activities (note 5(b)) | - | - |

(b) Factors affecting current tax charge for the year

The tax assessed on the profit on ordinary activities for the year is higher (2012 higher) than the standard effective rate of corporation tax in the UK for the year ended 31 March 2013 of 24% (2012 26%). The differences are explained as follows

| | Year ended 31 March 2013 £'000 | Year ended 31 March 2012 £'000 |
|---|--|--|
| Loss on ordinary activities before taxation | (405) | (491) |
| Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 26%) | (97) | (128) |
| Effects of | | |
| Unrelieved tax losses | - | 128 |
| Group relief surrendered | 97 | - |
| Total current tax (note 5 (a)) | - | - |

Notes to the financial statements

At 31 March 2013

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 2013 £'000 | Year ended 31 March 2012 £'000 |
|------------|---|---|
| Tax losses | — | (358) |

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

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. Further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

6. Investments

| Cost | Investment in subsidiary undertaking £'000 |
|-----------------------------------|---|
| At 1 April 2012 and 31 March 2013 | 10,949 |

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

| Name of company | Country of incorporation | Nature of business | Class of share capital held | % held by company |
|--------------------------------|-----------------------------|-----------------------|--------------------------------|----------------------|
| LPM Cleaning Limited | England | Cleaning | Ordinary | 100% |
| Axis Security Services Limited | England | Security | Ordinary | 80% |
| ICG Holdings Limited | England | Holding Co | Ordinary | 85% |
| Axis Acquisitions Limited | England | Holding Co | Ordinary | 80% |

Notes to the financial statements

At 31 March 2013

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 2013 £'000 | 31 March 2012 £'000 |
|---------------------------------|---------------------------|---------------------------|
| Amounts owed by group companies | 2,071 | 3,643 |

8. Creditors: amounts falling due within one year

| | 31 March 2013 £'000 | 31 March 2012 £'000 |
|--------------------------------------|---------------------------|---------------------------|
| Bank loan – current portion (note 9) | 1,250 | 1,250 |
| Amounts owed to group companies | 11,152 | 11,070 |
| Accruals and deferred income | 2 | 2 |
| | 12,404 | 12,322 |

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

Notes to the financial statements

At 31 March 2013

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

| | 31 March 2013 £'000 | 31 March 2012 £'000 |
|-----------|---------------------------|---------------------------|
| Bank loan | 2,679 | 3,929 |

Bank loan notes comprise an A loan of £4.5m repayable in 28 quarterly instalments from 31 December 2008, a B loan of £2.0m repayable in 12 quarterly instalments from 31 December 2012 and £0.5m on 1st April 2010 and a C loan of £2.5m repayable in 28 quarterly instalments from 30 June 2009

The A loan bears interest at 4.5% over LIBOR, the B loan bears interest at 8.0% over LIBOR and the C loan bears interest at 4.5% over LIBOR

The loans are secured on the assets of the Group

Bank loans repayable are analysed as follows

| | 2013 £'000 |
|-----------------------------|---------------|
| Within one year (note 8) | 1,250 |
| Between 1 and 2 years | 1,500 |
| Between 2 and 5 years | 1,179 |
| | <u>3,929</u> |
| Analysed as | |
| Less than one year (note 8) | 1,250 |
| Greater than one year | 2,679 |
| Total | <u>3,929</u> |

10. Called up Share capital

| | 31 March 2013 No | 31 March 2012 No |
|------------------------------------|------------------------|------------------------|
| Allotted, called up and fully paid | | |
| Ordinary shares of £1 each | 1 | 1 |

11. Profit and loss account

| | 31 March 2013 £'000 | 31 March 2012 £'000 |
|-----------------------------|---------------------------|---------------------------|
| At 1 April 2012 | (1,658) | (1,167) |
| Loss for the financial year | (405) | (491) |
| At 31 March 2013 | <u>(2,063)</u> | <u>(1,658)</u> |

Notes to the financial statements

At 31 March 2013

12. Reconciliation of shareholders' deficit and movement on reserves

| | 31 March 2013 £'000 | 31 March 2012 £'000 |
|-------------------------------|---------------------------|---------------------------|
| Opening shareholders' deficit | (1,658) | (1,167) |
| Loss for the financial year | (405) | (491) |
| Closing shareholders' deficit | <u>(2,063)</u> | <u>(1,658)</u> |

12. Contingent liabilities

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

13. Related party transaction

The company has taken advantage of the exemption in Financial Reporting Standard No 8 'Related Party Disclosures' as it is a wholly owned subsidiary of Axis Group Integrated Services Ltd. 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 Ltd.

In the normal course of business, the company undertook transactions with entities that are not wholly owned by Axis Group Integrated Services Ltd. 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 2013 £'000 | 31 March 2012 £'000 |
|---|---------------------------|---------------------------|
| Related party transactions with subsidiaries within the Axis Group – recharging of expenses | <u>405</u> | <u>476</u> |
| Related party transactions with subsidiaries within the Axis Group – balance receivable at balance sheet date | <u>2,071</u> | <u>2,501</u> |

14. Ultimate parent undertaking and controlling party

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

The largest and smallest group of undertakings for which group financial statements have been drawn up which includes the results of the company is that headed by Axis Group Integrated Services Ltd. Copies of the parent undertaking's financial statements are available from its registered address.

At 31 March 2013, 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 Ltd.