

**RELIANCE INTEGRATED SERVICES LIMITED
(FORMERLY RELIANCE SECURITY SHREDDING LIMITED)**

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 28TH APRIL 2000



RELIANCE INTEGRATED SERVICES LIMITED

COMPANY INFORMATION

Directors

PT Clarke
PJ Ford

Secretary

IGR MacDonald

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 28TH APRIL 2000

The directors present their report and the audited accounts for the company for the year ended 28th April 2000.

Principal activities and review of business

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

On 23 September 1999 the company changed its name from Reliance Security Shredding Services Limited.

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 5.

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	(Appointed 8 June 2000)
DE Steventon	(Appointed 23 September 1999 and resigned 30 November 2000)
F Rodriguez	(Appointed 23 September 1999 and resigned 30 November 2000)
D Dees	(Appointed 23 September 1999 and resigned 30 April 2000)
JCE Pinto	(Resigned 23 September 1999)
GR Halder	(Resigned 23 September 1999)

RELIANCE INTEGRATED SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 28TH 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 2000	Share options 2000	Shares 1999	Share options 1999
GR Halder	-	33,000	-	17,000
JCE Pinto	40,210	-	37,654	2,654
DE Steventon	1,000	8,421	-	-
F Rodriguez	-	8,421	-	-

JCE Pinto exercised 2,654 share options at an exercise price of 144p during the year.

GR Halder has 17,000 share options at an exercise price of 200p which are exercisable between 26 October 2001 and 25 October 2008 and 16,000 share options at an exercise price of 295p and which are exercisable between 15 July 2002 and 14 July 2009.

DE Steventon's share options are at an exercise price of 295p and are exercisable between 15 July 2002 and 14 July 2009.

F Rodriguez's share options are at an exercise price of 295p and are exercisable between 15 July 2002 and 14 July 2009.

Shadow share options

GR Halder exercised 14,580 shadow share options during the year. GR Halder has 15,000 shadow share options remaining granted on 2 January 1997. These options have an exercise price of 143p and are exercisable between 2 January 2000 and 1 January 2007.

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 28TH APRIL 2000

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 Chartered Accountants and Registered Auditors as auditors will be put to the members at the Annual General Meeting.

By order of the Board



IGR MacDonald, Secretary
31st January 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 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 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.

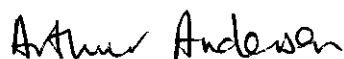
Basis of opinion

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 28th April 2000 and of its loss 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: 31st January 2001

RELIANCE INTEGRATED SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 28TH APRIL 2000

	Notes	2000 £	1999 £
Turnover	2	381,321	-
Cost of sales		(346,420)	-
Gross profit		34,901	-
Administrative expenses		(190,562)	-
Loss on ordinary activities before taxation	3	(155,661)	-
Tax on loss on ordinary activities	5	109,000	72,455
Loss/Profit for the financial period	11	(46,661)	72,455
Retained profit brought forward		281,245	208,790
Retained profit carried forward		234,584	281,245

All amounts relate to continuing activities.

There were no recognised gains or losses for 2000 or 1999 other than those included in the profit and loss account.

RELIANCE INTEGRATED SERVICES LIMITED

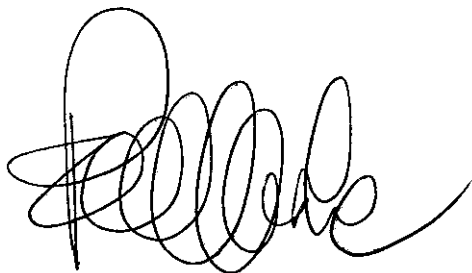
BALANCE SHEET

AS AT 28TH APRIL 2000

	Notes	£	2000 £	1999 £
Fixed assets				
Tangible assets	6		83,973	-
Current assets				
Stocks	7	18,993	-	
Debtors	8	1,083,703	482,060	
		1,102,696	482,060	
Creditors: amounts falling due within one year	9	(946,085)	(194,815)	
Net current assets			156,611	287,245
Total assets less current liabilities			240,584	287,245
Capital and reserves				
Share capital	10	6,000		6,000
Profit and loss account	11	234,584		281,245
Shareholders' funds	12	240,584		287,245

These accounts were approved by the board on 31st January 2001 and signed on its behalf by:

PT Clarke
Director



RELIANCE INTEGRATED SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 28TH APRIL 2000

1 Accounting policies

A summary of the principle 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, 28 April.

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

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.

Contribution to pension funds

The company operates a defined contribution plan for staff, the costs of which are recognised on the basis of contributions payable.

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.

RELIANCE INTEGRATED SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 28TH APRIL 2000

2 Turnover

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

3 Loss on ordinary activities before taxation

<i>Loss on ordinary activities before taxation is stated after charging or crediting:</i>	2000	<i>1999</i>
	£	£
Depreciation of tangible fixed assets:		
-owned assets	11,737	-
Operating leases:		
-plant and equipment	31,616	-
Auditors' remuneration	6,000	-
	<u>47,353</u>	<u>-</u>

4 Directors and employees

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

	2000	<i>1999</i>
	£	£
Wages and salaries	298,916	-
Social security costs	33,418	-
Other pension costs	23,659	-
	<u>355,993</u>	<u>-</u>

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

	2000
	Number
Office Staff and Management	5
Security and Operational Staff	10
	<u>15</u>

Directors' emoluments

	2000	<i>1999</i>
	£	£
Aggregate emoluments (including benefits in kind)	133,125	-
Directors' pension contributions under defined contribution schemes	7,000	-
	<u>140,125</u>	<u>-</u>

RELIANCE INTEGRATED SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 28TH APRIL 2000

5 Taxation

	2000	1999
	£	£
UK corporation tax at 30% (1999: 31%)	(109,000)	-
Prior periods		
UK corporation tax	-	(72,455)
	<u>(109,000)</u>	<u>(72,455)</u>

6 Tangible fixed assets

	Leasehold land and buildings	Equipment furniture fixtures and fittings	Total
	£	£	£
Cost			
Additions	13,645	70,746	84,391
Inter-group transfer	-	13,708	13,708
At 28th April 2000	<u>13,645</u>	<u>84,454</u>	<u>98,099</u>
Depreciation			
Charge for the period	-	11,737	11,737
Inter-group transfer	-	2,389	2,389
At 28th April 2000	<u>-</u>	<u>14,126</u>	<u>14,126</u>
Net book value			
At 28th April 2000	<u>13,645</u>	<u>70,328</u>	<u>83,973</u>
<i>At 30th April 1999</i>	<u>-</u>	<u>-</u>	<u>-</u>

7 Stocks

	2000	1999
	£	£
Finished goods	18,993	-

8 Debtors

	2000	1999
	£	£
Trade debtors	50,279	-
Amounts owed by parent undertaking	382,510	382,510
Corporation tax recoverable	109,000	-
Other debtors	-	97,111
Prepayments and accrued income	541,914	2,439
	<u>1,083,703</u>	<u>482,060</u>

RELIANCE INTEGRATED SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 28TH APRIL 2000

9	Creditors: amounts falling due within one year	2000	1999
		£	£
	Amounts owed to fellow subsidiary undertakings	784,561	177,101
	Other creditors	29,340	-
	Accruals and deferred income	132,184	17,714
		<u>946,085</u>	<u>194,815</u>
10	Share capital	2000	1999
		£	£
	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>
11	Reserves		Profit
			and loss
			account
			£
	At 1st May 1999		281,245
	Loss for the year		(46,661)
	At 28th April 2000		<u>234,584</u>
12	Reconciliation of movement in shareholders' funds	2000	1999
		£	£
	Loss/Profit for the financial year	(46,661)	72,455
	Opening shareholders' funds	287,245	214,790
	Closing shareholders' funds	<u>240,584</u>	<u>287,245</u>
13	Contingent liabilities		
	Interlocking guarantees have been given to the group's bankers by the company and its fellow subsidiaries. As at 28 April 2000 advances of £967,000 were subject to these guarantees (1999: £571,000).		
14	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.		

RELIANCE INTEGRATED SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 28TH APRIL 2000

15 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.