

**The Royal British Legion Attendants Company  
Limited (By Guarantee)**

**Trustees' report and consolidated financial  
statements**

Company Registered number 382493

Charity Registered number 206134

**30 September 2003**



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## Legal and administrative details

The Royal British Legion Attendants Company Limited (here after referred to as the "charitable company" or "the RBLA") is a registered company and is registered with the Charity Commissioners. The charitable company is governed by its memorandum and articles of association. The charitable company was incorporated on 1 September 1943.

<b>Charity registration number</b>	206134
<b>Company registration number</b>	382493
<b>Chairman</b>	D Switzer FHCIMA
<b>Hon. Secretary</b>	RH Campbell-Smith
<b>Trustees/Directors</b>	D Switzer FHCIMA (Chairman) ER Jobson CBE HG Mackinlay LVO FRSA PD McCluskey P Tinsley BA (Cantab), FICE, MI Struct. Eng MR Berry FRGS CW Gates M Seabourne RH Campbell-Smith BC Burrill DAW Pearson SC Garrett MA MIASH, DIP2 OSH (appointed 1 October 2002)

Trustees are elected from the membership at the AGM. Members (who have to be members of the Royal British Legion) are upon application to the company admitted to membership by a majority vote of the trustees present at a meeting of the board.

No body or person is entitled to appoint trustees other than the trustees.

All trustees resign at the AGM and if willing to continue, offer themselves for re-election to the membership.

In the event of the charitable company being wound up, the guarantee of each member is limited to 5p.

<b>Solicitors</b>	Wilsons' Solicitors, Steynings House, Fisherton Street, Salisbury, Wiltshire, SP2 7RJ
<b>Bankers</b>	Lloyds TSB Bank plc, 94 Fishergate, Preston PR1 2JB
<b>Registered auditors</b>	KPMG LLP, Edward VII Quay, Navigation Way, Ashton-On-Ribble Preston PR2 2YF
<b>Registered address</b>	351 – 353 Newmarket Road, Cambridge CB5 8JG

## Trustees report

The trustees, who act as directors for the purposes of company law, present their report and the consolidated financial statements for the year ended to 30 September 2003. The information provided on page 1 also forms part of this report.

### Mission statement

In keeping with the aims and objectives of the RBLA, Legion Security plc has adopted the following mission statement:

"Provide employment in the service industry to ex-members of the Armed Forces where possible building upon their core values of loyalty, reliability, discipline and professionalism.

Provide the highest level of service to its customers by properly resourcing and managing the business, and to benchmark its performance against other service providers.

Invest its profits in the business to the benefit of staff and customers and to provide a revenue stream to support the development and training needs for other employment opportunities for ex-service personnel."

### Presentation of results

As the charitable company is a holding company with subsidiaries this means the results in the *Statement of Financial Activities* (page 7) are on a consolidated basis with a related *Consolidated Balance Sheet* (page 8).

Legion Security plc and the subsidiary companies, as well as having their results and asset/liability position reflected in the consolidated results, prepare their own separate annual reports and financial statements which will be filed at Companies House.

In the previous year, the subsidiary of Legion Security plc, Legion Security (London) Limited, transferred all its trade, assets and liabilities to Legion Security plc. This does not have any impact on the presentation of the consolidated results of the RBLA.

### Principal activities and charitable objective

The objective of the charitable company remains:

'to promote and encourage the employment in civil life of men and women who are eligible for ordinary membership of the Royal British Legion and are in need of assistance either by employing them and letting their services to hire or by such other means as may from time to time be thought fit.'

The charitable company is a holding company with the potential to receive income from its investments and cash holdings which it can apply to its charitable purpose. The Trustees consider the most appropriate disbursement of cash grants via a grants commute. During the year, the Trustees granted bursaries amounting to £23,927 in connection with the objective of the charitable company.

Its subsidiary undertaking, Legion Security plc will remain mindful of the charitable objectives of the charitable company insofar as permitted by law and regulations but will operate as a commercial company in the marketplace. This should enhance its value to the charitable company both as regards an income stream and its inherent capital value.

The board of Legion Security plc is separate from that of the charitable company but includes two trustees in its membership.

## **Trustees report** *(continued)*

### **Review of the year end results**

The consolidated results are dominated by those for Legion Security plc which are summarised in note 5 and show a net surplus of £205,837 before the gift aid payment of £20,000 to the RBLA, compared to a surplus of £443,500 in the previous year. The result for the year includes a charge of £79,528 (2002: £79,522) for the full year in respect of amortisation of goodwill arising on consolidation of Legion Security plc's group.

The operational activity of the group for the year has seen:

- A continuing emphasis on establishing the name of Legion Security plc in the market place;
- An emphasis on an efficient internal commercial structure and cost reduction;

The directors of Legion Security plc, supported by the trustees, are of the opinion that an excellent base has now been established for a significant and profitable presence in the market place.

### **Donations**

Donations include £75,000 to the Ex-Service fellowship, £7,500 to The Not Forgotten Association and £10,000 to the Royal British Legion.

### **Future plans**

Future plans cannot be formalised until the Charity Commissioners have agreed changes to the company's Memorandum and Articles. In the meantime the trustees will continue to operate on their present merits.

### **Reserves policy**

The trustees have reviewed the Charity's policy in respect of reserves and aim to make grants and donations broadly in line with income earned, taking each year with the next to meet committed future donations. In addition, the Charity will maintain reserves of some £500,000-£750,000 which is anticipated to meet one year's running costs plus committed expenditure on grants for the next three years, together with a suitable contingency. The Charity believes that reserves should be maintained at this level to ensure the Charity can run efficiently and meet the company's needs, and will be reviewed periodically.

### **Investment policy**

The trustees have agreed that the charitable company's investment in the trading subsidiary, Legion Security plc, should remain extant for a further year.

The charitable company also holds an investment fund relating to listed investments which is held within the COIF Charities Investment Fund. After review of the investment policy of cash funds invested with COIF, the trustees agreed to maintain this fund for a further year.

### **Grant making policy**

Grant making policy of RBLA is to assist ex-service men and women to retrain to enhance their employable prospects.

### **Risk review**

The Trustees have examined the principal areas of the charitable companies operations and considered the major risks faced in each of these areas.

The trustees consider the company's main risks to be:

- the company's funds which are managed by a recommended institution i.e. COIF; and
- the investment in Legion Security plc. The trustees believe that this investment is closely monitored by the fact that two trustees are appointed to the Legion Security plc Board as well as the charity company operating an internal audit committee.

## Trustees report *(continued)*

In the opinion of the Trustees, the charitable company has established resources and review systems which, under normal conditions, should allow these risks to be mitigated to an acceptable level in its day to day operations.

### Employees

The charitable company does not have any employees.

### Political and charitable contributions

The company made no political contributions during the year. Donations to The Royal British Legion Charities and other charities amounted to £92,500 (2002: £10,000).

### Auditors

A resolution for the re-appointment of KPMG LLP as auditors of the charitable company is to be proposed at the forthcoming Annual General Meeting.

Approved by the board of trustees on *25<sup>th</sup> March 2004* and signed on its behalf by:

*D. Switzer*  
David Switzer  
Trustee

*19<sup>th</sup> May*

2004

## Statement of trustees' responsibilities

Law applicable to charities in England and Wales requires the trustees, who are also directors for the purposes of company law, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the charitable group at the end of the year and of its financial activities during the year then ended. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Charities Act 1993 and the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Edward VII Quay  
Navigation Way  
Ashton-on-Ribble  
PRESTON  
PR2 2YF

## **Independent auditor's report to the members of The Royal British Legion Attendants Company Limited**

We have audited the financial statements on pages 7 to 24.

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditors**

As described on page 5 the trustees, who are also the directors of The Royal British Legion Attendants Company Limited for the purposes of company law, are responsible for preparing the trustees' report and, as described on page 5, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 if, in our opinion, the trustees' report is not consistent with the financial statements, if the charitable 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 transactions with the charitable group is not disclosed.

### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable group'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 of the state of affairs of the charitable company and the charitable group as at 30 September 2003 and of the charitable group's incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG LLP**  
Chartered Accountants  
Registered Auditor

27.5.2004



**Consolidated statement of financial activities**  
*for the year ended 30 September 2003*

	Notes	Unrestricted funds	Unrestricted funds
		2003 £	2002 £
<b>Income and expenditure</b>			
<b>Incoming resources</b>			
Interest receivable	3	22,167	16,445
Investment income	4	11,158	11,158
Activities for generating funds:			
Commercial trading operation	5	27,862,172	27,322,703
<b>Total incoming resources</b>		<b>27,895,497</b>	<b>27,350,306</b>
<b>Less: cost of generating funds</b>			
Commercial trading operation			
Cost of sales	5	(22,050,808)	(21,687,296)
Distribution costs	5	(845,373)	(597,250)
Administrative expenses	5	(4,744,869)	(4,616,267)
		<b>(27,641,050)</b>	<b>(26,900,813)</b>
<b>Net incoming resources available for charitable application</b>		<b>254,447</b>	<b>449,493</b>
<b>Charitable expenditure</b>			
Cost of operation of the charity	6	(23,927)	(19,394)
Charitable donations	6	(92,500)	(10,000)
Managing and administering the charity	6	(13,376)	(13,391)
<b>Total charitable expenditure</b>		<b>(129,803)</b>	<b>(42,785)</b>
<b>Total resources expended</b>		<b>(27,770,853)</b>	<b>(26,943,598)</b>
<b>Taxation</b>	7	<b>(16,590)</b>	<b>20,763</b>
<b>Movement in total funds for the year</b>			
Net income for the year		<b>108,054</b>	<b>427,471</b>
<b>Gains and losses</b>			
Unrealised gain / (loss) on revaluation of investments	10	25,767	(62,223)
<b>Total gains and losses</b>		<b>25,767</b>	<b>(62,223)</b>
<b>Net movements in funds</b>		<b>133,821</b>	<b>365,248</b>
Fund balances brought forward		<b>2,348,299</b>	<b>1,983,051</b>
Fund balances carried forward at 30 September 2003	14	<b>2,482,120</b>	<b>2,348,299</b>

There is no material difference between the reported results and the historical results of the charitable company and charitable group.

All amounts arise from continuing operations and relate to unrestricted funds.

**Consolidated balance sheet**  
*as at 30 September 2003*

	Note	2003 £	2002 £
<b>Fixed assets</b>			
Intangible assets	8	840,823	920,351
Tangible assets	9	633,856	613,695
Investments	10	275,132	249,365
		<u>1,749,811</u>	<u>1,783,411</u>
<b>Current assets</b>			
Debtors	11	3,971,164	3,515,765
Cash at bank and in hand		684,796	452,820
		<u>4,655,960</u>	<u>3,968,585</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,796,421)</u>	<u>(3,306,508)</u>
<b>Net current assets</b>		<u>859,539</u>	<u>662,077</u>
<b>Total assets less current liabilities</b>		<u>2,609,350</u>	<u>2,445,488</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(127,230)</u>	<u>(97,189)</u>
<b>Net assets</b>		<u>2,482,120</u>	<u>2,348,299</u>
<b>Unrestricted funds</b>	14	<u>2,482,120</u>	<u>2,348,299</u>

Approved by the board of trustees on

*25<sup>th</sup> March*

2004 and signed on its behalf by:

*David Switzer*

David Switzer  
Chairman

**Charitable company balance sheet**  
*as at 30 September 2003*

	Note	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Intangible assets			-		-
Tangible assets			-		-
Investments	10	1,654,368		1,628,601	
		<u>1,654,368</u>		<u>1,628,601</u>	
<b>Current assets</b>					
Stocks		-		-	
Debtors	11	20,000		300,715	
Cash at bank and in hand		613,197		408,961	
		<u>633,197</u>		<u>709,676</u>	
<b>Creditors: amounts falling due within one year</b>	12	(3,784)		(2,485)	
<b>Net current assets</b>		<u>629,413</u>		<u>707,191</u>	
<b>Total assets less current liabilities</b>		<u>2,283,781</u>		<u>2,335,792</u>	
<b>Creditors: amounts falling due after more than one year</b>	13	-		-	
<b>Net assets</b>		<u>2,283,781</u>		<u>2,335,792</u>	
<b>Unrestricted funds</b>	14	<u>2,283,781</u>		<u>2,335,792</u>	

Approved by the board of trustees on *26<sup>th</sup> March* 2004 and signed on its behalf by:



**David Switzer**  
Chairman

**Consolidated cash flow statement**  
*for the year ended 30 September 2003*

	<i>Note</i>	<b>2003</b> £	2002 £
Net cash inflow from operating activities	18	<b>362,160</b>	49,306
Returns on investments and servicing of finance	20	<b>(6,412)</b>	(14,411)
Capital expenditure and financial investment	20	<b>(139,234)</b>	(49,638)
Taxation	20	<b>7,631</b>	(49,195)
Net cash inflow /(outflow) before financing		<u><b>224,145</b></u>	<u>(63,938)</u>
Financing	20	<b>(31,435)</b>	(47,082)
Increase/ (decrease) in cash and cash equivalents	21	<u><b>192,710</b></u>	<u>(111,020)</u>

## **Notes** *(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the charitable group's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in October 2000 ("SORP 2000") and applicable accounting standards and under the historic cost accounting rules in line with the Companies Act 1985.

The charitable company has not presented its own statement of financial activities ("SOFA") as permitted by section 230 (4) of the Companies Act 1985 and paragraph 304 of SORP 2000.

#### ***Basis of consolidation***

These financial statements consolidate the results of the charitable company and its wholly owned subsidiary Legion Security plc on a line by line basis. The acquisition method of accounting has been adopted.

These accounts are made up to 30 September 2003 and are based on the accounts of subsidiary undertakings which are coterminous with those of the charitable company.

#### ***Related party transactions***

Transactions with those subsidiary undertakings with whose voting rights are 90% or more controlled within the charitable group are not disclosed as provided for in FRS 8.

#### ***Donations***

Donations are included in the statement of financial activities as they become due and are included in the relevant fund. Income expended is accounted for in the statement of financial activities leaving unexpended income as a balance on the relevant fund.

#### ***Turnover***

Turnover of the subsidiary companies represents the amounts (excluding value added tax) derived from total parking charges and the provision of services of uniformed personnel to customers during the year.

#### ***Interest receivable***

Interest receivable relates to bank interest received in the year and is credited to the statement of financial activities as it becomes due.

#### ***Investment income***

Investment income relates to income earned on the charity's investments and is credited to the statement of financial activities as it becomes due.

#### ***Expenditure***

Expenditure has been charged to the statement of financial activities on an accruals basis. Expenditure relating directly to the objectives of the charity is shown as charitable expenditure. All costs have been directly attributed to one of the functional categories of resources expended in the statement of financial activities.

#### ***Irrecoverable VAT***

Irrecoverable VAT is accounted for in the expenditure category under which the cost is incurred.

**Notes (continued)**

**1 Accounting policies (continued)**

***Intangible fixed assets and amortisation***

Positive goodwill is amortised to nil by equal annual instalments over estimated useful life of fifteen years.

***Fixed assets and depreciation***

Depreciation is provided by the charitable company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2% per annum
Leasehold buildings	-	straight line over the life of the lease
Motor vehicles (new)	-	25% per annum
Motor vehicles (second hand)-		50% per annum
Fixtures and fittings and operational equipment	-	10-50% per annum

No depreciation is provided on freehold land.

***Taxation***

The Inland Revenue considers The Royal British Legion Attendants Company Limited to be a charity, and therefore entitled to exemption from tax afforded by section 505(1) Income and Corporation Taxes Act 1988. Subject to the continuing fulfilment of the requirements of that section, that income be applicable and applied to charitable purposes only, the financial statements do not reflect any provisions, reserves or adjustments for such taxation.

The taxation charge included within the consolidated statement of financial activities relates to the taxation charge on the profit for the year for Legion Security plc, which takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred taxation is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date.

***Pensions***

The charitable group pays contributions to personal money purchase schemes for eligible employees, and accounts for the amount in the profit and loss account.

***Leases***

Assets required under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the life of the lease.

***Investments***

Investments held in quoted securities/funds are stated at market value.

***Unrestricted funds***

Unrestricted funds are funds which can be used in accordance with the charitable objects at the discretion of the trustees.

**2 Analysis of turnover and profit on ordinary activities before taxation**

The trustees are of the opinion that the trading operations of the subsidiary companies represent one class of business being the provision of personnel for various duties.

**3 Interest receivable**

	2003 £	2002 £
Bank interest	21,908	16,445
Inland Revenue – Interest on PAYE repayment	259	-
	<u>22,167</u>	<u>16,445</u>

**Notes** *(continued)*

**4 Investment income**

	2003 £	2002 £
COIF investment income	11,158	11,158

**5 Net income/expenditure from trading activities of subsidiaries**

	Consolidated Legion Security plc 2003 £	Consolidated Legion Security plc 2002 £
<b>Turnover</b>	27,862,172	27,322,703
Cost of sales	(22,050,808)	(21,687,296)
<b>Gross profit</b>	5,811,364	5,635,407
Distribution costs	(845,373)	(597,250)
Administrative expenses	(4,627,236)	(4,494,730)
Amortisation of goodwill arising on consolidation	(79,527)	(79,522)
<b>Operating profit</b>	259,228	463,905
Investment income	1,300	846
Interest payable and similar charges	(38,101)	(42,014)
<b>Profit on ordinary activities before taxation</b>	222,427	422,737
Taxation	(16,590)	20,763
<b>Profit on ordinary activities after taxation</b>	205,837	443,500
Amount covenanted to The Royal British Legion Attendants Company Limited	(20,000)	(300,000)
<b>Retained in subsidiaries</b>	185,837	143,500

The result for the year has been recognised in the consolidated statement of financial activities as follows:

	2003 £	2002 £
Retained profit for the financial year	185,837	143,500
<i>Add back items cancelling on consolidation:</i>		
Amount covenanted to The Royal British Legion Attendants Company Limited	20,000	300,000
<b>Net income of trading subsidiaries included in consolidated statement of financial activities</b>	205,837	443,500

## Notes (continued)

### 5 Net income/expenditure from trading activities of subsidiaries (continued)

	2003 £	2002 £
The assets and liabilities of the Legion Security plc group are:		
Fixed assets	1,474,679	1,534,046
Current assets	4,043,048	3,559,907
Creditors: amounts falling due within one year	(3,812,921)	(3,605,025)
Creditors: amounts falling due after more than one year	(127,230)	(97,189)
Total net assets	<u>1,577,576</u>	<u>1,391,739</u>

### 6 Analysis of total charitable expenditure

	Other costs £	Establishment costs £	Total 2003 £	Total 2002 £
<b>Cost of operation of the charity</b>	23,927	-	23,927	19,394
<b>Charitable donations</b>	92,500	-	92,500	10,000
<b>Managing and administering the charity</b>				
Administrative expenses	-	13,376	13,376	13,387
Interest payable on bank loans and overdrafts	-	-	-	4
	<u>-</u>	<u>13,376</u>	<u>13,376</u>	<u>13,391</u>
<b>Total charitable expenditure</b>	<u>116,427</u>	<u>13,376</u>	<u>129,803</u>	<u>42,785</u>

Cost of operation of the charity expenditure for the current year relates to bursaries granted.



## Notes (continued)

### 6 Analysis of total charitable expenditure (continued)

The following costs are included in the administrative expenses of the Royal British Legion Attendants Company Limited and the group of Legion Security plc.

	Group	
	2003	2002
	£	£
Audit and accountancy fees (including non-audit work)	19,500	20,500
Depreciation on owned fixed assets	168,989	100,241
Depreciation on leased assets	28,800	19,508
Amortisation of goodwill	79,528	79,522
Rentals under operating leases		
plant and machinery	156,117	181,035
other	374,495	357,966

#### *Staff numbers and costs*

The average number of employees during the year (including directors who are trustees), analysed by function was as follows:

	2003	2002
	Number	Number
Administrative and management of the charitable company	-	1
Legion Security plc and its group		
Attendants	1,518	1,509
Staff	112	108
Charitable group total	1,630	1,618

## Notes (continued)

### 6 Analysis of total resources expended (continued)

The total wages and salaries costs for the charitable group were as follows:

	2003 £	2002 £
Wages and salaries	22,785,437	22,323,368
Social security costs	1,924,493	1,785,817
Other pension costs	75,601	34,314
Charitable group total	<u>24,785,531</u>	<u>24,143,499</u>

The trustees received no remuneration during the year in respect of services rendered to the charity. Two trustees received remuneration of £27,709 (2002: £28,779) in the capacity as directors of Legion Security plc. The total travel and subsistence expenses reimbursed to 12 trustees during the year was £15,788 (2002: £18,643 to 12 trustees) of which £11,836 was for expenses of two trustees in respect of their role as directors of Legion Security plc (2002: £12,258 to two trustees).

The remuneration of the directors of the trading subsidiaries is disclosed within the individual accounts of those companies.

#### Higher paid staff

The number of staff and directors whose emoluments fell within each of the following bands was:

	2003 £
£50,000 to £59,999	4
£70,000 to £79,999	2
£80,000 to £89,999	1
£100,000 to £109,999	1
	<u>8</u>

Emoluments for this purpose include gross salary and benefits in kind

For these eight higher paid individuals, the contributions for the year for the provision of money purchase benefits was £68,104 (including employee contributions of £26,383 and employer contributions of £41,721).

All of the eight higher paid individuals are accruing benefits under money purchase schemes. None of the above higher paid staff are accruing retirement benefits under defined benefit schemes.

## Notes (continued)

### 7 Taxation

	2003 £	2002 £
UK corporation tax at 19%	41,851	-
Underprovision relating to previous years	-	22,696
Prior years' overpayment	(23,532)	
Deferred tax movement	(1,729)	(43,459)
	<u>16,590</u>	<u>(20,763)</u>

Factors affecting the tax charge for the current year.

The current tax charge for the year is lower (2002: higher) than the standard rate of corporation tax in the UK (2002: 30%). The differences are explained below:

	2003 £	2002 £
<b>Current tax reconciliation</b>		
Profit on ordinary activities before tax	202,427	122,737
Add back: amortisation on consolidation	79,528	79,522
	<u>281,955</u>	<u>202,259</u>
Current tax at 19% (2002: 30%)	53,571	60,678
Effects of:		
Expenses not deductible for tax purposes	9,878	9,284
Capital allowances in excess of depreciation	10,118	
Non qualifying depreciation	4,479	6,842
Write back of provision	(2,712)	-
Movement on short term timing differences	907	653
Non taxable income	(34,390)	-
Brought forward tax losses utilised	-	(94,209)
Tax losses carried forward	-	16,752
	<u>41,851</u>	<u>-</u>

## Notes (continued)

### 8 Intangible assets

Charitable group	Goodwill on consolidation £
<i>Cost</i>	
At beginning of year	1,192,918
Disposals	-
At end of year	1,192,918
<i>Amortisation</i>	
At beginning of year	272,567
Charge for the year	79,528
At end of year	352,095
<i>Net book value</i>	
At 30 September 2003	840,823
At 30 September 2002	920,351

### 9 Tangible fixed assets

Charitable group	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Operational equipment £	Total £
<i>Cost</i>					
At beginning of year	489,628	-	604,090	261,132	1,354,850
Additions	16,880	7,047	168,018	26,005	217,950
Disposals	(15,365)	-	(6,690)	(8,556)	(30,611)
At end of year	491,143	7,047	765,418	278,581	1,542,189
<i>Depreciation</i>					
At beginning of year	128,691	-	413,351	199,113	741,155
Charge for year	23,574	294	120,102	53,819	197,789
Disposals	(15,365)	-	(6,690)	(8,556)	(30,611)
At end of year	136,900	294	526,763	244,376	908,333
<i>Net book value</i>					
At 30 September 2003	354,243	6,753	238,655	34,205	633,856
At 30 September 2002	360,937	-	190,739	62,019	613,695

The total of non depreciable assets included in freehold property at the year end was £12,749.

Included in the total net book value of fixed assets is £87,444 (2002: £37,528) in respect of assets held under finance leases. Depreciation for the year on these assets was £28,800 (2002: £19,228).

All tangible fixed assets are held by Legion Security plc.

## Notes (continued)

### 10 Investments

Charitable group	COIF Charities Investment Fund £
<i>Cost or valuation</i>	
At beginning of year	400,000
At end of year	400,000
<i>Provisions for change in market value</i>	
At beginning of year	150,635
Movement in the year	(25,767)
At end of year	124,868
<i>Net book value</i>	
At 30 September 2003	275,132
At September 2002	249,365

Charitable company	COIF Charities Investment Fund £	Shares in group undertakings £	Total £
<i>Cost or valuation</i>			
At beginning of year	400,000	1,379,236	1,779,236
At end of year	400,000	1,379,236	1,779,236
<i>Provisions for change in market value</i>			
At beginning of year	150,635	-	150,635
Movement in the year	(25,767)	-	(25,767)
At end of year	124,868	-	124,868
<i>Net book value</i>			
At 30 September 2003	275,132	1,379,236	1,654,368
At September 2002	249,365	1,379,236	1,628,601

The shares in group undertakings is the charitable company's investment in the trading subsidiary, Legion Security plc (incorporated in England and Wales). The investment represents the holding of 100% of the ordinary shares of £1 each.

The investment fund relates to listed investments held within the COIF Charities Investment Fund. At 30 September 2003, the market value of these investments was £275,132 (2002: £249,365), therefore the value of the investment has been adjusted to reflect the change in the market value.

## Notes (continued)

### 10 Investments (continued)

The companies in which Legion Security plc's interest at the year end is more than 20% are as follows:

	Country of incorporation	Principal activity	Class and percentage of shares held
<i>Direct:</i>			
Legion Security (London) Limited	England	Dormant	Ordinary 100%
Executive Protection Limited	England	Dormant	Ordinary 100%
Universal Car Park Services Limited	England	Dormant	Ordinary 100%
Legion Car Parks Limited	England	Dormant	Ordinary 100%
Legion Car Park Services Limited	England	Dormant	Ordinary 100%
Legion Parking Services Limited	England	Dormant	Ordinary 100%
Legion Security (Scotland) Limited	England	Dormant	Ordinary 100%
<i>Indirect:</i>			
Centaur guarding Limited	England	Dormant	Ordinary 100%

### 11 Debtors

	Charitable group		Charitable company	
	2003	2002	2003	2002
	£	£	£	£
<i>Due within one year:</i>				
Trade debtors	3,734,775	3,308,537	-	-
Other debtors	-	715	-	715
Amounts owed by subsidiary undertakings	-	-	20,000	300,000
Prepayments and accrued income	175,300	163,054	-	-
Deferred tax asset	45,187	43,459	-	-
Corporation tax recoverable	15,902	-	-	-
	<u>3,971,164</u>	<u>3,515,765</u>	<u>20,000</u>	<u>300,715</u>

**Notes (continued)**

**12 Creditors: amounts falling due within one year**

	Charitable group		Charitable company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans and overdraft	117,823	84,557	-	-
Trade creditors	118,182	203,121	-	-
Accounts owed to group undertakings	-	-	284	1,000
Other taxes and social security	1,460,676	1,253,763	-	-
Corporation tax	41,851	-	-	-
Obligations under finance leases	35,004	13,400	-	-
Other creditors	1,572,798	1,268,873	-	1,485
Accruals and deferred income	450,087	482,794	3,500	-
	<u>3,796,421</u>	<u>3,306,508</u>	<u>3,784</u>	<u>2,485</u>

The bank overdraft is secured by a fixed and floating charge on the assets of the trading subsidiary, Legion Security plc.

Other creditors includes £122,132 (2002: £nil) of discounted trade debtors. This balance is secured on the trade debtors to which it relates which are held within Legion Security plc.

**13 Creditors: amounts falling due after more than one year**

	Charitable group		Charitable company	
	2003	2002	2003	2002
	£	£	£	£
Bank loans	81,307	97,189	-	-
Obligations under finance leases and hire purchase contracts	45,923	-	-	-
	<u>127,230</u>	<u>97,189</u>	<u>-</u>	<u>-</u>

  

	Charitable group		Charitable company	
	2003	2002	2002	2001
	£	£	£	£
<i>Obligations under finance leases comprise:</i>				
Instalments falling due				
Within one year	35,004	13,400	-	-
Within two to five years	45,923	-	-	-
	<u>80,927</u>	<u>13,400</u>	<u>-</u>	<u>-</u>

The bank loan is held within Legion Security plc and is repayable by instalments over 15 years. Interest is charged at 2% above the banks base rate. The bank loan is secured over freehold property included in the accounts of Legion Security plc at its book value of £337,267.

## Notes (continued)

### 14 Reconciliation of movement in funds

	2003	2002
	£	£
<b>Charitable group</b>		
Unrestricted funds at beginning of year	2,348,299	1,983,051
Net movement in funds	133,821	365,248
Unrestricted funds at end of year	<u>2,482,120</u>	<u>2,348,299</u>
<b>Charitable company</b>		
Unrestricted funds at beginning of year	2,335,792	2,114,048
Net movement in funds	(52,011)	221,744
Unrestricted funds at end of year	<u>2,283,781</u>	<u>2,335,792</u>

### 15 Share capital

The charitable company is limited by guarantee and as such, has no share capital. In the event of the charitable company being wound up, the guarantee of each member is limited to 5p.

### 16 Commitments

- (a) There were no capital commitments at the end of the financial year for which a provision has been made.
- (b) Annual commitments under non-cancellable operating leases are as follows:

#### Group

	2003		2002	
	Land and buildings	Vehicles and equipment	Land and buildings	Vehicles and equipment
	£	£	£	£
Operating leases which expire:				
Within one year	-	6,858	64,400	35,538
In the second to fifth years inclusive	127,162	268,736	55,685	194,352
Over five years	27,300	-	35,160	-
	<u>154,462</u>	<u>275,594</u>	<u>155,245</u>	<u>229,890</u>

The charitable company is committed to make payments amounting to £nil (2001: £nil).



**Notes (continued)**

**17 Pensions**

The principal subsidiary operates a defined contribution pension scheme for the Legion Security group. The pension cost charge for the year represents contributions payable by the trading subsidiaries to the fund and amounted to £75,601 (2002: £34,314), of which £8,651 (2002: £2,536) was accrued at the balance sheet date.

**18 Reconciliation of operating surplus to net cash inflow from operating activities**

	2003 £	2002 £
<b>Net cash inflow from operating activities</b>		
Operating surplus (before interest and tax)	129,420	448,254
Depreciation	197,789	119,750
Amortisation of goodwill	79,528	79,522
Loss on sale of tangible fixed assets	-	5,615
(Increase) decrease in debtors	(437,769)	460,704
Increase/(decrease) in creditors	393,192	(1,064,539)
	<u>362,160</u>	<u>49,306</u>

**19 Reconciliation of net cash flow to movement in net debt**

	£
Increase in cash in year	192,710
Cash used to decrease liquid resources	33,071
New finance leases	(78,716)
Change in net debt	<u>147,065</u>
Net debt at 30 September 2002	257,674
<b>Net debt at 30 September 2003</b>	<u><b>404,739</b></u>

**Notes** *(continued)*

**20 Gross cash flows**

	2003 £	2002 £
<b>Returns on investment and servicing of finance</b>		
Interest received	22,167	16,445
Investment income	11,158	11,158
Interest paid	(38,101)	(39,331)
Interest element of finance lease repayments	(1,636)	(2,683)
	<u>(6,412)</u>	<u>(14,411)</u>
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	(139,234)	(57,108)
Receipts from sales of tangible fixed assets	-	7,470
	<u>(139,234)</u>	<u>(49,638)</u>
<b>Taxation</b>		
Corporation tax paid	7,631	(49,195)
	<u>7,631</u>	<u>(49,195)</u>
<b>Financing</b>		
Repayments of amounts borrowed	-	(20,267)
Capital element of finance lease rental payments	(31,435)	(26,815)
	<u>(31,435)</u>	<u>(47,082)</u>

**21 Analysis of changes in net debt**

	At 30 Sept 2002 £	Cash flows £	Other changes £	At 30 Sept 2003 £
Cash at bank and in hand	452,820	231,976	-	684,796
Overdrafts	(55,877)	(39,266)	-	(95,143)
Debt due within one year	(42,080)	(15,604)	-	(57,684)
Debt due after one year	(97,189)	(30,041)	-	(127,230)
	<u>257,674</u>	<u>147,065</u>	<u>-</u>	<u>404,739</u>

**22 Related party transactions**

There were no related party transactions