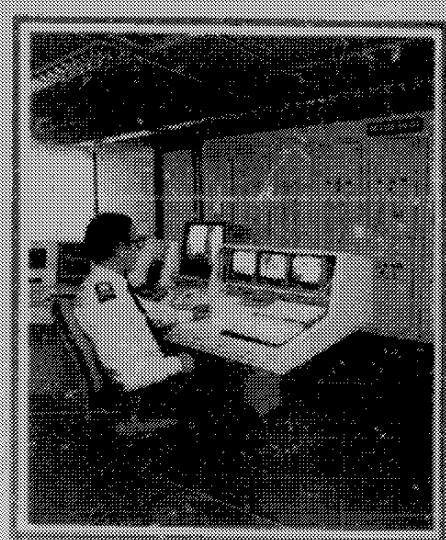
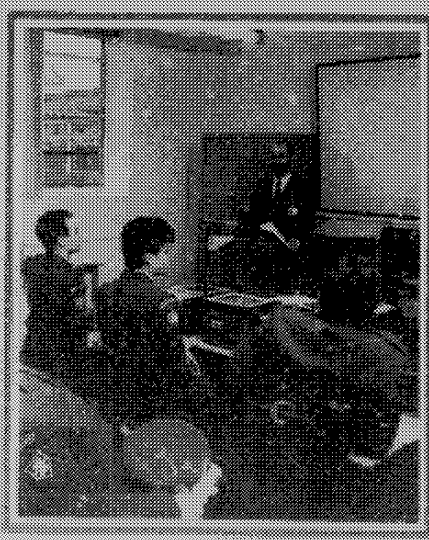
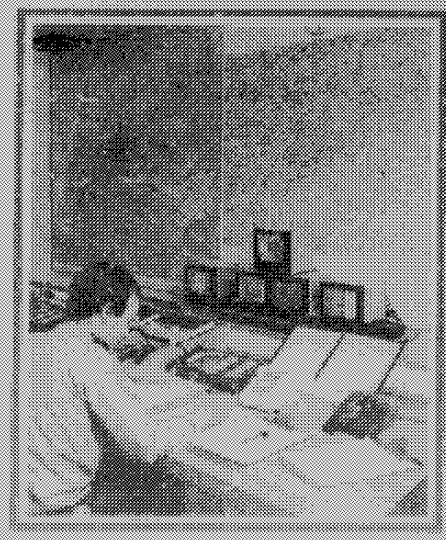
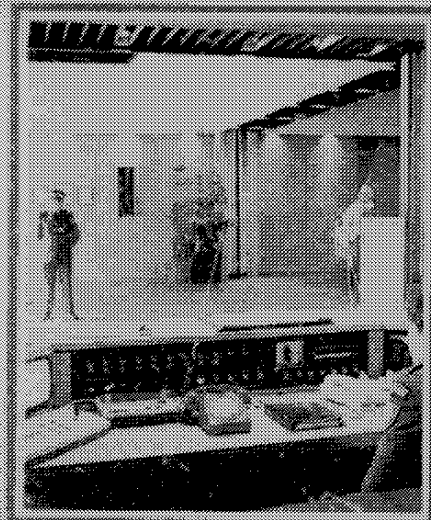


RELIANCE SECURITY GROUP plc



Annual Report and Accounts 1987





RELIANCE SECURITY GROUP plc
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RELIANCE SECURITY GROUP plc

LOCATIONS

Reliance Security Group plc

Surety House
81 Chester Square
London SW1W 9DR

Reliance Security Services Limited

London City

/London Central
Surety House
25/28 Field Street
London WC1X 9DA

London South

Surety House
2/4 Old Pye Street
Victoria
London SW1P 2LE

Feltham

Surety House
Faggs Road
Feltham
Middlesex TW14

Chatham

Surety House
Second Avenue
Chatham
Kent ME4 5AU

Canterbury

26A Stour Street
Canterbury
Kent CT1 2NZ
Surrey CR0 6TP

Croydon

Surety House
56/61 Leslie Park Road
Croydon

Brighton

Surety House
2 South Road
Preston Park
Brighton
Sussex BN1 6SB

Ilford

Surety House
96 Ilford Lane
Ilford
Essex IG1 2LD

Southampton

Surety House
Rushington Lane
Totton
Southampton
Hampshire SO4 4A14

Reading

Surety House
73/81 Whitley Street
Reading
Berkshire RG2 0EG
West Midlands B43 6NW

Cardiff

Surety House
9 Heol-y-Deri
Rhiwbina
Cardiff

Birmingham

Surety House
1 Beacon Court
Birmingham Road
Great Barr
South Glamorgan CF4 6HA

Warrington

62 Benson Road
Birchwood Shopping
Centre
Warrington
Cheshire WA3 3PQ

Luton

Surety House
Kingsway Industrial
Trading Estate
Kingsway
Luton LU1 1LP

Support Services

Mountbarrow House
12 Elizabeth Street
London SW1W 9RB

Security Shredding Limited

Units 2 & 3
Bear Lane
Great Suffolk St
London SE1 0UH



RELIANCE SECURITY GROUP plc

DIRECTORS AND ADVISERS

Directors

| | |
|-------------------------------------|--------------------------------|
| Brian Anthony Charles Kingham | Chairman and Managing Director |
| Brigadier Michael Matthews CBE | Executive Director |
| Michael Stanley Moysen | Executive Director |
| Ian Stewart Munro | Executive Director |
| Edward Roy Dolby FCA | Finance Director |
| General Sir Robert George Victor | |
| FitzGeorge-Balfour KCB,CBE, DSO, MC | Non-executive |
| Christopher Charles Norland FCA | Non-executive |
| David Henry Maitland FCA | Non-executive |

Secretary and Registered Office

Edward Roy Dolby FCA, Surety House, 81 Chester Square, London SW1W 9DR

Financial Advisors

Charterhouse Bank Limited
1 Paternoster Row
St Paul's
London EC4M 7DH

Joint Stockbrokers

Shearson Lehman Securities
1 Broadgate
London EC2M 7HA

Charterhouse Tilney
1 Paternoster Row
St Paul's
London EC4M 7DH

Auditors

Binder Hamlyn
Chartered Accountants
8 St. Bride Street
London EC4A 4DA

Solicitors

Herbert Smith
Watling House
35 Cannon Street
London EC4M 5SD

Bankers

National Westminster Bank PLC
1 High Street
Croydon CR9 1PD

Registrars

The Royal Bank of Scotland plc
Registrar's Department
PO Box 27
34 Fettes Row
Edinburgh EH3 6UT



RELIANCE SECURITY GROUP plc

CHAIRMAN'S STATEMENT

It is a great pleasure to present our first results since joining the Unlisted Securities Market at the end of March, 1987. We forecast at that time that for the year ending 5 April, 1987, turnover would not be less than £23 million and profit before tax would not be less than £1.5 million. I am pleased to report that we have exceeded our forecast with turnover amounting to £23.94 million and profit before tax £1.55 million. This is an increase of 28 per cent. from £18.64 million on turnover and 33 per cent. from £1.16 million on profit before exceptional item and tax for the previous year.

The growth in demand for the services provided by your company continues, and the practice of "contracting out" security and allied tasks by the private and public sectors is increasingly popular. The benefits that accrue from "contracting out" provide flexibility in responding to changing security needs and give economic advantages of better manpower utilisation.

Review of the Year

Our principal operating company, Reliance Security Services Limited, has continued to expand its geographical coverage of England and Wales. New offices at Brighton and Canterbury have been opened, and these will enable us to extend our market penetration and local customer service standards in areas that were previously only partly served by Operational Centres.

In addition, we have broken new ground by opening our first Operational Centre in the North of England at Warrington. This will cover the Greater Manchester conurbation and Merseyside, and we are already enjoying significant customer recognition and business volume. Birmingham has now begun to produce profits, heralding the end of its development phase. This and other recently opened centres are expected to grow strongly in the coming year, and we intend opening an Operational Centre at Bristol in early 1988 to develop further our business in the West of England.

Further investment has been made in computer systems support for the growing network of Operational Centres and offices and our new on-line computer system went live in April. This system introduces a new dimension in the control exercised by the management team over financial and detailed operational aspects of the business.

Employees

Our success is highly reliant upon our workforce and upon their ability to change and adapt to varying customer needs and circumstances. I would like to pay tribute to the effort and skill which employees throughout the company have made to ensure yet another highly successful year, and particularly wish to acknowledge the contribution of our uniformed employees who work with such commitment and dedication on our customer assignments.

1986/87 has seen a restructuring of our management team and further senior appointments to facilitate our planned growth over the next few years. Special arrangements have been put in hand to encourage the development and promotion of people from within the company to meet our future management requirements. We have maintained a steady investment in training and development with the creation of extended management and supervisory training courses.



RELIANCE SECURITY GROUP plc

Your board was particularly delighted by the response from employees subscribing for shares in the company at the time of the March flotation and with the response to the Savings-Related Share Option Scheme as well as the Executive Share Option Scheme. The directors consider these to be a powerful new element in engendering a strong sense of participation among all employees.

Advisers

I want to note formally my thanks and that of my colleagues on the board for the support and counsel which we have enjoyed from our professional advisers throughout the demanding period up to the company joining the Unlisted Securities Market.

Dividends

As indicated at the time of our March flotation no dividend is payable in respect of the year ended 5 April, 1987. The directors intend, in the absence of unforeseen circumstances, to recommend the payment of dividends totalling not less than 4.5p net per share in respect of the year ending 5 April, 1988 to be paid as to approximately one-third by way of an interim dividend in or around February, 1988 and two-thirds by way of a final dividend in or around August, 1988.

The Future

The strength of the management skills of your company is recognised throughout the security industry. We have developed strong personnel recruitment and training attributes, progressive marketing and sales concepts and have been able to recruit, train and motivate first class managers. Your board, in accordance with its strategy set out in the placing document of March, 1987, wish to extend the group's geographic coverage and are in addition looking at a number of complementary activities where these skills might be profitably applied.

The current year has begun with further growth in our sales volume, and early indications are that the 1987/8 financial year will be another successful one for the Group.

B A C KINGHAM

7 July, 1987



RELIANCE SECURITY GROUP plc

REPORT OF THE DIRECTORS for the year ended 5 April, 1987

Accounts

The directors present their report and accounts for the year ended 5 April 1987.

Activities

The principal activity of the group is the provision of manned security services to a wide range of customers in England and Wales.

Review and Development of Business

A review of the business and its future development is given in the Chairman's statement.

Results

The results for the year are set out in the profit and loss account on page 8.

Dividends

The directors do not recommend a dividend for the year ended 5 April, 1987. See Chairman's statement on page 5.

Fixed Assets

Significant changes in fixed assets during the year are set out in note 9 to the accounts. A professional valuation of the group's freehold properties at 5 April, 1986 showed a surplus over the net book value of some £162,000.

Employees

The directors attach the highest priority to achieving excellent communication between people throughout the business. The nature of the very wide geographical spread of employees places special requirements on the management team. An internal consultative group meets regularly to contribute to making policy, to review employment conditions and to help improve services and efficiency. The business is structured so as to ensure the close identity of employees with the needs of the business and a close and continuous contact between the senior managers and employees at all levels is a major feature of this. Frequent news letters are sent to individual employees and a company publication, Reliance News, is distributed.

Employment of Disabled Persons

It has been, and is, the group's policy to give full and fair consideration to the employment and development of disabled persons having regard to their qualifications and abilities.

Donations

During the year the company made donations of £1,440 towards charitable organisations.



RELIANCE SECURITY GROUP plc

Company Registration

On the 29 October, 1986 the Company was re-registered as a public limited company.

Share Issues

Details of share issues are set out in Note 15 to the Accounts.

Directors

The directors at 5 April, 1987 are shown on page 3. Details of their interests in share capital are set out in Note 19 to the Accounts.

All the directors, other than Mr B A C Kingham and Mr C C Norland who were directors throughout the year, were appointed on 12 December 1986.

Tax Status

In the opinion of the directors the company is a close company within the provisions of the Income and Corporation Taxes Act 1970 as amended.

Substantial Shareholders

With the exception of Mr Kingham the company has not been advised of any beneficial interests in excess of 5 per cent. of the ordinary shares of the company.

Auditors

A resolution will be submitted to the annual general meeting to re-appoint Binder Hamlyn as auditors.

Surety House,
81, Chester Square,
London, SW1W 9DR.

7 July, 1987

By Order of the Board,

E R DOLBY,
Secretary.



RELIANCE SECURITY GROUP plc

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 5 April, 1987

| | Notes | 1987 £ | 1986 £ |
|---|-------|--------------|--------------|
| Turnover | 2 | 23,939,812 | 18,636,060 |
| Cost of sales | | (17,128,952) | (13,250,743) |
| Gross profit | | 6,810,860 | 5,385,317 |
| Distribution costs | | (170,034) | (164,581) |
| Administrative expenses | | (5,093,335) | (4,102,640) |
| Operating profit | | 1,547,491 | 1,118,096 |
| Interest receivable | | 48,029 | 56,377 |
| Interest payable | | (43,514) | (11,384) |
| Profit on ordinary activities before exceptional item and taxation | | 1,552,006 | 1,163,089 |
| Exceptional item | 3 | — | (219,000) |
| Profit on ordinary activities before taxation | 3 | 1,552,006 | 944,089 |
| Tax on profit on ordinary activities | 5 | (555,026) | (553,525) |
| Profit on ordinary activities after taxation | 6 | 996,980 | 390,564 |
| Extraordinary item | 7 | (164,957) | — |
| Profit for the year transferred to reserves | 16 | £832,023 | £390,564 |
| Earnings per share | 8 | 11.4p | 4.5p |



RELIANCE SECURITY GROUP plc

GROUP BALANCE SHEET

at 5 April, 1987

| | Notes | 1987 £ | 1986 £ |
|--|-------|-------------------|-----------------|
| Fixed Assets | | | |
| Tangible assets | 9(a) | 1,368,916 | 1,269,599 |
| Current Assets | | | |
| Debtors | 11 | 5,030,439 | 2,927,243 |
| Cash at bank and in hand | | 2,465,654 | 1,362,831 |
| | | 7,496,093 | 4,290,074 |
| Creditors (amounts falling due within one year) | 12 | (4,398,425) | (3,638,023) |
| Net Current Assets | | 3,097,668 | 652,051 |
| Total Assets Less Current Liabilities | | 4,466,584 | 1,921,650 |
| Creditors (amounts falling due after more than one year) | 13 | (150,746) | (236,887) |
| Provisions for liabilities and charges | 14 | (892,325) | (826,057) |
| Net Assets | | <u>£3,423,513</u> | <u>£858,706</u> |
| Capital and Reserves | | | |
| Called up share capital | 15 | 515,382 | 4,335 |
| Share premium account | 16 | 1,650,934 | 428,999 |
| Other reserves | 16 | 11,245 | 14,245 |
| Profit and loss account | 16 | 1,242,952 | 411,127 |
| | | <u>£3,423,513</u> | <u>£858,706</u> |

B A C KINGHAM

Director

E R DOLBY

Director

7 July, 1987



RELIANCE SECURITY GROUP plc

BALANCE SHEET
at 5 April, 1987

| | Notes | 1987 £ | 1986 £ |
|---|-------|-------------------|--------------------|
| Fixed Assets | | | |
| Tangible assets | 9(b) | 41,535 | 48,871 |
| Investments in subsidiaries | 10 | 1,430,087 | 1,430,087 |
| | | <u>1,471,622</u> | <u>1,478,958</u> |
| Current Assets | | | |
| Debtors | 11 | 482,278 | 237,138 |
| Cash at bank and in hand | | 2,064,795 | 2,243 |
| | | <u>2,547,073</u> | <u>239,381</u> |
| Creditors (amounts falling due within one year) | 12 | (1,562,733) | (1,277,240) |
| Net Current Assets | | <u>984,340</u> | <u>(1,037,859)</u> |
| Total Assets Less Current Liabilities | | 2,455,962 | 441,099 |
| Provisions for liabilities and charges | 14 | (2,672) | (3,040) |
| | | <u>£2,453,290</u> | <u>£438,059</u> |
| Capital and Reserves | | | |
| Called up share capital | 15 | 515,382 | 4,335 |
| Share premium account | 16 | 1,650,934 | 428,999 |
| Profit and loss account | 16 | 286,974 | 4,725 |
| | | <u>£2,453,290</u> | <u>£438,059</u> |

B A C KINGHAM Director

E R DOLBY Director

7 July, 1987



RELIANCE SECURITY GROUP plc

GROUP SOURCE AND APPLICATION OF FUNDS STATEMENT for the year ended 5 April, 1987

| | 1987 £ | 1986 £ |
|---|-------------------|-------------------|
| Source of Funds | | |
| Profit on ordinary activities before taxation | 1,552,006 | 944,089 |
| Items not involving movement of funds – Depreciation | 259,623 | 276,457 |
| Profit on sale of tangible fixed assets | (3,850) | (7,480) |
| Generated from operations | 1,807,779 | 1,213,066 |
| Funds from other sources – | | |
| Proceeds of sale of tangible fixed assets | 5,250 | 20,276 |
| Proceeds of share issues | 1,732,784 | – |
| | <u>3,545,813</u> | <u>1,233,342</u> |
| Application of Funds | | |
| Taxation paid | 470,782 | – |
| Purchase of tangible fixed assets | 360,340 | 215,122 |
| Extraordinary item | 164,957 | – |
| | <u>996,079</u> | <u>215,122</u> |
| | <u>£2,549,734</u> | <u>£1,018,220</u> |
| Increase (Decrease) in Working Capital | | |
| Debtors | 2,103,196 | 557,586 |
| Creditors | (1,220,304) | (576,790) |
| Net liquid funds – Bank overdraft | 564,019 | (65,702) |
| – Cash in hand | 1,102,823 | 1,103,126 |
| | <u>£2,549,734</u> | <u>£1,018,220</u> |



RELIANCE SECURITY GROUP plc

NOTES TO THE ACCOUNTS for the year ended 5 April, 1987

1.

ACCOUNTING POLICIES

(a) Basis of consolidation

The group accounts as in previous years have been prepared under the historical cost convention, and include the accounts of subsidiaries listed in note 10. A separate profit and loss account dealing with the results of the company only has not been presented as permitted under section 228(7) of the Companies Act 1985.

(b) Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is calculated to write down the cost of tangible fixed assets using the straight line method to their estimated residual values over their expected useful economic lives at the following annual rates:

| | % |
|----------------------------------|-------|
| Freehold buildings | 2 |
| Furniture, fixtures and fittings | 20 |
| Motor vehicles | 25 |
| Equipment | 20-33 |

No depreciation is provided on freehold land. Leaseholds are written off by equal annual instalments over the life of each lease with the exception of one lease which is being written off over the period of the primary rental period of a sub-lease granted to a third party

(c) Deferred taxation

Deferred taxation is provided using the liability method in respect of timing differences to the extent that a liability is expected to crystallise in the foreseeable future.

(d) Goodwill

Goodwill arising on consolidation is written off directly to reserves.

(e) Leasing

Assets held under back to back finance lease agreements are included in debtors and obligations under such agreements are included in creditors net of finance charges. Finance charges are written off to the profit and loss account evenly throughout the period of the lease.

2.

SEGMENT INFORMATION

The directors consider that turnover and profit derived from activities other than security services are not material and therefore they are not separately disclosed.

All turnover was earned within the United Kingdom.



RELIANCE SECURITY GROUP plc

Notes to the accounts *continued*

3.

PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

| | 1987 £ | 1986 £ |
|--|---------------|----------------|
| After charging – | | |
| Directors' emoluments (see note 4) | 93,767 | 64,244 |
| Depreciation | 259,623 | 276,457 |
| Hire of plant and machinery | 59,382 | 52,544 |
| Rent on leased properties | 209,738 | 142,706 |
| Other operating lease and hire charges | 394,769 | 268,732 |
| Auditors' remuneration | <u>17,845</u> | <u>18,350</u> |
| Interest payable – | | |
| On bank and other borrowings repayable within five years | 6,396 | 11,384 |
| Other interest | <u>37,118</u> | <u>–</u> |
| | <u>43,514</u> | <u>11,384</u> |
| Exceptional item – | | |
| Provision for payroll taxes in respect of prior years | <u>–</u> | <u>219,000</u> |

4.

DIRECTORS AND EMPLOYEES

| | 1987 £ | 1986 £ |
|--|----------------|----------------|
| Directors' remuneration – | | |
| Fees | 5,000 | 2,500 |
| Management remuneration | 79,824 | 41,744 |
| Pension contributions | <u>8,943</u> | <u>20,000</u> |
| | <u>£93,767</u> | <u>£64,244</u> |
| Chairman and highest paid director | <u>£33,092</u> | <u>£41,744</u> |
| The emoluments of the other directors were in the following ranges – | | |
| £ 0 – £ 5,000 | 3 | 1 |
| £ 5,001 – £10,000 | 1 | – |
| £10,000 – £15,000 | <u>3</u> | <u>–</u> |

All directors of the company except Mr. BAC Kingham and Mr. CC Norland were appointed on 12 December, 1986 and the above emoluments relate to the period since appointment.



RELIANCE SECURITY GROUP plc

Notes to the Accounts continued

DIRECTORS AND EMPLOYEES continued

Employees

The average number of persons employed by the group during the year was –

| | 1987 | 1986 |
|--------------------------------|--------------------|--------------------|
| | Number | Number |
| Security and operational staff | 2,124 | 1,808 |
| Office staff and management | 310 | 254 |
| | <u>2,434</u> | <u>2,062</u> |
| | £ | £ |
| Their total remuneration was – | | |
| Wages and salaries | 17,510,305 | 13,846,885 |
| Social security costs | 1,569,004 | 1,270,933 |
| Other pension costs | 171,491 | 148,718 |
| | <u>£19,250,800</u> | <u>£15,266,536</u> |

The number of employees of the company whose emoluments exceeded £30,000 per annum was –

| | 1987 | 1986 |
|-------------------|----------|----------|
| | | |
| £30,001 – £35,000 | <u>1</u> | <u>1</u> |

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 1987 | 1986 |
|--|-----------------|-----------------|
| | £ | £ |
| U.K. Corporation tax at 35% (1986 – 40%) | 520,767 | 555,949 |
| Transfer (from) to deferred tax | 67,950 | (136,543) |
| | <u>588,717</u> | <u>419,406</u> |
| Adjustments in respect of previous years | | |
| Corporation tax | (32,009) | 92,119 |
| Deferred tax | (1,682) | 42,000 |
| | <u>£555,026</u> | <u>£553,525</u> |

6. PROFIT FOR THE YEAR

The group's profit for the year includes a profit of £282,447 attributable to the holding company which has been dealt with in its own accounts.

7. EXTRAORDINARY ITEM

| | 1987 | 1986 |
|---|-----------------|----------|
| Extraordinary charge – | | |
| Costs incurred in an acquisition that did not proceed | <u>£164,957</u> | <u>–</u> |



RELIANCE SECURITY GROUP plc

Notes to the Accounts *continued*

8. EARNINGS PER SHARE

Earnings per share has been calculated on the profit on ordinary activities after tax of £996,980 (1986 – £390,564) and the weighted average number of shares in issue during the year of 8,764,160 (1986 – 8,670,640 as if the shares had been 5p ordinary shares throughout the year).

9. (a) TANGIBLE FIXED ASSETS — GROUP

| | Freehold land and buildings | Short leasehold land and buildings | Equipment, furniture, fixtures and fittings | Motor vehicles | Total |
|-------------------------|-----------------------------------|---|---|-------------------|-------------------|
| | £ | £ | £ | £ | £ |
| Cost— | | | | | |
| At 6 April, 1986 | 699,007 | 496,493 | 726,883 | 95,387 | 2,017,770 |
| Additions | — | 59,297 | 288,967 | 12,076 | 360,340 |
| Disposals | — | — | — | (17,356) | (17,356) |
| At 5 April, 1987 | <u>£699,007</u> | <u>£555,790</u> | <u>£1,015,850</u> | <u>£90,107</u> | <u>£2,360,754</u> |
| Depreciation — | | | | | |
| At 6 April, 1986 | 50,475 | 174,203 | 460,255 | 63,238 | 748,171 |
| Provision for the year | 21,838 | 51,067 | 167,335 | 19,383 | 259,623 |
| Disposals | — | — | — | (15,956) | (15,956) |
| At 5 April, 1987 | <u>£72,313</u> | <u>£225,270</u> | <u>£627,590</u> | <u>£66,665</u> | <u>£991,838</u> |
| Net book value — | | | | | |
| At 5 April, 1987 | <u>£626,694</u> | <u>£330,520</u> | <u>£388,260</u> | <u>£23,442</u> | <u>£1,368,916</u> |
| At 5 April, 1986 | <u>£648,532</u> | <u>£322,290</u> | <u>£266,628</u> | <u>£32,149</u> | <u>£1,269,599</u> |

Capital expenditure authorised by directors at 5 April, 1987 but not provided for in the accounts is as follows—

| | 1987 | 1986 |
|--------------------|----------------|----------------|
| | £ | £ |
| Contracted for | 37,299 | — |
| Not contracted for | <u>191,637</u> | <u>312,750</u> |



RELIANCE SECURITY GROUP plc

Notes to the Accounts continued

9. (b)

TANGIBLE FIXED ASSETS — COMPANY

| | Short leasehold land and buildings £ | Equipment, furniture, fixtures and fittings £ | Total £ |
|------------------------|--|--|-----------------|
| Cost — | | | |
| At 6 April, 1986 | 106,945 | 26,995 | 133,940 |
| Additions | — | 8,604 | 8,604 |
| At 5 April, 1987 | <u>£106,945</u> | <u>£35,599</u> | <u>£142,544</u> |
| Depreciation — | | | |
| At 6 April, 1986 | 72,838 | 12,231 | 85,069 |
| Provision for the year | 8,943 | 6,997 | 15,940 |
| At 5 April, 1987 | <u>£81,781</u> | <u>£19,228</u> | <u>£101,009</u> |
| Net book value — | | | |
| At 5 April, 1987 | <u>£25,164</u> | <u>£16,371</u> | <u>£41,535</u> |
| At 5 April, 1986 | <u>£34,107</u> | <u>£14,764</u> | <u>£48,871</u> |

At 5 April, 1987 no capital expenditure had been authorised by the directors (1986 — nil).

10.

INVESTMENTS IN SUBSIDIARIES

| | 1987 | 1986 |
|-----------------------------|-------------------|-------------------|
| Investments in subsidiaries | <u>£1,430,087</u> | <u>£1,430,087</u> |

The company owns 100% of the ordinary share capital of the following subsidiaries which are incorporated in Great Britain.

| | Nature of Business |
|-------------------------------------|-----------------------|
| Reliance Security Services Limited | Security services |
| Security Shredding Limited | Security services |
| Reliance Property Holdings Limited | Property investment |
| Intercept Reliance Security Limited | Dormant |
| Movicrown Limited | Dormant |



RELIANCE SECURITY GROUP plc

Notes to the Accounts continued

11. DEBTORS

| | Group | | Company | |
|--------------------------------|-------------------|-------------------|-----------------|-----------------|
| | 1987 | 1986 | 1987 | 1986 |
| | £ | £ | £ | £ |
| Trade debtors | 3,521,044 | 2,245,618 | — | — |
| Amounts owed by subsidiaries | — | — | 400,000 | 201,746 |
| Other debtors | 409,460 | 531,500 | 76,330 | 34,650 |
| Certificate of tax deposit | 827,000 | — | — | — |
| Prepayments and accrued income | 272,935 | 150,125 | 5,948 | 742 |
| | <u>£5,030,439</u> | <u>£2,927,243</u> | <u>£482,278</u> | <u>£237,138</u> |

Other debtors include amounts due after more than one year of £173,984 (1986 – £279,013).

12. CREDITORS (amounts falling due within one year)

| | Group | | Company | |
|---------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 1987 | 1986 | 1987 | 1986 |
| | £ | £ | £ | £ |
| Bank overdrafts | 9,462 | 573,481 | 217 | — |
| Trade creditors | 250,915 | 175,941 | — | — |
| Amounts owed to subsidiaries | — | — | 1,143,209 | 1,214,346 |
| Other creditors | 673,306 | 573,676 | 17,500 | 7,011 |
| Corporation tax payable | 902,689 | 884,713 | 2,850 | 14,247 |
| Other taxes and social security | 1,855,200 | 853,720 | 6,239 | 7,879 |
| Accruals and deferred income | 706,853 | 576,492 | 392,718 | 33,757 |
| | <u>£4,398,425</u> | <u>£3,638,023</u> | <u>£1,562,733</u> | <u>£1,277,240</u> |

The group has charged its freehold properties to secure the guarantees given to its bankers in respect of the bank overdrafts (see note 17).

13. CREDITORS (amounts falling due after more than one year)

| | Group | |
|--|-----------------|-----------------|
| | 1987 | 1986 |
| | £ | £ |
| Other creditors | <u>£150,746</u> | <u>£236,887</u> |
| Other creditors comprise amounts payable to lessors under finance leases as follow – | | |
| | 1987 | 1986 |
| | £ | £ |
| Within one year | 86,141 | 86,141 |
| One to 2 years | 86,141 | 86,141 |
| 2 to 3 years | 64,605 | 86,141 |
| 3 to 4 years | — | 64,605 |
| Less– within one year | (86,141) | (86,141) |
| | <u>£150,746</u> | <u>£236,887</u> |



RELIANCE SECURITY GROUP plc

Notes to the Accounts continued

14.

PROVISIONS FOR LIABILITIES AND CHARGES

| | Group | | Company | |
|-------------------------------|-----------------|-----------------|---------------|---------------|
| | 1987 | 1986 | 1987 | 1986 |
| | £ | £ | £ | £ |
| Deferred taxation (see below) | 142,325 | 76,057 | 2,672 | 3,040 |
| Other provisions (see below) | 750,000 | 750,000 | — | — |
| | <u>£892,325</u> | <u>£826,057</u> | <u>£2,672</u> | <u>£3,040</u> |

Deferred taxation Potential and fully provided

| | | | | |
|--------------------------------|-----------------|----------------|---------------|---------------|
| Short term timing differences | (17,509) | (112,000) | (1,400) | — |
| Accelerated capital allowances | 159,834 | 213,159 | 4,072 | 3,040 |
| Loss relief | — | (25,102) | — | — |
| | <u>£142,325</u> | <u>£76,057</u> | <u>£2,672</u> | <u>£3,040</u> |

| | | |
|--|-----------------|---------------|
| At 6 April, 1986 | 76,057 | 3,040 |
| Transferred to (from) profit and loss account | 66,268 | (368) |
| At 5 April, 1987 | <u>£142,325</u> | <u>£2,672</u> |

Other provisions

In the year ended 5 April, 1984 a provision of £750,000 was made for taxation relating to loss relief claimed in previous years arising from losses incurred by a film partnership. This relief may not now be available as a result of a decision by the Special Commissioners of the Inland Revenue.



RELIANCE SECURITY GROUP plc

Notes to the Accounts *continued*

15.

CALLED UP SHARE CAPITAL

| | 1987 | 1986 |
|---------------------------------------|----------|---------------|
| Authorised – | | |
| 14,100,000 ordinary shares of 5p each | £705,000 | – |
| 500,000 ordinary shares of 1p each | – | £5,000 |
| | <u>–</u> | <u>£5,000</u> |
| Allotted and fully paid – | | |
| 10,307,640 ordinary shares of 5p each | £515,382 | – |
| 433,532 ordinary shares of 1p each | – | £4,335 |
| | <u>–</u> | <u>£4,335</u> |

On 29 October, 1986 –

(a) the authorised share capital of the Company was increased from £5,000 to £600,000 by the creation of an additional 59,500,000 ordinary shares of 1p each; and

(b) 42,919,668 ordinary shares of 1p each were allotted and issued by way of capitalisation of the whole of the amount of £428,998.68 standing to the credit of the Company's share premium account and £198 standing to the credit of the Company's profit and loss account.

On 4 December, 1986 every five ordinary shares of 1p each in the capital of the Company were consolidated into one share of 5p each.

On 22 December, 1986 187,000 shares were allotted at a price of 62.5p per share.

On 14 January, 1987 options to subscribe for 329,000 shares at a price of 62.5p per share were granted to certain employees. (Since that date 14,000 options have lapsed). These options can be exercised between the third and tenth anniversary of the grant.

On 23 March, 1987, the authorised share capital of the Company was increased from £600,000 to £705,000 by the creation of an additional 2,100,000 shares.

On 24 March, 1987 1,450,000 ordinary shares of 5p each were issued at 140p per share in connection with the Placing on the Unlisted Securities Market.

On 16 April, 1987 fifty-three employees were granted options on 107,671 shares at 126p per share under the Savings-Related Share Option Scheme. These options can be exercised within six months of the completion of the savings contract (5 or 7 years).

16.

RESERVES — GROUP

| | Share premium account £ | Other reserves £ | Profit and loss account £ |
|--------------------------------|----------------------------------|------------------------|------------------------------------|
| At 5 April, 1986 | 428,999 | 14,245 | 411,127 |
| Capitalised | (428,999) | – | (198) |
| Shares issued, net of expenses | 1,650,934 | – | – |
| Profit for the year | – | – | 832,023 |
| | <u>–</u> | <u>–</u> | <u>832,023</u> |
| At 5 April, 1987 | <u>£1,650,934</u> | <u>£14,245</u> | <u>£1,242,952</u> |



RELIANCE SECURITY GROUP plc

Notes to the Accounts continued

RESERVES — COMPANY

| | Share premium account £ | Profit and loss account £ |
|-------------------------------|----------------------------------|------------------------------------|
| At 5 April, 1986 | 428,999 | 4,725 |
| Capitalised | (428,999) | (198) |
| Shares issued net of expenses | 1,650,934 | — |
| Profit for the year | — | 282,447 |
| At 5 April, 1987 | <u>£1,650,934</u> | <u>£286,974</u> |

17. CONTINGENT LIABILITIES

Interlocking guarantees have been given to the bank by the company and its fellow subsidiaries. At 5 April, 1987 the advances subject to these guarantees totalled some £9,462 (1986 — £573,000).

18. OPERATING LEASES

Payments committed to be made in the year ending 5 April, 1988 in respect of operating leases are as follows —

| | Leasehold properties £ | Motor vehicles £ |
|-------------------------|------------------------------|------------------------|
| Leases expiring — | | |
| Within 1 year | 29,499 | 116,618 |
| Between 2 and 5 years | — | 181,883 |
| After more than 5 years | 188,420 | — |
| | <u>£217,919</u> | <u>£298,501</u> |

19. DIRECTORS'

Interests in Share Capital

| | Shareholdings at 5 April 1987 | Shareholdings at 5 April 1986 | Options at 5 April 1987 |
|---|-------------------------------------|-------------------------------------|-------------------------------|
| | 5p each | 1p each | 5p each |
| B A C Kingham | 8,320,640 | 433,532 | — |
| Brigadier M Matthews | 30,000 | — | 40,000 |
| M S Moysen | 42,000 | — | 50,000 |
| I S Munro | 30,000 | — | 40,000 |
| E R Dolby | 35,000 | — | 30,000 |
| General Sir R G Victor FitzGeorge-Balfour | 15,000 | — | — |
| D H Maitland | 15,000 | — | — |
| C C Norland | 20,000 | — | — |
| C C Norland (non-beneficial) | 2,000 | 100 | — |



RELIANCE SECURITY GROUP plc

Notes to the Accounts continued

RESERVES — COMPANY

| | Share premium account £ | Profit and loss account £ |
|-------------------------------|----------------------------------|------------------------------------|
| At 5 April, 1986 | 428,999 | 4,725 |
| Capitalised | (428,999) | (198) |
| Shares issued net of expenses | 1,650,934 | — |
| Profit for the year | — | 282,447 |
| At 5 April, 1987 | <u>£1,650,934</u> | <u>£286,974</u> |

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Interlocking guarantees have been given to the bank by the company and its fellow subsidiaries. At 5 April, 1987 the advances subject to these guarantees totalled some £9,462 (1986 — £573,000).

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|---|-------------------------------------|-------------------------------------|-------------------------------|
| | 5p each | 1p each | 5p each |
| B A C Kingham | 8,320,640 | 433,532 | — |
| Brigadier M Matthews | 30,000 | — | 40,000 |
| M S Moysen | 42,000 | — | 50,000 |
| I S Munro | 30,000 | — | 40,000 |
| E R Dolby | 35,000 | — | 30,000 |
| General Sir R G Victor FitzGeorge-Balfour | 15,000 | — | — |
| D H Maitland | 15,000 | — | — |
| C C Norland | 20,000 | — | — |
| C C Norland (non-beneficial) | 2,000 | 100 | — |



RELIANCE SECURITY GROUP plc

Notes to the Accounts continued

Mr. Kingham's interests in the shares of the company includes 1,734,000 ordinary shares held by trusts in which he has a beneficial interest.

On 14 January 1987 options on a total of 160,000 ordinary shares of 5p each were granted to directors (as shown above) under the terms of the company's Executive Share Option Scheme. These options can be exercised between the third and tenth anniversary of the grant.

There have not been any changes in the holdings of the directors since the balance sheet date.

Interests in Contracts

- (a) Included in other creditors at 6 April, 1986 were amounts owing by subsidiaries to Mr B A C Kingham and Mr C C Norland of £244,271 and £14,014 respectively. Of these amounts £237,260 due to Mr Kingham and the whole of the amount to Mr Norland arose prior to the acquisition of the relevant subsidiary company. These amounts were repaid on 17 October, 1986.
- (b) Other than disclosed above no director had a material interest in transactions with the Group.

20.

APPROVAL OF ACCOUNTS

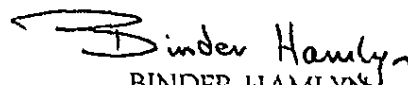
These accounts were approved at a directors' meeting on 7 July, 1987.

REPORT OF THE AUDITORS TO THE MEMBERS OF RELIANCE SECURITY GROUP plc

We have audited the financial statements on pages 8 to 21 in accordance with approved Auditing Standards.

In our opinion, the financial statements, which have been prepared in accordance with the accounting policies on page 12, give a true and fair view of the state of affairs of the company and the group at 5 April, 1987 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

7 July, 1987


BINDER HAMLYN
Chartered Accountants



RELIANCE SECURITY GROUP plc

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the SEVENTH ANNUAL GENERAL MEETING of the Company will be held at 11.30 a.m., on Wednesday, 5 August, 1987 at the City Room, City of London Club, 19 Old Broad Street, London EC2N 1DS for the following purposes:

As ordinary business:-

(1) To adopt the Report of the Directors and the Audited Accounts for the Company for the year ended 5 April, 1987.

(2) To re-elect as a Director Mr. C. C. Norland who retires by rotation under article 89 of the Memorandum and Articles of Association.

(3) To re-elect as Directors Brigadier Michael Matthews, Michael Stanley Moysen, Ian Stewart Munro, Edward Roy Dolby, General Sir Robert George Victor FitzGeorge-Balfour and David Henry Maitland who retire under articles 95 of the Memorandum and Articles of Association.

(4) To re-appoint Binder Hamlyn, as Auditors of the Company and to authorise the Directors to determine their remuneration.

As special business:-

To consider and, if thought fit, pass the following Special Resolution:-

(5) THAT the Board be and it is hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of the Companies Act 1985) for cash pursuant to the authority conferred by the Ordinary Resolution of 23 March, 1987 as if sub-section (1) of Section 89 of the Companies Act 1985 did not apply to any such allotment provided that this power shall be limited:-

(a) to the allotment of equity securities in connection with a rights issue in favour of Ordinary shareholders where the equity securities respectively attributable to the interests of all Ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of Ordinary Shares held by them; and

(b) to the allotment for cash (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value of £13,430 and shall expire on the date of the Annual General Meeting of the Company to be held in 1988 or 5 November, 1988 (whichever shall first occur) save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Board may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By Order of the Board.

E R Dolby
Secretary

7 July, 1987

NOTES

A member entitled to attend and vote at the Meeting may appoint a Proxy to attend and on a poll, to vote on his/her behalf. A Proxy need not be a member of the Company. The instrument appointing a Proxy must reach the Royal Bank of Scotland plc., Registrar's Department, P.O. Box 27, 34 Fettes Row, Edinburgh EH3 6UT, not later than forty-eight hours before the Meeting is due to commence.

A Form of Proxy is enclosed.

There will be available for inspection at the Company's Registered Office between the hours of 9.30 a.m. and 4.30 p.m. from 8 July, 1987 until 4 August, 1987 (Saturdays, Sundays and Public Holidays excluded) and on 5 August, 1987 from 11.00 a.m. until the conclusion of the Meeting, copies, or a memorandum in writing, of all contracts of service of the Directors with the Company or with its Subsidiaries (other than contracts expiring, or determinable by the Company without payment of compensation, within one year).

Disapplication of the pre-emption rights.

At an extraordinary general meeting held on 23 March, 1987 the pre-emption rights contained in section 89(1) of the Companies Act 1985 were disapplied until this year's Annual General Meeting in respect of allotments of fractional entitlements etc. relating to rights issues and the allotment of shares for cash up to a maximum of £35,250 nominal of share capital. A resolution in similar terms (except that the disapplication will relate to a maximum of £13,430 nominal of share capital and will expire at the earlier of the Annual General Meeting to be held in 1988 or at the end of fifteen months after this year's Annual General Meeting) is again to be proposed. You should note that The Stock Exchange no longer requires, as hitherto, the consent of the Company in General Meeting to each specific issue by the Company of equity capital for cash made otherwise than to existing shareholders in proportion to their shareholding.

RELIANCE SECURITY GROUP plc

PROXY FORM FOR ANNUAL GENERAL MEETING

Please insert
full name(s)
and address(es)
IN BLOCK
CAPITALS

I/We _____
of _____
being _____

(a) Member(s) of Reliance Security Group plc, HEREBY APPOINT or failing him the Chairman of the Meeting.

as my/our Proxy to attend for me/us and on a poll to vote on my/our behalf at the Annual General Meeting of the Company to be held at 11.30 a.m. on the 5 August, 1987.

I/We desire to vote in respect of the Resolutions to be submitted at the Meeting, which are in the same order as in the Notice of Meeting, as follows:—

| | | *For | *Against |
|--------------|---|--------------------------|--------------------------|
| Resolution 1 | To adopt the Report of the Directors and the Audited Accounts of Company for the year ended 5 April, 1987. | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 | To re-elect as a Director Mr. C. C. Norland who retires by rotation under article 89 of the Memorandum and Articles of Association. | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 | To re-elect as Directors— Brigadier Michael Matthews | <input type="checkbox"/> | <input type="checkbox"/> |
| | Michael Stanley Moysen | <input type="checkbox"/> | <input type="checkbox"/> |
| | Ian Stewart Munro | <input type="checkbox"/> | <input type="checkbox"/> |
| | Edward Roy Dolby | <input type="checkbox"/> | <input type="checkbox"/> |
| | General Sir Robert George Victor FitzGeorge-Balfour | <input type="checkbox"/> | <input type="checkbox"/> |
| | and David Henry Maitland | <input type="checkbox"/> | <input type="checkbox"/> |
| | who retire under article 95 of the Memorandum and Articles of Association. | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 | To re-appoint Binder Hamlyn as Auditors and to authorise the Directors to fix their remuneration for 1988. | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 | To disapply the pre-exemption provisions contained in Section 89(1) of the Companies Act 1985. | <input type="checkbox"/> | <input type="checkbox"/> |

* Please tick appropriate box. Where this is not done the Proxy will vote or abstain at his discretion.

SIGNED _____ DATE _____

N.B.

1. To be valid this proxy must be lodged at the Office of the Company's Registrars at the address overleaf not less than forty-eight hours before the time for holding the Meeting.
2. If the Shareholder be a Corporation, the Proxy must be under its Common Seal, or under the hand of some officer or attorney duly authorised on its behalf.
3. In the case of joint holdings only one holder need sign, but the names of all joint holders should be given.