

Company Registration No. 01369559 (England and Wales)

SALADIN SECURITY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1997



SALADIN SECURITY LIMITED

COMPANY INFORMATION

Directors	D.J. Walker B.W. Norris P.K. Brookes
Secretary	B.W. Norris
Company number	01369559
Registered office	2 Bath Place Rivington Street London EC2A 3JJ
Auditors	Charles & Co 2 Bath Place Rivington Street London EC2A 3JJ
Business address	7 Abingdon Road London W8 6AH
Bankers	Barclays Bank Plc 99 Hatton Garden London EC1N 8DN

SALADIN SECURITY LIMITED

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SALADIN SECURITY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1997

The directors present their report and financial statements for the year ended 30 June 1997.

Principal activities and review of the business

The principal activity of the company is that of security consultants and providing security services.

Despite the investment of considerable time by the directors and expenditure in travel costs, the company has failed to make significant progress in Africa. The directors continue to pursue marketing opportunities but are imposing financial constraints on these activities.

Results and dividends

The results for the year are set out on page 4.

Market value of land and buildings

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

Directors

The following directors have held office since 1 July 1996:

D.J. Walker
B.W. Norris
P.K. Brookes

Directors' interests

The directors' beneficial interest in the shares of the ultimate holding company were as stated below:

	Ordinary shares of £1 each	
	30 June 1997	1 July 1996
D.J. Walker	520	520
B.W. Norris	300	300
P.K. Brookes	-	-

The directors' beneficial interest in the shares of the ultimate holding company were as stated below:

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Charles & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

SALADIN SECURITY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1997

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which 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;
- 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 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 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.

By order of the board



B.W. Norris

Director

23 October 1997

SALADIN SECURITY LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF SALADIN SECURITY LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 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 of the state of the company's affairs as at 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Charles & Co

Registered Auditor

23rd October 1997

2 Bath Place
Rivington Street
London
EC2A 3JJ

SALADIN SECURITY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997

	Notes	1997 £	1996 £
Turnover	2	2,414,607	2,569,384
Cost of sales		(1,694,774)	(1,778,214)
Gross profit		719,833	791,170
Administrative expenses		(702,136)	(772,264)
Operating profit	3	17,697	18,906
Other interest receivable and similar income	4	875	915
Interest payable and similar charges	5	(8,584)	(6,058)
Profit on ordinary activities before taxation		9,988	13,763
Tax on profit on ordinary activities	6	(5,098)	(9,304)
Profit on ordinary activities after taxation	12	4,890	4,459

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.


SALADIN SECURITY LIMITED

BALANCE SHEET AS AT 30 JUNE 1997

	Notes	1997 £	£	1996 £	£
Fixed assets					
Tangible assets	7		36,258		63,603
Current assets					
Debtors	8	837,799		997,186	
Cash at bank and in hand		7,842		12,934	
		<u>845,641</u>		<u>1,010,120</u>	
Creditors: amounts falling due within one year	9	<u>(536,477)</u>		<u>(733,191)</u>	
Net current assets			309,164		276,929
Total assets less current liabilities			<u>345,422</u>		<u>340,532</u>
Capital and reserves					
Called up share capital	11		10,000		10,000
Share premium account	12		27,000		27,000
Profit and loss account	12		308,422		303,532
Shareholders' funds - equity interests	13		<u>345,422</u>		<u>340,532</u>

The financial statements were approved by the Board on 23 October 1997

D.J. Walker
Director



B.W. Norris
Director



SALADIN SECURITY LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1997

	1997 £	1996 £
Net cash inflow/(outflow) from operating activities	175,730	(121,746)
Returns on investments and servicing of finance		
Interest received	875	915
Interest paid	(8,584)	(6,058)
Net cash outflow for returns on investments and servicing of finance	(7,709)	(5,143)
Taxation	(12,589)	(8,411)
Capital expenditure		
Payments to acquire tangible assets	(6,110)	(3,133)
Net cash outflow for capital expenditure	(6,110)	(3,133)
Net cash inflow/(outflow) before management of liquid resources and financing	149,322	(138,433)
Financing		
Repayment of long term bank loan	-	(16,748)
Net cash outflow from financing	-	(16,748)
Increase/(decrease) in cash in the year	149,322	(155,181)

SALADIN SECURITY LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 1997

1	Reconciliation of operating profit to net cash inflow/(outflow) from operating activities	1997		1996	
		£		£	
	Operating profit	17,697		18,906	
	Depreciation of tangible assets	33,454		39,556	
	Decrease/(increase) in debtors	159,387		(517,594)	
	(Decrease)/Increase in creditors within one year	(34,808)		337,386	
	Net cash inflow/(outflow) from operating activities	175,730		(121,746)	
2	Analysis of net debt	1 July 1996	Cash flow	Other non-cash changes	30 June 1997
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	12,934	(5,092)		7,842
	Bank overdrafts	(209,014)	154,415		(54,599)
		<u>(196,080)</u>	<u>149,323</u>		<u>(46,757)</u>
	Debt:				
	Net debt	<u>(196,080)</u>	<u>149,323</u>	<u>-</u>	<u>(46,757)</u>
3	Reconciliation of net cash flow to movement in net debt	1997		1996	
		£		£	
	Increase/(decrease) in cash in the year	149,323		(155,181)	
	Cash (inflow)/outflow from (increase)/decrease in debt	-		16,748	
	Movement in net debt in the year	149,323		(138,433)	
	Opening net debt	(196,080)		(57,647)	
	Closing net debt	(46,757)		(196,080)	

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Straight line over the life of the lease
Plant and machinery	25% Straight line
Fixtures, fittings & equipment	25% Straight line
Motor vehicles	25% Straight line

1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5 Pensions

Pension contributions are charged to the profit and loss accounts as incurred. These contributions are invested separately from the company's assets.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Turnover and profit on ordinary activities before taxation

Class of business	Turnover	
	1997	1996
	£	£
United Kingdom	806,607	817,384
U.S.A.	885,000	748,000
Middle East	-	542,000
Africa	193,000	211,100
Far East	-	239,900
Europe	530,000	11,000
	<u>2,414,607</u>	<u>2,569,384</u>

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

3	Operating profit	1997	1996
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	33,454	39,556
	Operating lease rentals	33,035	33,101
	Auditors' remuneration	4,000	4,350
		<u> </u>	<u> </u>
4	Other interest receivable and similar income	1997	1996
		£	£
	Bank interest	875	915
		<u> </u>	<u> </u>
5	Interest payable	1997	1996
		£	£
	On bank loans and overdrafts	8,584	4,944
	On other loans wholly repayable within 5 years	-	1,114
		<u> </u>	<u> </u>
		8,584	6,058
		<u> </u>	<u> </u>
6	Taxation	1997	1996
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 24% (1996 - 25%)	5,098	12,589
	Deferred taxation	-	(3,285)
		<u> </u>	<u> </u>
		5,098	9,304
		<u> </u>	<u> </u>

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

7 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 July 1996	6,000	27,397	62,892	68,195	164,484
Additions	-	-	6,110	-	6,110
At 30 June 1997	6,000	27,397	69,002	68,195	170,594
Depreciation					
At 1 July 1996	2,525	23,859	51,975	22,522	100,881
Charge for the year	420	3,538	12,445	17,052	33,455
At 30 June 1997	2,945	27,397	64,420	39,574	134,336
Net book value					
At 30 June 1997	3,055	-	4,582	28,621	36,258
At 30 June 1996	3,475	3,538	10,917	45,673	63,603

Attach,note18a,f1=f1

8 Debtors

	1997 £	1996 £
Trade debtors	410,806	578,518
Amounts owed by parent and fellow subsidiary undertakings	53,036	35,698
Amounts owed by subsidiary undertakings	333,037	341,143
Other debtors	950	345
Prepayments and accrued income	39,970	41,482
	837,799	997,186

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

9 Creditors: amounts falling due within one year	1997 £	1996 £
Bank loans and overdrafts	54,599	209,014
Trade creditors	307,290	382,532
Corporation tax	5,098	12,589
Other taxes and social security costs	74,386	68,396
Directors' current accounts	270	1,114
Other creditors	56,048	185
Accruals and deferred income	38,786	59,361
	<u>536,477</u>	<u>733,191</u>

The loan from the bank is secured on the assets of the company by way of a fixed and floating charge dated 9th July 1992.

10 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable by the company amounted to £9,979 (1996 £6,827). All contributions were paid in the year

11 Share capital	1997 £	1996 £
Authorised		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

12 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 July 1996	27,000	303,532
Retained profit for the year	-	4,890
Balance at 30 June 1997	<u>27,000</u>	<u>308,422</u>

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

13 Reconciliation of movements in shareholders' funds	1997 £	1996 £
Profit for the financial year	4,890	4,459
Opening shareholders' funds	340,532	336,073
Closing shareholders' funds	<u>345,422</u>	<u>340,532</u>

14 Contingent liabilities

There are cross guarantees dated 9th July 1992 between all companies within the group.

15 Financial commitments

At 30 June 1997 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1997 £	1996 £
Expiry date: In over five years	<u>31,000</u>	<u>31,000</u>

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1997

16 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	1997 Number	1996 Number
Management and administration	6	7
Contract staff	67	68
	<u>73</u>	<u>75</u>

Employment costs

	£	£
Wages and salaries	1,700,931	1,729,582
Social security costs	99,377	99,194
Other pension costs	9,979	6,827
	<u>1,810,287</u>	<u>1,835,603</u>

17 Control

The ultimate parent company is Saladin Holdings Limited, a company incorporated in England and Wales.

18 Related party transactions

All transactions between the group companies during the year have been at arms length.