

RELIANCE INTEGRATED SERVICES LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 27TH APRIL 2001

Company No. 1878843



RELIANCE INTEGRATED SERVICES LIMITED

COMPANY INFORMATION

Directors	PT Clarke PJ Ford
Secretary	IGR MacDonald LLB
Company number	1878843
Registered office	Boundary House Cricketfield Road Uxbridge Middlesex UB8 1QG
Auditors	Arthur Andersen 20 Old Bailey London EC4M 7AN

RELIANCE INTEGRATED SERVICES LIMITED

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RELIANCE INTEGRATED SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 27TH APRIL 2001

The directors present their report and the audited accounts for the company for the year ended 27th April 2001.

Principal activities and review of business

The company's principal activity is the provision of facilities management services.

The directors are satisfied with the results for the period under review and look forward to continued growth.

Results and dividends

The results for the year are set out in the profit and loss account on page 4.

The directors do not recommend a dividend .

Directors and their interests

The directors who held office during the year are listed below:

PT Clarke (Appointed 4 September 2000)

PJ Ford

DE Steventon (Resigned 30 November 2000)

F Rodriguez (Resigned 30 November 2000)

D Dees (Resigned 30 April 2000)

None of the directors had any interest in the shares of the company at any time during the year.

The directors' interests in the ordinary 5p shares of the parent company, Reliance Security Group plc, are as follows:

	Shares 2001	Share options 2001	Shares 2000	Share options 2000
PJ Ford	5,000	-	-	-

Shadow share options

PT Clarke has 12,500 shadow share options granted on 4 September 2001. These share options have an exercise price of 480p and are exercisable between 4 September 2004 and 3 September 2010.

Under the shadow share scheme actual shares are not issued but rewards relating to the movement in share price are paid at the time of exercise.

RELIANCE INTEGRATED SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 27TH APRIL 2001

Statement of directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts the directors 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 have been followed, subject to any material departures disclosed and explained in the accounts;

Prepare the accounts 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 enable them to ensure that the accounts 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.

Auditors

A resolution to re-appoint Arthur Andersen as auditors will be put to the members at the Annual General Meeting.

By order of the Board



IGR MacDonald LLB, Secretary
27th June 2001

Boundary House
Cricketfield Road
Uxbridge
Middlesex
UB8 1QG

AUDITORS' REPORT TO THE MEMBERS OF RELIANCE INTEGRATED SERVICES LIMITED

We have audited the accounts on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts 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.

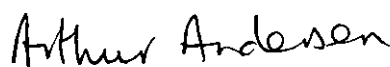
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 27th April 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen
Chartered Accountants and Registered Auditors
20 Old Bailey
London
EC4M 7AN

Date: 27th June 2001

RELIANCE INTEGRATED SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 27TH APRIL 2001

	Notes	2001 £	2000 £
Turnover	2	6,314,812	381,321
Cost of sales		(4,701,178)	(346,420)
Gross profit		1,613,634	34,901
Administrative expenses		(1,031,669)	(190,562)
Profit/Loss on ordinary activities before taxation	3	581,965	(155,661)
Tax on profit/loss on ordinary activities	5	(178,000)	109,000
Profit/Loss for the financial period	13	403,965	(46,661)
Retained profit brought forward		234,584	281,245
Retained profit carried forward		638,549	234,584

All amounts relate to continuing activities.

There were no recognised gains or losses for 2001 or 2000 other than those included in the profit and loss account.

RELIANCE INTEGRATED SERVICES LIMITED

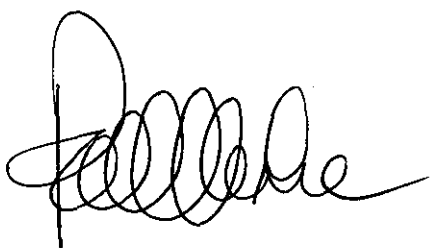
BALANCE SHEET

AS AT 27TH APRIL 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	6	254,972	83,973
Investments	7	49	-
		<u>255,021</u>	<u>83,973</u>
Current assets			
Stocks	8	19,054	18,993
Debtors	9	3,439,067	1,083,703
		<u>3,458,121</u>	<u>1,102,696</u>
Creditors: amounts falling due within one year	10	<u>(3,068,593)</u>	<u>(946,085)</u>
Net current assets		<u>389,528</u>	<u>156,611</u>
Total assets less current liabilities		<u>644,549</u>	<u>240,584</u>
Capital and reserves			
Share capital	12	6,000	6,000
Profit and loss account	13	638,549	234,584
Shareholders' funds	14	<u>644,549</u>	<u>240,584</u>

These accounts were approved by the board on 27th June 2001 and signed on its behalf by:

PT Clarke
Director



RELIANCE INTEGRATED SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27TH APRIL 2001

1 Accounting policies

A summary of the principal accounting policies, all of which have been consistently applied throughout the year and the preceding year, is set out below.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. The financial year comprises the 52 or 53 weeks up to the Friday nearest the accounting reference date, 30 April.

Group Accounts

The company has taken advantage of the exemption under section 228 of the Companies Act 1985 not to prepare group accounts as the company is a wholly owned subsidiary of Reliance Security Group plc which prepares consolidated accounts that are publicly available.

Cash flow statement

A cash flow statement has not been prepared as the company has taken advantage of the exemption under FRS 1 (revised), available to wholly owned subsidiaries of a company whose consolidated accounts include a cash flow statement.

Turnover

Turnover comprises the total receivable for services supplied net of VAT.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line basis over its expected useful life as follows:

Leasehold land and buildings	Life of lease
Furniture, fixtures and fittings, and equipment	10 years

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation using the liability method in respect of timing differences except to the extent that a liability is not expected to crystallise in the foreseeable future.

RELIANCE INTEGRATED SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27TH APRIL 2001

Contribution to pension funds

The company operates a defined contribution plan for all staff, the costs of which are recognised as they fall due for payment.

Leasing

Assets held under finance leases and lease purchase agreements are included in fixed assets and obligations under such agreements are included in creditors net of finance charges. Finance charges are written off to the profit and loss account over the period of the lease, so as to produce a constant rate of charge on the balance of capital repayments outstanding. All other leases are treated as operating leases, with rentals being charged evenly to the profit and loss account over the lease term.

2 Turnover

The turnover was derived from the company's principal activity and is derived solely from within the UK.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging or crediting:

	2001	2000
	£	£
Depreciation of tangible fixed assets:		
-owned assets	62,694	11,737
Loss on disposal of fixed assets	9,078	-
Operating leases:		
-plant and equipment	196,949	31,616
-land and buildings	31,752	-
Auditors' remuneration	6,000	6,000

RELIANCE INTEGRATED SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27TH APRIL 2001

4 Directors and employees

Staff costs, including directors' remuneration, were as follows:

	2001	2000
	£	£
Wages and salaries	3,075,286	298,916
Social security costs	264,610	33,418
Other pension costs	55,827	23,659
	<u>3,395,723</u>	<u>355,993</u>

The average monthly number of employees, including directors, during the period was as follows:

	2001	2000
	Number	Number
Office Staff and Management	21	5
Security and Operational Staff	257	10
	<u>278</u>	<u>15</u>

Directors' emoluments

	2001	2000
	£	£
Aggregate emoluments (including benefits in kind)	279,845	133,125
Directors' pension contributions under defined contribution schemes	8,850	7,000
	<u>288,695</u>	<u>140,125</u>
Number of directors in money purchase pension schemes	<u>2</u>	<u>2</u>

5 Taxation

	2001	2000
	£	£
UK corporation tax at 30% (2000: 30%)	<u>178,000</u>	<u>(109,000)</u>

RELIANCE INTEGRATED SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27TH APRIL 2001

6 Tangible fixed assets

	Leasehold land and buildings £	Equipment furniture fixtures and fittings £	Total £
Cost			
At 29th April 2000	13,645	84,454	98,099
Additions	-	242,771	242,771
Disposals	-	(9,078)	(9,078)
At 27th April 2001	13,645	318,147	331,792
Depreciation			
At 29th April 2000	-	14,126	14,126
Charge for the period	-	62,694	62,694
At 27th April 2001	-	76,820	76,820
Net book value			
At 27th April 2001	13,645	241,327	254,972
At 28th April 2000	13,645	70,328	83,973

7 Fixed asset investments

	Other fixed asset investments £	Shares in associates £	Total £
Cost			
Additions	-	49	49
At 27th April 2001	-	49	49
Net book value			
At 27th April 2001	-	49	49
At 28th April 2000	-	-	-

Company
Monteray Limited

Country of registration or incorporation	Shares held Class	%
United Kingdom	Ordinary	24.5

RELIANCE INTEGRATED SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27TH APRIL 2001

8	Stocks	2001	2000
		£	£
	Security equipment	19,054	18,993
9	Debtors	2001	2000
		£	£
	Trade debtors	404,770	50,279
	Amounts owed by associated undertakings	2,392,941	-
	Amounts owed by parent undertaking	-	382,510
	Corporation tax recoverable	-	109,000
	Other debtors	6,955	-
	Prepayments and accrued income	634,401	541,914
		3,439,067	1,083,703
10	Creditors: amounts falling due within one year	2001	2000
		£	£
	Bank overdraft	483,091	-
	Trade creditors	700,626	-
	Amounts owed to fellow subsidiary undertakings	63,033	784,561
	Corporation tax payable	117,500	-
	Other taxes and social security	596,502	-
	Other creditors	4,277	29,340
	Accruals and deferred income	1,103,564	132,184
		3,068,593	946,085

11 Operating lease commitments

Payments committed to be made at 27th April 2001 in respect of operating leases are as follows:

	Leasehold		Other
	Land and buildings		
	2001	2000	2001
	£	£	£
Operating leases which expire:			
Within one year	-	-	16,797
Between two and five years	-	-	13,475
After five years	31,980	-	40,051
	31,980	-	70,323

RELIANCE INTEGRATED SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 27TH APRIL 2001

12	Share capital	2001	2000
		£	£
	Authorised		
	Equity shares		
	6,000 Ordinary shares of £1.00 each	<u>6,000</u>	<u>6,000</u>
	Allotted		
	Equity shares		
	6,000 Allotted, called up and fully paid ordinary shares of £1.00 each	<u>6,000</u>	<u>6,000</u>
13	Reserves		
			Profit
			and loss
			account
			£
	At 29th April 2000		234,584
	Profit for the year		<u>403,965</u>
	At 27th April 2001		<u>638,549</u>
14	Reconciliation of movement in shareholders' funds	2001	2000
		£	£
	Profit/Loss for the financial year	403,965	(46,661)
	Opening shareholders' funds	<u>240,584</u>	<u>287,245</u>
	Closing shareholders' funds	<u>644,549</u>	<u>240,584</u>
15	Contingent liabilities		
	The Company and its subsidiaries have given interlocking guarantees to the Group's principal bank in respect of amounts borrowed from that bank. As at 27 April 2001 the aggregate amount of borrowings so guaranteed was £3,472,784.		
16	Ultimate parent company		
	Reliance Security Group plc, registered in England and Wales, is the ultimate parent company. Copies of the parent company's accounts are available from the registered office at Boundary House, Cricketfield Road, Uxbridge, Middlesex UB8 1QC.		
17	Related parties		
	The company, as a wholly owned subsidiary, has taken advantage of the exemption under FRS 8 - Related Party Transactions. Full disclosure of these transactions is included in the group accounts.		