

Control Risks Limited
Annual report
for the year ended 31 March 2007

WEDNESDAY



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Control Risks Limited

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2007

The directors present their report and the audited financial statements for the year ended 31 March 2007

1 PRINCIPAL ACTIVITIES

The principal activities during the year cover four main areas – political risk analysis, international investigations, security consultancy and crisis management

2 REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The results for the year are set out on page 4. The directors are pleased to note the improvement in the trading anticipated in the previous year and the operating profit of £117,681 recorded. The directors expect the level of activity will increase further. The company's financial position as at 31 March 2007 was satisfactory. It is believed that the company will continue to face broadly favourable market conditions and, while conscious of a competitive landscape, the company has the skills and capabilities to continue to grow the business in profitable ways.

3 DIVIDENDS AND RESERVES

The directors do not recommend the payment of a dividend (2006 £Nil)

4 DIRECTORS AND THEIR INTERESTS

R J Fenning held office throughout the year. M R Martin resigned on 31 December 2006. G B Carpenter was appointed on 27 November 2006.

G B Carpenter and R J Fenning are also directors of the ultimate holding company, Control Risks Group Holdings Limited, and details of their interests in the shares of group companies are disclosed in the financial statements of that company.

As in prior years, the group has maintained directors' and officers' liability insurance during the year for directors and officers throughout the group.

5 STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- (d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Control Risks Limited

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2007 (CONTINUED)

5 STATEMENT OF DIRECTORS' RESPONSIBILITIES (CONTINUED)

The directors are responsible for keeping proper accounting records which 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 requirements of 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.

6 STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

Each of the directors at the date of this report confirms that, so far as they are aware, there is no relevant audit information of which the company's auditors are unaware and that they have taken all of the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

7 AUDITORS

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5). Baker Tilly UK Audit LLP has indicated its willingness to continue in office.

BY ORDER OF THE BOARD



Angus Gribbon
Company Secretary

Registered office

Cottons Centre
Cottons Lane
London SE1 2QG

07 August 2007

Control Risks Limited

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CONTROL RISKS LIMITED

We have audited the financial statements on pages 4 to 12

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 auditor's 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 law and United Kingdom Accounting Standards (United Kingdom 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.

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 March 2007 and of its profit for the year then ended and 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.

Baker Tilly UK Audit LLP
Baker Tilly UK Audit LLP
Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

07 August 2007

Control Risks Limited
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2007

	Notes	2007 £	2006 £
Turnover	2	1,826,245	1,297,497
Operating expenses		<u>(1,708,564)</u>	<u>(1,799,230)</u>
Operating profit/(loss)		117,681	(501,733)
Interest receivable	3	<u>72,487</u>	<u>-</u>
Profit /(loss) on ordinary activities before taxation	4	190,168	(501,733)
Tax on profit/(loss) on ordinary activities	7	<u>(57,221)</u>	<u>(706)</u>
Retained profit /(loss) for the year	14	<u>132,947</u>	<u>(502,439)</u>
Statement of retained (losses)/profits			
Retained (loss)/profit at 1 April		(294,236)	208,203
Retained profit/(loss) for the year		<u>132,947</u>	<u>(502,439)</u>
Retained (loss) at 31 March		<u>(161,289)</u>	<u>(294,236)</u>

All activities are classed as continuing

The company has no recognised gains and losses other than those shown above and therefore no separate statement of total recognised gains and losses has been presented

The notes on pages 6 to 12 form part of these financial statements

Report of the auditors, page 3

Control Risks Limited

BALANCE SHEET AS AT 31 MARCH 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	8		2,128		3,192
Investments	9		<u>97,582</u>		<u>97,582</u>
			99,710		100,774
Current assets					
Deferred tax asset	10	23,435		2,641	
Debtors	11	2,741,481		1,937,771	
Cash at bank and in hand		<u>7,590</u>		<u>8,625</u>	
		2,772,506		1,949,037	
Creditors amounts falling due within one year	12	<u>(2,783,405)</u>		<u>(2,093,947)</u>	
Net current liabilities			<u>(10,899)</u>		<u>(144,910)</u>
Net assets /(liabilities)			<u>88,811</u>		<u>(44,136)</u>
Capital and reserves					
Called up share capital	13		250,100		250,100
Profit and loss account			<u>(161,289)</u>		<u>(294,236)</u>
Equity Shareholder's funds/ (deficit)	14		<u>88,811</u>		<u>(44,136)</u>

The financial statements on pages 4 to 12 were approved and authorised for issue by the board of directors on 07 August 2007 and signed on its behalf by

Gary Carpenter



Director

The notes on pages 6 to 12 form part of these financial statements

Report of the auditors, page 3

Control Risks Limited

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2007

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies of the company, which have been applied consistently, is set out below

(a) **BASIS OF ACCOUNTING**

The financial statements have been prepared under the historical cost convention

(b) **GROUP ACCOUNTS**

Group accounts have not been prepared as the company is a wholly owned subsidiary undertaking of a company incorporated in England and Wales. In the opinion of the directors the aggregate value of the assets consisting of the shares in, and amounts owing from, group companies is not less than the aggregate amount at which they are included in the balance sheet

(c) **CASH FLOW STATEMENT**

The company is a wholly owned subsidiary of Control Risks Group Holdings Limited and the cash flows of the company are included in the consolidated cash flow statement of that company. Consequently the company is exempt under the terms of Financial Reporting Standard No 1 (revised) from publishing a cash flow statement

(d) **DEPRECIATION**

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. A full year's depreciation is charged in the year of acquisition and no depreciation is charged in the year of disposal. The principal annual rates used for this purpose are

	%
Computer equipment	33.3 or 25.0

(e) **FOREIGN CURRENCIES**

Fixed assets purchased in foreign currencies are translated into sterling at the rate of exchange ruling at the date of purchase. Other transactions in foreign currencies are translated at the rate of exchange ruling on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. The results of overseas branches are translated at the average rate for the year.

Exchange gains or losses are included in the profit and loss account.

Control Risks Limited

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2007

(CONTINUED)

1 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) PENSION SCHEME ARRANGEMENTS

The company contributes to a defined contribution scheme in the United States of America

The cost of providing pension benefits is charged to the profit and loss account as incurred

(g) DEFERRED TAXATION

Provision is made for deferred tax using the liability method on timing differences between profit included in the financial statements and as computed for tax purposes. The provision is made at the rate expected to apply when the timing differences are expected to reverse. Deferred tax liabilities are included in all cases, but deferred tax assets are only included where recovery is more likely than not. Deferred taxation is measured on a non-discounted basis. There was no unprovided deferred taxation liability at 31 March 2007 (2006 £Nil)

(h) SUBSCRIPTION INCOME

Income from subscription services, to the extent that it does not relate to the cost of sales, is recognised evenly over the life of the subscription and is included in the balance sheet as deferred income. The remaining income is matched against costs and taken to profit as earned.

2 TURNOVER

Turnover represents the sales value of services supplied to clients and excludes value added tax.

It is the view of the directors that disclosure of the different classes of business and the different geographical markets in which the company operates would be prejudicial to the interests of the company.

Control Risks Limited

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2007 (CONTINUED)

3 INTEREST RECEIVABLE

	2007	2006
	£	£
Intra-group interest received	69,888	-
Interest received - other	<u>2,599</u>	<u>-</u>
	<u>72,487</u>	<u>-</u>

4 PROFIT /(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit /(loss) on ordinary activities before taxation is stated after charging

	2007	2006
	£	£
Depreciation of tangible fixed assets	1,966	1,461
Loss on disposal of tangible fixed assets	197	-
Loss on exchange	<u>94,823</u>	<u>86,367</u>

Auditors' remuneration has been paid by Control Risks Group Holdings Limited

5 DIRECTORS' EMOLUMENTS

There were 3 directors (2006 3) of the company during the year, none (2006 none) of whom received emoluments. The directors were all directors of the holding company, Control Risks Group Holdings Limited, and received their remuneration in that company.

6 EMPLOYEE INFORMATION

(a) The average number of persons (including executive directors) employed during the year is analysed below

	2007	2006
	No.	No.
Internationally based staff	<u>16</u>	<u>16</u>

(b) Employment costs of all employees included above

	2007	2006
	£	£
Gross wages and salaries	761,111	862,867
Employer's national insurance contributions	14,370	15,740
Employer's pension contributions	<u>83,994</u>	<u>27,510</u>
	<u>859,475</u>	<u>906,117</u>

Control Risks Limited

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2007

(CONTINUED)

7 TAX ON PROFIT /(LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of tax charge for the year

	2007 £	2006 £
UK corporation tax payable at 30% (2006 30%) based on the profit/ (loss) for the year	78,015	-
Under provision in respect of prior year	-	1
	<u>78,015</u>	<u>1</u>
Deferred tax	<u>(20,794)</u>	<u>705</u>
	<u>57,221</u>	<u>706</u>

(b) Factors affecting tax charge for the year

The tax charge for the year is more than (2006 more than) the standard rate of corporation tax in the United Kingdom (30%) The differences are explained below

	2007 £	2006 £
Profit /(Loss) on ordinary activities before taxation	<u>190,168</u>	<u>(501,733)</u>
Profit /(Loss) on ordinary activities before taxation multiplied by the standard rate of corporation tax of 30%	57,050	(150,520)
Effects of		
Difference between capital allowances and depreciation	(293)	(708)
Losses surrendered as group relief	-	174,067
Transfer pricing adjustments	-	(22,839)
Expenses not deductible for tax purposes	11	-
Expenses deductible for tax purposes in a different period	21,247	-
Adjustment to taxation of previous years	-	1
Current tax charge for the year	<u>78,015</u>	<u>1</u>

(c) Factors affecting tax charges for future years

The company has a deferred tax asset at 31 March 2007 as shown in note 10

Control Risks Limited

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2007

(CONTINUED)

8 TANGIBLE FIXED ASSETS

	Computer equipment £
Cost	
At 1 April 2006	8,463
Additions	1,099
Disposals	<u>(4,214)</u>
At 31 March 2007	<u>5,348</u>
Depreciation	
At 1 April 2006	5,271
Charge for the year	1,966
Disposals	<u>(4,017)</u>
At 31 March 2007	<u>3,220</u>
Net book value	
At 31 March 2007	<u>2,128</u>
At 31 March 2006	<u>3,192</u>

Control Risks Limited

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2007

(CONTINUED)

9 FIXED ASSET INVESTMENTS

Interests in group
undertakings
£

At 1 April 2006 and 31 March 2007

97,582

Interests in group undertakings at 31 March 2007 represent the direct cost of investment in the issued shares of the following companies

Name	Description of shares held	Proportion of nominal value of issued shares held %	Country of incorporation
Control de Riesgos SA	1 Peso Ordinary shares	37.6	Colombia
Control Risks Group LLC	1US\$ Preference shares	100	USA

The companies are involved in the provision of security management consultancy and related information services. The assets, liabilities and results of these companies have been included in the consolidated accounts of Control Risks Group Holdings Limited.

10 DEFERRED TAX ASSET

	Total £	Fixed asset timing differences £	Short term timing differences £
1 April 2006	2,641	2,482	159
Profit and loss account	<u>20,794</u>	<u>(293)</u>	<u>21,087</u>
31 March 2007	<u>23,435</u>	<u>2,189</u>	<u>21,246</u>

11 DEBTORS

	2007 £	2006 £
Trade debtors	45,541	39,858
Amounts due from group companies	2,623,739	1,809,947
Corporation tax recoverable	-	7,338
Other debtors	44,759	17,249
Prepayments and accrued income	<u>27,442</u>	<u>63,379</u>
	<u>2,741,481</u>	<u>1,937,771</u>

Control Risks Limited

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 2007 (CONTINUED)

12 CREDITORS

	2007	2006
	£	£
Amounts falling due within one year		
Amounts due to group companies	2,633,624	2,046,440
Corporation tax	59,652	-
Accruals and deferred income	90,129	47,507
	<u>2,783,405</u>	<u>2,093,947</u>

13 SHARE CAPITAL

	2007	2006
	£	£
Authorised:		
300,000 ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>
Allotted, called up and fully paid:		
250,100 ordinary shares of £1 each	<u>250,100</u>	<u>250,100</u>

14 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDER'S FUNDS

	2007	2006
	£	£
Retained profit /(loss) for the year	132,947	(502,439)
Opening shareholder's funds (deficit)	<u>(44,136)</u>	<u>458,303</u>
Closing shareholder's funds (deficit)	<u>88,811</u>	<u>(44,136)</u>

15 COMMITMENTS AND GUARANTEES

Group VAT registration

The company is party to a group VAT registration with its holding company and certain fellow subsidiary companies. At 31 March 2007 the maximum potential liability of the company under the terms of the registration was £646,000 (2006 £846,015)

16 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard No. 8 and has not disclosed in the financial statements details of transactions with other group companies

17 ULTIMATE HOLDING COMPANY

The ultimate holding company is Control Risks Group Holdings Limited, a company registered in England and Wales. Copies of the holding company's financial statements may be obtained from The Secretary, Control Risks Group Holdings Limited, 4th Floor, Cottons Centre, Cottons Lane, London, SE1 2QG

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