RELIANCE FACILITIES MANAGEMENT LIMITED

ANNUAL REPORT & FINANCIAL STATEMENTS

24 APRIL 2009

Company Registration Number 1878843

RELIANCE FACILITIES MANAGEMENT LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 24 April 2009

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Accounts
The directors present their report and financial statements for the financial year ended 24 April 2009.

Principle Activities
The Company is a wholly owned subsidiary of Reliance Security Group Ltd and focuses on the provision of integrated facility management services to a wide range of customers.

Business Review
As shown in the Company's profit and loss account on page 7, the Company's sales excluding exceptional items have decreased by 41.1% over the prior year (2008: decreased by 5.49%). This is primarily due to the transition of a significant proportion of activity previously undertaken directly by the Company to our associated undertaking, Monteray Limited.

A key measurement of the effectiveness of the Company's operations is the operating margin. Excluding exceptional items the Company produced an operating loss of 4.1% of turnover (2008: 1.0%) with this change in operating margin being principally attributable to the reduction in turnover referred to above. The Company is reviewing its cost structure, as well as seeking to win new business, and expects to improve its operating margin in the forthcoming year.

There have been no significant events since the balance sheet date.

Results
The trading results for the year and the Company's financial position at the end of the year are shown in the report and the accounts on pages 7 to 19.

No dividends were paid in respect of the financial year (2008: £400,000).

Directors
The directors who served the Company throughout the year except as noted, and subsequently, were as follows:

P Crilly	(appointed 4 November 2008)
S Davies	
D Murray	
B Nealon	
J Nicholls	
C Porton	(resigned 31 July 2009)
N Shepherd	(appointed 27 June 2008)
R Masters	(resigned 30 April 2008, reappointed 27 June 2008, resigned 30 April 2009)
J Skelton	(resigned 31 October 2008)

Under the Company's articles of association, any director is entitled to be indemnified by the Company (to the extent permitted by law) against any liability incurred by them in defending proceedings which relate to any acts or omissions in his capacity as an officer of the Company. In addition, the Company maintains insurance for the benefit of the directors in respect of such matters at levels which it considers to be appropriate.

Employees
The future growth and success of the Company depends on the ability, attitudes and skills of its people. Providing the highest quality of services for our customers is greatly influenced by enabling our people to be more valuable. We lay great emphasis on, and invest in, excellence in management and the development of individual employees by training and successful communication. 'Investors in People' provides the core of our approach and affirms our belief in investing to enable our people to improve their knowledge and skills. There is a framework for continuously improving the performance of our business and making us more competitive through a planned approach to setting and communicating business objectives and developing our people to meet these objectives.

Employment of disabled Persons
It is the Company's policy to give full and fair consideration to the employment and development of disabled persons, having regard to their particular aptitudes and abilities. In the event of employees becoming disabled

while in the service of the Company, every effort is made to continue their employment by transfer to other duties and, if required, by the provision of appropriate training.

Principal Risks and Uncertainties
The Company is exposed to non-financial risks such as the loss of major contracts, a significant change in the market and the loss of key people. The risk associated with the loss of major contracts is mitigated by having a number of long-term contracts. The Company takes advice regarding the future direction of the security services market from external advisors. The Company is always seeking people to join the business with the right skill set to replace the loss of key people if and when this occurs.

The Company is also exposed to financial risks, which are discussed below:

Financial Management
The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from liabilities as they fall due. The most important components of financial risk are interest rate risk, currency risk, credit risk, liquidity risk, cash flow risk, and price risk. Due to the nature of the Company's business and assets and liabilities contained within the Company's balance sheet the only financial risks the directors consider relevant to the Company are credit risk and liquidity risk.

Credit risk
The Company's exposure to credit risk is mitigated through its diverse customer base, focus on long-term customer relationships and active monitoring of the creditworthiness of its customer base.

Liquidity risk
The Company manages liquidity risk by budgeting and forecasting cashflows in the short to medium term and monitoring working capital positions monthly.

Director's responsibilities statement
The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In compliance with section 418 of the Companies Act 2006:

(a) so far as each of the directors are aware, having made enquiries with their fellow directors, there is no relevant audit information of which the Company's auditors are unaware; and
(b) each of the directors has taken all the steps that he ought to have taken as a director to exercise reasonable care, skill and diligence in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Going concern
The Company meets its day to day working capital requirements principally by drawing on its cash reserves and overdraft, although funding from its parent company is available if required.

The Board have undertaken a recent and thorough review of the Company's budget for 2009/10, and forecast for 2010/11 which has included reasonable changes in trading performance. Whilst the current economic conditions create some uncertainty around the Company's trading position, they also offer substantial opportunities in a number of business areas. The Company is fortunate to have a broad base of contracts, including a number of long-term contracts, and a solid pipeline of opportunities for new business. This sound base together with actions taken to restructure the cost base within the Company, leads the Directors to believe that the Company is well placed to manage its business risks successfully.

Consideration has also been made of the cash and committed borrowing facilities available to the Company and its immediate and ultimate parent companies. The Company is a guarantor of certain term loans and revolving credit facilities of the ultimate parent company. After considering the existence of these guarantees, and having made due enquiries, the Directors expect that these guarantees will remain in place for the foreseeable future.

Accordingly the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and accordingly the financial statements have been prepared on the going concern basis.

Auditors
Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

Signed by order of the directors

D Murray
Director

17 September 2009

RELIANCE FACILITIES MANAGEMENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RELIANCE FACILITIES MANAGTEMENT LIMITED

YEAR ENDED 24 APRIL 2009

We have audited the financial statements of Reliance Facilities Management Limited for the year ended 24 April 2009. These comprise the profit and loss account, the balance sheet and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors
As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 24 April 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

John Adam

John Adam (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

17 September 2009

RELIANCE FACILITIES MANAGEMENT LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 24 April 2009

	Notes	2009 £	2008 £
TURNOVER	2	**31,667,763**	53,774,863
Cost of sales		**(28,805,488)**	(48,286,746)
GROSS PROFIT		**2,862,275**	5,488,117
Administrative expenses		**(4,172,983)**	(6,070,661)
OPERATING LOSS	3	**(1,310,708)**	(582,544)
Non-operating exceptional items			
Profit on sale of investment	8	-	382,500
Cost of fundamental restructuring of continuing operations	8	-	(347,200)
		-	35,300
LOSS ON ORDINARY ACTIVITIES BEFORE FINANCE AND OTHER INCOME		**(1,310,708)**	(547,244)
Income from participating interests	6	**306,000**	1,029,000
(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**(1,004,708)**	481,756
Tax receivable on loss on ordinary activities	7	**361,909**	164,017
Exceptional taxation	8	-	415,841
Total taxation		**361,909**	579,858
(LOSS) / PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE YEAR	20	**(642,799)**	1,061,614

All of the activities of the Company are classed as continuing.

The Company has no recognised gains or losses other than the results for the year as set out above and, therefore, no statement of total recognised gains and losses has been prepared.

RELIANCE FACILITIES MANAGEMENT LIMITED

BALANCE SHEET

AS AT 24 April 2009

FIXED ASSETS					
Tangible assets	9		**238,257**		401,113
Investments	10		**49**		490,049
			238,306		891,162
CURRENT ASSETS					
Stocks	11	**2,565**		136,696	
Debtors: amounts due within one year	12	**6,005,806**		11,322,567	
Debtors: amounts due after more than one year	12	**114,695**		95,965	
Cash at bank and in hand		**1,765,927**		1,120,405	
		7,888,993		12,675,633	
LIABILITIES: amounts falling due within one year	13	**(4,081,567)**		(8,878,264)	
NET CURRENT ASSETS			**3,807,426**		3,797,369
TOTAL ASSETS LESS CURRENT LIABILITIES			**4,045,732**		4,688,531
LIABILITIES: amounts falling due after more than one year	14		**(11,153)**		(11,153)
NET ASSETS			**4,034,579**		4,677,378
CAPITAL AND RESERVES					
Called up equity share capital	18		**3,006,000**		3,006,000
Profit and loss account	20		**1,028,579**		1,671,378
SHAREHOLDERS' FUNDS	20		**4,034,579**		4,677,378

These financial statements were approved by the directors on 17 September 2009 and are signed on their behalf by:

D Murray
Director

1. ACCOUNTING POLICIES

Accounting convention
The Company accounts have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention. The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the Company's accounts. The financial years of the Company are the 52 or 53 weeks up to the Friday before, or falling on, the accounting reference date of 30 April.

Going concern
The financial statements are prepared on a going concern basis. The directors conduct an annual review of the Company's financial position, performance and future development and believe the Company has adequate resources to continue in operational existence for the foreseeable future. Details of this review are set out in the Directors' Report.

Cash flow statement
The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the Company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover
Turnover represents amounts receivable for goods and services provided in the normal course of business, net of Value Added Tax.

Revenue, expenses and net income are accounted for in the period to which the service is supplied.

Share-based payments
The Company applies FRS 20 share-based payment for grants of equity-settled and cash-settled share-based payments made after 7 November 2002 which had not vested by 29 April 2006.

For cash-settled share-based payments, the services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the liability is remeasured at fair value at the end of each year (and at the settlement date). Any changes in fair value are recognised in profit or loss for the year. In addition, the Company has estimated the corresponding charge to class 1A National Insurance Contributions (NIC) which will arise on its estimate of the number of shares which will eventually vest. Deferred tax is recognised in respect of the total charge made. The liabilities in respect of the fair value of the estimated eventual payments to employees and the associated NIC are held as creditors on the balance sheet.

Equity-settled share-based payments are measured at fair value at the date of grant and this is expensed on a straight-line basis over the vesting period, based on the Company's estimate of the shares that will eventually vest. In addition, the Company has estimated the corresponding charge to class 1A National Insurance Contributions (NIC) which will arise on its estimate of the number of shares which will eventually vest. Deferred tax is recognised in respect of the total charge made, and an additional deferred tax asset is recognised in respect of the movement in the imputed taxable gain which would be realised by the option holder if the shares vested at the balance sheet date.

A transfer to a share option reserve is made each period to match the fair value of the share options which has been charged to the profit and loss account. Further adjustments to the share option reserve are made in respect of the deferred tax on the charge to the profit and loss account for the fair value of the share options, and in respect of the movement in the imputed taxable gain which would be realised by the option holder if the shares vested at the balance sheet date. The Company's estimated liability to NIC is held as a creditor on the balance sheet.

All options previously granted by the Company through equity-settled share-based long-term incentive schemes were exercised or lapsed during the financial year ended 25 April 2008.

1. ACCOUNTING POLICIES (CONTINUED)

Pensions

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

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is calculated using the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax is calculated on a non-discounted basis.

Tangible fixed assets

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 Property	-	Term of lease
Furniture, fixtures and fittings	-	10-20% per annum
Motor vehicles	-	20-25% per annum
Other equipment	-	20-33% per annum

Where an asset is purchased specifically to fulfil the requirements of a particular contract, its carrying value is written down to residual value at the earlier of the end of the asset's useful life (as set out above) and the end date of the relevant contract. For this purpose, potential extensions to the relevant contract are ignored.

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Stocks

Stocks, long-term contract balances and short-term work in progress are stated at the lower of cost and net realisable value.

1. ACCOUNTING POLICIES (CONTINUED)

Pre-contract costs

The Company expenses all pre-contract costs except for certain directly attributable costs which, when it is virtually certain that a contract will be awarded, are capitalised and written off over the life of the contract.

Costs incurred prior to the date when a contract award is virtually certain are not subsequently capitalised.

Start-up costs

On certain large contracts for services, extending over a number of years, the Company incurs start-up costs in the period between contract award and the commencement of service delivery. Where such costs are not reimbursed at the outset, but are contractually recoverable, they are held on the Company's balance sheet and amortised over the life of the underlying contract. For this purpose, potential extensions to the relevant contract are ignored.

Investment income

Investment income comprises dividends and interest, and is accounted for on a receivable basis.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the Company. All turnover is derived from within the United Kingdom.

3. OPERATING LOSS

Operating loss is stated after charging:

	2009	2008
	£	£
Depreciation of owned fixed assets	**162,993**	178,953
Loss on disposal of fixed assets	-	9,156
Auditors' remuneration		
- as auditors	**11,996**	17,856
Rent of leasehold properties	**44,200**	42,442
Other operating leases and hire charges	-	470,513

4. PARTICULARS OF EMPLOYEES

The average number of staff (including directors) employed by the Company during the financial year was:

	2009 Number	2008 Number
Facilities management and other operational staff	828	1,238
Office staff and management	50	93
	878	1,331

The aggregate payroll costs (including directors) of the above were:

	2009 £	2008 £
Wages and salaries	13,315,325	20,851,583
Social security costs	1,176,649	1,737,216
Other pension costs	211,655	389,502
	14,703,629	22,978,301

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2009 £	2008 £
Emoluments receivable	744,330	868,238
Value of Company pension contributions to money purchase schemes	32,031	46,953
Compensation for loss of office	-	144,541
	776,361	1,059,732

Emoluments of highest paid director:

	2009 £	2008 £
Total emoluments (excluding pension contributions)	144,962	252,960
Value of Company pension contributions to money purchase schemes	7,140	15,450
	152,102	268,410

The number of directors who accrued benefits under Company pension schemes was as follows:

	2009 Number	2008 Number
Money purchase schemes	5	5

6. INCOME FROM PARTICIPATING INTERESTS

	2009 £	2008 £
Income from fixed asset investments	306,000	1,029,000

7. TAXATION ON ORDINARY ACTIVITIES

	2009 £	2008 £
Current year tax	**(368,545)**	151,457
Adjustments in respect of prior years	**50,838**	6,934
	(317,707)	158,391
Deferred tax:		
Current year deferred tax – origination and reversal of timing differences	**8,777**	5,626
Adjustments in respect of prior years	**(52,979)**	-
	(44,202)	5,626
Exceptional items:		
Current tax credit	**-**	415,841
Total after exceptional items:		
Current tax	**(317,707)**	574,232
Deferred tax	**(44,202)**	5,626
Taxation credit on loss on ordinary activities	**(361,909)**	579,858

Factors affecting current tax credit

The differences between the total current tax shown above and the amount calculated by applying the standard rate of UK Corporation Tax to the profit before tax are as follows:

	2008 £	2008 £
(Loss) / Profit on ordinary activities before taxation	**(1,310,708)**	481,756
Tax on profit on ordinary activities at standard UK rate of 28% (2008: 29.83%)	**(366,998)**	143,707
Expenses not deductible for tax purposes	**7,230**	11,513
Permanent differences in respect of share based payments	**-**	(302,031)
United Kingdom dividend income	**-**	(306,951)
Deferred capital allowances	**(6,012)**	1,128
Group relief	**-**	(114,100)
Other timing differences	**(2,765)**	(564)
Prior year items	**50,838**	(6,934)
Current tax charge for the year	**(317,707)**	(574,232)

8. EXCEPTIONAL ITEMS

Profit on disposal of investment in Bootle Accommodation Partnership Holding Limited

In the prior year the Company disposed of its holding in Bootle Accommodation Partnership Holding Limited, which was the holding company for the Health & Safety Executive PFI, for cash consideration of £412,000, resulting in a profit of £382,500. Unutilised capital losses within the group were available to the company such that no tax is payable on this gain.

Costs of fundamental re-organisation of existing operations

During the prior period, an offer was made by Reliance Executive Limited (an indirect and wholly owned subsidiary of Reliance Corporation Limited which is controlled by Mr Brian Kingham) for the issued ordinary share capital of Reliance Security Group plc, the parent company of Reliance Facilities Management Limited, other than the shares already controlled by Brian Kingham. This offer was declared unconditional on 24 August 2007 and trading in Reliance Security Group plc shares on AIM ceased on 25 September 2007.

Under the rules governing the operation of the Group's share options and other long-term incentive schemes, this offer for the minority shareholding in Reliance Security Group plc was deemed to be a 'change of control' and resulted in the early vesting of shares under these schemes. The additional charge to profit in Reliance Facilities Management relating specifically to the early vesting was calculated as £347,200 under FRS 20 Share-based Payment and classified as a non-operating exceptional item as it related to a fundamental change to the Group's ownership structure. The regular cost under FRS 20 for the share options and other long-term incentive schemes prior to their early vesting were charged to administration costs.

The corporation tax deduction related to these exceptional share-based payments was calculated under Schedule 23 of Finance Act 2003 to be £415,841.

9. TANGIBLE FIXED ASSETS

	Short Leasehold property	Equipment, furniture, fixtures and fittings	Motor Vehicles	Total
	£	£	£	£
At 25 April 2008	161,211	957,686	22,636	1,141,533
Additions	-	21,008	-	21,008
Disposals	-	(83,871)	-	(83,871)
At 24 April 2009	**161,211**	**894,823**	**22,636**	**1,078,670**
DEPRECIATION				
At 25 April 2008	64,197	656,079	20,144	740,420
Charge for the year	17,694	142,807	2,492	162,993
Disposals	-	(63,000)	-	(63,000)
At 24 April 2009	**81,891**	**735,886**	**22,636**	**840,413**
NET BOOK VALUE				
At 24 April 2009	**79,320**	**158,937**	**-**	**238,257**
At 25 April 2008	97,014	301,607	2,492	401,113

10. INVESTMENTS

	Shares in associate	Loans advanced to associate	Total
	£	£	£
COST AND NET BOOK VALUE			
At 25 April 2008	49	490,000	490,049
Disposals	-	(490,000)	(490,000)
At 24 April 2009	**49**	**-**	**49**

	Principal activity	Country of registration or incorporation	Shares held Class	%
Associate				
Monteray Limited	Facilities management	England and Wales	Ordinary	24.5

11. STOCKS

	2009	2008
	£	£
Work in progress	-	134,519
Consumables	**2,565**	2,177
	2,565	136,696

There is no material difference between the balance sheet value of stocks and their replacement cost.

RELIANCE FACILITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 24 April 2009

12. DEBTORS

Amounts due within one year:

	2009	2008
	£	£
Trade debtors	2,051,373	3,521,602
Amounts owed by group undertakings	2,282,446	1,770,868
Amounts owed by associates	-	4,452,864
Other debtors	110,467	132,062
Prepayments and accrued income	1,239,871	870,484
Corporation tax recoverable	317,707	567,298
Deferred taxation	3,942	7,389
	6,005,806	11,322,567

Amounts due after more than one year:

	2009	2008
	£	£
Other debtors	19,229	48,148
Deferred taxation	95,466	47,817
	114,695	95,965

	2009	2008
	£	£
Deferred tax is recognised as follows:		
Amounts due within one year:		
- Short-term timing differences	3,942	7,389
Amounts due after more than one year:		
- Deferred capital allowances	92,343	44,694
- Share-based payments	3,123	3,123
- Other timing differences	-	-
	99,408	55,206

The movement in the deferred taxation account during the year was:

	2009	2008
	£	£
Balance brought forward	55,206	118,881
Current year deferred tax – origination and reversal of timing differences	(8,777)	5,626
Adjustments in respect of prior years	52,979	(69,301)
Balance carried forward	99,408	55,206

13. LIABILITIES FALLING DUE WITHIN ONE YEAR

	2009	2008
	£	£
Trade creditors	536,072	1,183,346
Amounts owed to group undertakings	559,295	640,623
Other taxation and social security	525,998	1,259,830
Other creditors	725,264	1,122,653
Accruals and deferred income	1,734,938	4,671,812
	4,081,567	8,878,264

14. LIABILITIES FALLING DUE AFTER MORE THAN ONE YEAR

	2009	2008
	£	£
Other creditors	11,153	11,153

15. PENSIONS

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. At the year end, Company contributions of £14,822 were outstanding (2008: £23,951).

16. COMMITMENTS UNDER OPERATING LEASES

At 24 April 2009 the Company had annual commitments under non-cancellable operating leases as set out below.

	2009		2008	
	Land & Buildings	Other Items	Land & Buildings	Other Items
	£	£	£	£
Operating leases which expire:				
Within 1 year	-	9,013	–	19,036
Within 2 to 5 years	-	65,005	–	156,463
After more than 5 years	42,442	-	42,442	4,020
	42,442	74,018	42,442	179,519

17. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption allowed by FRS 8 "Related Party Transactions", not to disclose any transactions with entities that are included in the consolidated financial statements of Reliance Corporation Limited. Other than these there are no other related party transactions.

18. SHARE CAPITAL

Authorised share capital:

	2009	2008
	£	£
5,000,000 Ordinary shares of £1 each	5,000,000	5,000,000

Allotted, called up and fully paid:

	2009	2008
	£	£
3,006,000 Ordinary shares of £1 each	3,006,000	3,006,000

19. SHARE-BASED PAYMENTS

Cash-settled share-based payments

Certain employees in the Company have the opportunity to participate in the Phantom Share Option Plan (PSOP) a new cash-settled share based long-term incentive scheme which was introduced during the year, and which is based on the performance of the shares of Reliance Corporation Limited. On exercise the Company will pay the intrinsic value gains made under this plan to the employees, providing they remain in employment at the vesting date.

The Company has recorded liabilities of £11,153 (2008: £11,153). The fair value of the PSOP is determined by using a binomial valuation model using the assumptions set out in the table below. The Company recorded total net expenses of £nil (2008: £11,153). The total intrinsic value at 24 April 2009 was £nil (2008: £31,313).

The value per share and the assumptions used in the calculations are as follows:

2009	Expected term/ exercise date	Share price at grant date £	Risk free rate %	Expected dividend yield %	Expected volatility %	Fair value of one share under option £
Phantom share option plan	30 August 2011	170.37	1.30%	nil	48.60%	27.34
Phantom share option plan	30 August 2012	225.27	2.10%	nil	43.00%	15.18

2008	Expected term/ exercise date	Share price at grant date £	Risk free rate %	Expected dividend yield %	Expected volatility %	Fair value of one share under option £
Phantom share option plan	30 August 2011	170.37	4.40%	nil	31.77%	86.50

The outstanding number of shares are:

	2009 Phantom share option plan - exercise date 30 August 2011	2009 Phantom share option plan - exercise date 30 August 2012	2008 Phantom share option plan - exercise date 30 August 2011
Balance at start of year	633	-	-
New grants	-	203	633
Lapsed	(344)	-	-
Balance at end of year	289	203	633

Expected volatility was based on the historical daily volatility for a group of 50 comparator companies in the FTSE All Share Support Services sector over periods of increasing length ending on the date of grant (e.g. for options with a 4 year expected term volatility for 1, 2, 3 and 4 years each ending on the date of the grant). These volatility figures were used to calculate a weighted average volatility for the term commensurate with the expected term of the award being valued. The source of the data for this analysis is Bloomberg.

19. SHARE-BASED PAYMENTS (continued)

Equity-settled share-based payments

At the start of the prior year the Company had equity-settled share based payments. These share options were either exercised or lapsed during the prior year. The exercise of the options was subject to the achievement of performance conditions by the Company and the continued employment of the option holder.

The Company recognised expenses before taxation of £370,736 in the prior year (of which £347,200 has been classified as a non-operating exceptional item – see note 8) related to equity share based payment transactions.

20. COMBINED STATEMENT OF MOVEMENTS IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Called up share capital £	**Profit and loss account £**	**2009 Total £**	2008 Total £
At start of the year	**3,006,000**	**1,671,378**	**4,677,378**	3,715,268
(Loss) / profit for the financial year	-	**(642,799)**	**(642,799)**	1,061,614
Share based payments	-	-	-	300,496
Dividends	-	-	-	(400,000)
At end of year	**3,006,000**	**1,028,579**	**4,034,579**	4,677,378

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

Reliance Security Group Limited, incorporated in Great Britain and registered in England and Wales, is the immediate parent company. The smallest and largest groups in which the Company's results are consolidated are headed by Reliance Security Group Limited and its ultimate parent, Reliance Corporation Limited, respectively. Copies of the consolidated accounts of Reliance Corporation Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Mr. Brian Kingham, chairman and founder of the group, has a beneficial interest in 98.5% of the ordinary issued share capital of Reliance Corporation Limited and is the ultimate controlling party of the company.