

First Security (Guards) Limited

Report and Accounts

31 March 1999

2053619



First Security (Guards) Limited

Registered No. 2053619

DIRECTORS

J S Levine
R W Farrow
G Swaby
D J Mundell

SECRETARY

G Swaby

AUDITORS

Ernst & Young
Rolls House
7 Rolls Buildings
Fetter Lane
London EC4A 1NH

BANKERS

The Royal Bank of Scotland
24 Grosvenor Place
London SW1X 7HP

REGISTERED OFFICE

58/59 Myddelton Square
London EC1R 1TB

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 1999.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £52,000 (1998 - £1,057,000). The directors do not recommend the payment of a dividend (1998 - £702,000) and the profit for the year has been transferred to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is the provision of a range of security, manpower and associated support services.

The directors are satisfied with the development of the business during the year.

FUTURE DEVELOPMENTS

The company expects to continue to expand its operations.

DIRECTORS AND THEIR INTERESTS

The directors during the year were as follows:

T A Brentnall	(Chairman)	(resigned 1 May 1998)
J S Levine		
R W Farrow		
M K Randall		(resigned 1 May 1998)
G Swaby		(appointed 14 May 1998)
D J Mundell		(appointed 1 May 1998)

None of the directors had an interest in the share capital of the company. The interest of the directors who are also directors of the ultimate parent company are shown in that company's accounts.

EMPLOYMENT POLICIES

A well trained, reliable, motivated and informed management team and workforce is essential to the successful provision of a first class security manpower service to clients of the quality served by the company. All security staff are trained in accordance with BS 7499 requirements and receive the additional specialist training required to satisfy clients' needs. Suitable and interested employees share equal opportunities for further training and career development.

The company aims to be an equal opportunity employer and give sympathetic consideration to the employment of disabled people. It is the policy to promote from within the company.

Employees are informed on a regular basis of current activities, progress and general matters of interest by various methods, including monthly management and operating meetings, scheduled visits to the sites at which they are based and the circulation of First Security's in-house newspaper.

DIRECTORS' REPORT

YEAR 2000 COMPLIANCE

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunction and resulting widespread commercial disruption. This is a complex and pervasive issue.

A company wide programme, designed to address the impact of the Year 2000 on our business, has been commissioned by the group board and is under way. Resources have been allocated and the board receives regular reports on progress. We have written to all our customers and suppliers to confirm their state of readiness.

Much of the cost of implementing the action plans will be subsumed into the recurring activities of the departments involved. The total cost of modifications to our computer hardware and software is not expected to have a material principal effect on future accounts.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

Secretary

ERNST & YOUNG

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of its 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; and
- 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 to 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.

REPORT OF THE AUDITORS
to the members of First Security (Guards) Limited

We have audited the accounts on pages 6 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

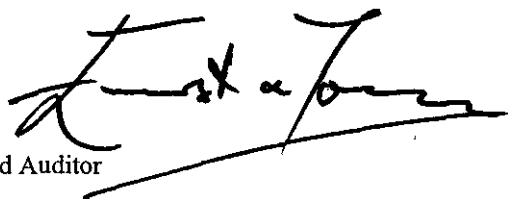
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the 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 the 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 information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1999 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
London

First Security (Guards) Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 1999

	Notes	1999 £'000	1998 £'000
TURNOVER	2	18,880	15,079
Cost of sales		15,861	12,576
GROSS PROFIT		3,019	2,503
Administrative expenses		3,246	6,160
OPERATING LOSS	3	(227)	(3,657)
Income from investments	6	-	3,878
Interest payable and similar charges	7	(11)	(24)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(238)	197
Taxation	8	(290)	(860)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		52	1,057
Dividends	9	-	702
RETAINED PROFIT FOR THE FINANCIAL YEAR	18	52	355

All recognised gains or losses are included in the profit and loss account.

All profit and loss account items relate to continuing business.

First Security (Guards) Limited

BALANCE SHEET

at 31 March 1999

	Notes	1999 £'000	1998 £'000
FIXED ASSETS			
Tangible assets	10	415	444
Investments	11	-	-
		<u>415</u>	<u>444</u>
CURRENT ASSETS			
Debtors	12	5,519	7,532
Cash at bank and in hand		1,144	3,202
		<u>6,663</u>	<u>10,734</u>
CREDITORS: amounts falling due within one year	13	6,457	10,556
		<u>206</u>	<u>178</u>
NET CURRENT ASSETS		<u>621</u>	<u>622</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after more than one year	14	77	130
		<u>544</u>	<u>492</u>
CAPITAL AND RESERVES			
Called up share capital	17	50	50
Profit and loss account	18	494	442
SHAREHOLDERS' FUNDS			
Equity		<u>494</u>	<u>442</u>
Non-equity		<u>50</u>	<u>50</u>
		<u>544</u>	<u>492</u>

J.S. Henry

Director

NOTES TO THE ACCOUNTS

at 31 March 1999

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:

Leasehold property	-	life of lease
Leasehold improvements	-	remaining life of lease
Motor vehicles	-	4 years
Fixtures and fittings	-	10 years
Computer equipment	-	5 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred tax is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Leasing and hire purchase commitments

Assets held under finance leases and higher purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their estimated useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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

Capital instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one activity, the provision of manned guarding services and all arose in the United Kingdom.

First Security (Guards) Limited

NOTES TO THE ACCOUNTS

at 31 March 1999

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging:

	1999 £'000	1998 £'000
Depreciation		
- owned assets	48	52
- assets held under finance leases and hire purchase contracts	77	58
Auditors' remuneration		
- audit fees	15	22
- non audit fees	30	-
Operating lease rentals		
- land and buildings	81	58
	<u> </u>	<u> </u>

4. DIRECTORS' EMOLUMENTS

	1999 £'000	1998 £'000
Total directors' emoluments were as follows:		
Salaries	271	136
Benefits in kind	28	16
Pension contributions - money purchase pension schemes	12	8
	<u> </u>	<u> </u>
	311	160
	<u> </u>	<u> </u>

	1999 No.	1998 No.
Members of money purchase pension schemes	3	1
	<u> </u>	<u> </u>

Emoluments of the highest paid director were as follows:

	1999 £'000	1998 £'000
Salary	89	77
Benefits in kind	10	8
Pension contribution - money purchase pension schemes	9	8
	<u> </u>	<u> </u>
	108	93
	<u> </u>	<u> </u>

First Security (Guards) Limited

NOTES TO THE ACCOUNTS

at 31 March 1999

5. STAFF COSTS

	1999 £'000	1998 £'000
Wages and salaries	15,642	12,228
Social security costs	1,462	1,132
Other pension costs	17	9
	<u>17,121</u>	<u>13,369</u>

The average weekly number of employees during the year was as follows:

	1999 No.	1998 No.
Selling and administration	34	37
Security staff	1,038	937
	<u>1,072</u>	<u>974</u>

6. INCOME FROM INVESTMENTS

	1999 £	1998 £
Dividends received from subsidiary company	-	3,878
	<u>-</u>	<u>3,878</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £'000	1998 £'000
Finance charges payable under finance leases and hire purchase contracts	11	21
Other	-	3
	<u>11</u>	<u>24</u>

8. TAXATION

	1999 £'000	1998 £'000
Based on the profit for the year:		
UK corporation tax	115	-
Overprovision in prior years	(263)	-
Group relief	(142)	(860)
	<u>(290)</u>	<u>(860)</u>

9. DIVIDENDS

	1999 £'000	1998 £'000
Equity dividends on ordinary shares		
Interim paid	-	702
	<u>-</u>	<u>702</u>

First Security (Guards) Limited

NOTES TO THE ACCOUNTS at 31 March 1999

10. TANGIBLE FIXED ASSETS

	<i>Leasehold property and improvements £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Motor vehicles £'000</i>	<i>Total £'000</i>
Cost:				
At 1 April 1998	4	474	297	775
Additions	-	26	95	121
Disposals	-	-	(58)	(58)
At 31 March 1999	4	500	334	838
Depreciation:				
At 1 April 1998	4	225	102	331
Charge for the year	-	59	66	125
Disposals	-	-	(33)	(33)
At 31 March 1999	4	284	135	423
Net book value:				
At 31 March 1999	-	216	199	415
At 1 April 1998	-	249	195	444

Included within the net book value above are the following amounts relating to assets held under finance leases and hire purchase contracts:

	<i>1999 £'000</i>	<i>1998 £'000</i>
Fixtures and fittings	27	63
Motor vehicles	199	195
	226	258

11. INVESTMENTS

Company

At 31 March 1999, the company held an investment of £2 in Authoragent Company Limited. The company did not trade during the year and application has been made subsequent to year end to the Registrar of Companies to have the company struck off the register.

First Security (Guards) Limited

NOTES TO THE ACCOUNTS

at 31 March 1999

12. DEBTORS

	1999 £'000	1998 £'000
Trade debtors	5,076	2,237
Amount due from subsidiary undertaking	-	3,878
Other debtors	5	860
Prepayments and accrued income	438	557
	<u>5,519</u>	<u>7,532</u>

13. CREDITORS: amounts falling due within one year

	1999 £'000	1998 £'000
Obligations under finance leases and hire purchase contracts (note 15)	85	58
Trade creditors	149	74
Amounts due to group undertakings	1,114	7,603
Corporation tax	220	-
Other taxes and social security costs	2,202	1,489
Accruals and deferred income	2,687	1,332
	<u>6,457</u>	<u>10,556</u>

14. CREDITORS: amounts falling due after more than one year

	1999 £'000	1998 £'000
Obligations under finance leases and hire purchase contracts (note 15)	77	130

15. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1999 £'000	1998 £'000
Within one year	102	58
Within two to five years	94	130
	<u>196</u>	<u>188</u>
Less finance charges allocated to future periods	(34)	-
	<u>162</u>	<u>188</u>

Finance leases and hire purchase contracts are analysed as follows:

Current obligations (note 13)	85	58
Non-current obligations (note 14)	77	130
	<u>162</u>	<u>188</u>

First Security (Guards) Limited

NOTES TO THE ACCOUNTS at 31 March 1999

16. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation provided in the accounts and the amounts not provided are as follows:

	<i>Provided</i>		<i>Not provided</i>	
	<i>1999</i>	<i>1998</i>	<i>1999</i>	<i>1998</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Capital allowances in advance of depreciation	-	-	20	34
Other timing differences	-	-	8	(8)
	<u>-</u>	<u>-</u>	<u>28</u>	<u>26</u>

17. SHARE CAPITAL

	<i>1999</i>	<i>1998</i>
	<i>£'000</i>	<i>£'000</i>
Authorised:		
200 'A' deferred shares of 50p each	-	-
99,800 'B' deferred shares of 50p each	50	50
200 ordinary shares of \$0.01 each	-	-
	<u>50,000</u>	<u>50,000</u>
	<i>1999</i>	<i>1998</i>
	<i>£'000</i>	<i>£'000</i>
Allotted, called up and fully paid:		
200 'A' deferred shares of 50p each	-	-
99,800 'B' deferred shares of 50p each	50	50
200 ordinary shares of \$0.01 each	-	-
	<u>50</u>	<u>50</u>

The 'A' and 'B' deferred shares do not rank for dividend and carry no voting rights. On liquidation of the company, holders of the deferred shares are not entitled to participate in a return of capital until the holders of the ordinary shares have received the sum of £ 1 million in respect of each share held and then only to the extent of £2 per share.

NOTES TO THE ACCOUNTS
at 31 March 1999

18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £'000</i>	<i>Profit and loss account £'000</i>	<i>Total £'000</i>
At 1 April 1997	50	87	137
Profit for the year	-	1,057	1,057
At 1 April 1998	50	442	492
Profit for the year		52	52
At 31 March 1999	50	494	544

19. FINANCIAL COMMITMENTS

At 31 March 1999 the company had the following annual commitments under non-cancellable operating leases:

	<i>Land and buildings 1999 £'000</i>	<i>1998 £'000</i>
Leases which expire in after more than five years	82	58

20. ULTIMATE PARENT COMPANY

The parent undertaking of the largest and smallest group of undertakings for which group accounts are drawn up and of which the company is a member is First Security Group Limited. Copies of these accounts can be obtained from 58-59 Myddelton Square, London EC1R 1TB.

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 and not disclosed transactions with other group undertakings.