

FIRST SECURITY (GUARDS) PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1993

Company no. 2053619

Shelley Stock Hutter  
Chartered Accountants  
45 Mortimer Street  
London W1N 7TD



FIRST SECURITY (GUARDS) PLC

YEAR ENDED 31ST DECEMBER 1993

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DIRECTORS

S.F.Cooney  
D.G.Nineberg  
R.W.Farrow

COMPANY SECRETARY

D.G.Nineberg

REGISTERED OFFICE

58 Myddelton Square  
London  
EC1R 1XX

AUDITORS

Shelley Stock Hutter  
45 Mortimer Street  
London  
W1N 7TD

INDEX TO FINANCIAL STATEMENTS

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The following does not form part of the statutory accounts:

15 - 16                      Trading and Profit and Loss Account

# FIRST SECURITY (GUARDS) PLC

## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER 1993

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The directors submit their annual report and financial statements for the year ended 31st December 1993.

### Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the 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 judgements and estimates that are reasonable and prudent;
- 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 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 financial statements 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.

### Principal activities and review of the business

The company is principally engaged in the provision of Manned Guarding, Mobile Patrol and Store Detective Services.

Despite the difficult economic climate the directors are pleased with the results of the company for the year.

The directors are optimistic regarding the company's prospects for continuing growth and increased profitability.

### Results and dividends

The profit before tax amounted to £270,681 and the profit after tax for the year amounted to £192,737, as shown on page 4.

The directors have declared and paid a dividend amounting to £5,451, leaving £187,286 to be added to reserves.

### Employment of disabled people

In considering applications for employment from disabled people, the Company seeks to ensure that full and fair consideration is given to the abilities and aptitudes of the applicant against the requirements of the job for which he or she has applied.

Training, career development and promotion opportunities are available to all employees on the basis of individual aptitude and abilities and the business requirements of the organisation.

FIRST SECURITY (GUARDS) PLC  
REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 31ST DECEMBER 1993

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Employee involvement

Within the bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the company and are of interest and concern to them as employees.

Charitable and political gifts

Gifts for charitable purposes during the financial year amounted to £561.

Directors

The directors during the year under review and the shares in the company in which they were beneficially interested at the beginning and end of the year were:

1) Directors' beneficial interests

	A Ordinary shares	B Ordinary shares
S.F.Cooney	26	6,815
D.G.Nineberg	-	-
R.W.Farrow	-	-

2) Directors' interests under personal settlements

	A Ordinary shares	B Ordinary shares
S.F.Cooney	99	24,700
D.G.Nineberg	75	18,385
R.W.Farrow	-	-

Fixed assets

Movements in fixed assets are shown in the notes to the financial statements.

Auditors

The auditors, Messrs. Shelley Stock Hutter, are willing to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

Signed on behalf of the board

  
Secretary

Date: 16th March 1994

AUDITORS' REPORT TO THE SHAREHOLDERS OF  
FIRST SECURITY (GUARDS) PLC

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

**Respective responsibilities of directors and auditors**

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1993 and of its profit, total recognised gains and losses and cashflows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Date: 16th March 1994

Shelley Stock Hutter  
Chartered Accountants  
45 Mortimer Street  
London W1N 7TD



Registered Auditors

FIRST SECURITY (GUARDS) PLC

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1993		Notes	Total 1993	Total 1992 as restated
			£	£
TURNOVER	2		9,648,424	8,291,072
Cost of sales			(7,824,924)	(6,579,032)
GROSS PROFIT			1,823,500	1,712,040
Net operating expenses	3		(1,526,453)	(1,007,512)
OPERATING PROFIT	4		297,047	704,528
Profit (loss) on disposal of fixed assets			(557)	9,768
PROFIT ON ORDINARY ACTIVITIES			296,490	714,296
Other interest receivable and similar income			5,540	690
			302,030	714,986
Interest payable	7		(31,349)	(34,910)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			270,681	680,076
Tax on profit on ordinary activities	8		(77,944)	(216,656)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			192,737	463,420
Dividends	9		(5,451)	(424,715)
RETAINED PROFIT FOR THE FINANCIAL YEAR			187,286	38,705

The company has neither acquired nor commenced any new business activities in the year nor discontinued any operations and it has no recognised gains or losses other than the profit for the year, therefore no separate statement of total recognised gains and losses has been prepared.

Turnover and operating profit all derive from continuing operations.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

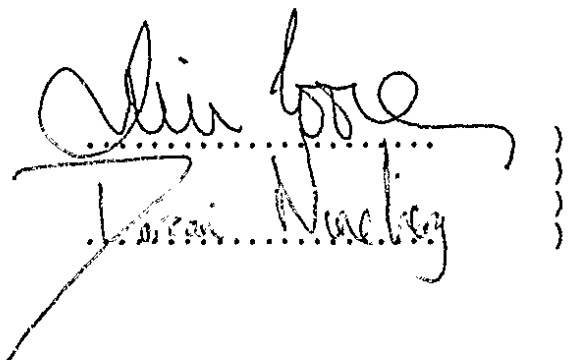
FIRST SECURITY (GUARDS) . LC

BALANCE SHEET

31ST DECEMBER 1993

	Notes	1993 £	1992 £
<b>FIXED ASSETS</b>			
Tangible assets	10	341,772	<u>353,414</u>
<b>CURRENT ASSETS</b>			
Stocks	11	24,056	28,866
Debtors	12	1,891,471	1,892,869
Cash at bank and in hand		<u>150,687</u>	<u>3,441</u>
		2,066,214	1,925,176
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(1,673,798)</u>	<u>(1,699,793)</u>
<b>NET CURRENT ASSETS</b>		<u>392,416</u>	<u>225,383</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		734,188	578,797
<b>CREDITORS: Amounts falling due after more than one year</b>	14	<u>(104,377)</u>	<u>(136,272)</u>
		<u>629,811</u>	<u>442,525</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	17	50,000	50,000
Profit and loss account		<u>579,811</u>	<u>392,525</u>
		<u>629,811</u>	<u>442,525</u>

Approved by the board on: 16th March 1994



Directors

The notes set out on pages 7 to 14 form part of these financial statements

FIRST SECURITY (GUARDS) PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1993

	1993 £	1992 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	559,226	<u>613,580</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	5,540	690
Interest paid	(13,046)	(13,563)
Dividends paid	(5,451)	(424,715)
Hire purchase and finance lease interest paid	<u>(18,303)</u>	<u>(21,347)</u>
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(31,260)	<u>(458,935)</u>
TAXATION		
Tax payments	<u>(73,431)</u>	<u>(293,834)</u>
TAX PAYMENTS	(73,431)	<u>(293,834)</u>
INVESTING ACTIVITIES		
Payments to acquire tangible fixed assets	(33,971)	(68,777)
Receipts from sales of tangible fixed assets	<u>600</u>	<u>32,820</u>
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	<u>(33,371)</u>	<u>(35,957)</u>
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING	421,164	<u>(175,146)</u>
FINANCING		
Hire purchase and finance lease repayments	<u>(75,845)</u>	<u>(75,018)</u>
NET CASH OUTFLOW FROM FINANCING	<u>(75,845)</u>	<u>(75,018)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>345,319</u>	<u>(250,164)</u>

The notes set out on pages 7 to 14 form part of these financial statements



FIRST SECURITY (GUARDS) PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1993

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1 ACCOUNTING POLICIES

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Depreciation

Depreciation is calculated to write off the cost or valuation, less estimated residual values, of tangible fixed assets over their estimated useful lives to the business. The annual depreciation rates and methods are as follows:

Leased assets	- Over the period of the finance lease
Leasehold property	- Over the period of the lease
Fixtures and fittings	- 10% per annum on a reducing balance basis
Motor vehicles	- 2% per month on a straight line basis

(c) Debtors

Known bad debts are written off and provision is made for any considered to be doubtful.

(d) Deferred taxation

Provisions are made so that the deferred taxation account represents corporation tax, calculated on the liability method, in respect of the excess of tax allowances given for fixed assets over the depreciation provided, except to the extent that the directors are able to foresee that no liability is likely to arise from a reversal of the above timing differences for some considerable period.

(e) Assets leased

Where the company enters into operating and/or finance leases, its policy is to regard leases as finance leases where their term give rights approximating to ownership.

Assets held under finance leases (including hire purchase contracts) are capitalised at the fair value of the asset at the inception of the lease, with an equivalent liability categorised as appropriate under creditors due within and after one year. Assets are depreciated over the shorter of the lease term and their useful economic life; in the case of assets held under hire purchase agreements they are depreciated over their useful economic life. Finance charges are allocated to accounting years over the life of each lease to produce a constant rate of charge on the outstanding balance.

Rentals under operating leases are charged on a straight-line basis over the lease term.

FIRST SECURITY (GUARDS) PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1993

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(f) Pension cost

Pension scheme contributions are charged to the profit and loss account as they become payable.

(g) Grants

Grants of a revenue nature are credited to income in the period to which they relate.

Capital grants are deducted from the cost of the related fixed assets.

(h) FRS3

The financial statements have been prepared in accordance with Financial Reporting Standard No.3 - "Reporting Financial Performance".

2 TURNOVER

Turnover is the total amount, excluding value added tax, receivable by the company in the ordinary course of business for services provided.

3 ANALYSIS OF TURNOVER AND NET OPERATING EXPENSES

	1993 £	1992 £
Turnover	<u>9,648,424</u>	<u>8,291,072</u>
Cost of sales	<u>(7,824,924)</u>	<u>(6,579,032)</u>
Net operating expenses		
Administrative expenses	<u>(1,526,453)</u>	<u>(1,007,512)</u>
Operating profit	<u>297,047</u>	<u>704,528</u>

There were no discontinued operations in either 1993 or 1992.

FIRST SECURITY (GUARDS) PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1993

4 OPERATING PROFIT

Operating profit is stated after charging:	1993 £	1992 £
Administrative expenses including:		
Operating lease rentals for plant and machinery	1,110	1,911
Depreciation	32,523	79,605
Profit or loss on disposal of fixed assets	557	(9,768)
Directors' emoluments	678,307	289,529
Auditors' remuneration (including expenses)	<u>8,565</u>	<u>8,500</u>

5 STAFF COSTS

The cost of employing staff, including directors, was:	1993 £	1992 £
Wages and salaries	7,960,086	6,333,744
Social security costs	734,493	622,958
Pension costs	<u>75,891</u>	<u>75,000</u>
	<u>8,770,470</u>	<u>7,031,702</u>
	At 31st December 1993	At 31st December 1992
The number of persons employed by the company was as follows:		
Selling and administration	22	22
Security staff	<u>604</u>	<u>529</u>
	<u>626</u>	<u>551</u>

6 DIRECTORS' EMOLUMENTS

	1993 £	1992 £
Management remuneration	602,416	214,529
Pension contributions	<u>75,891</u>	<u>75,000</u>
	<u>678,307</u>	<u>289,529</u>

Details of directors' emoluments, excluding pension contributions, are:

The highest paid director	<u>275,342</u>	<u>101,666</u>
Other directors were in the following bands of emoluments:	Number	Number
£50,001 to £55,000	-	1
£55,001 to £60,000	-	1
£60,000 to £65,000	1	-
£265,000 to £270,000	1	-

**FIRST SECURITY (GUARDS) PLC**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST DECEMBER 1993**

7	INTEREST PAYABLE	1993 £	1992 £
	On bank loans, overdrafts and other loans wholly repayable within five years:		
	Bank overdraft interest	13,046	13,563
	Finance lease and hire purchase contracts payable by instalments	<u>18,303</u>	<u>21,347</u>
		<u>31,349</u>	<u>34,910</u>

8	TAXATION	1993 £	1992 £
	UK corporation tax at a composite rate on the profit adjusted for tax purposes	<u>77,944</u>	<u>216,656</u>
		<u>77,944</u>	<u>216,656</u>

The company is a "close" company within the provisions of the Income and Corporation Taxes Act 1988.

9	DIVIDENDS	1993 £	1992 £
	Paid and payable:		
	Ordinary shares of 50p each:		
	Interim dividend	-	97,017
	Final dividend of £31.33 per share	<u>5,451</u>	<u>327,698</u>
		<u>5,451</u>	<u>424,715</u>

10	TANGIBLE FIXED ASSETS	Leased assets £	Leasehold property £	Fixtures and fittings £	Motor vehicles £	Total £
	<b>COST</b>					
	At 1st January 1993	65,250	4,237	194,310	240,157	503,954
	Additions at cost	2,232	-	50,447	29,360	82,039
	Applicable to disposals	<u>(7,700)</u>	-	-	-	<u>(7,700)</u>
	At 31st December 1993	<u>59,782</u>	<u>4,237</u>	<u>244,757</u>	<u>269,517</u>	<u>578,293</u>
	<b>DEPRECIATION</b>					
	At 1st January 1993	43,414	843	48,922	57,361	150,540
	Charge for the year	11,090	168	19,584	61,682	92,524
	Released by disposals	<u>(6,543)</u>	-	-	-	<u>(6,543)</u>
	At 31st December 1993	<u>47,961</u>	<u>1,011</u>	<u>68,506</u>	<u>119,043</u>	<u>236,521</u>
	<b>NET BOOK VALUE</b>					
	At 31st December 1993	<u>11,821</u>	<u>3,226</u>	<u>176,251</u>	<u>150,474</u>	<u>341,772</u>
	At 31st December 1992	<u>21,836</u>	<u>3,394</u>	<u>145,389</u>	<u>182,795</u>	<u>353,414</u>

FIRST SECURITY (GUARDS) PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1993

Details of fixed assets held under finance leases and hire purchase contracts included in the above are as follows:

	Leased assets £	Leasehold property £	Fixtures and fittings £	Motor vehicles £	Total £
1993					
Net book value	<u>11,821</u>	<u>-</u>	<u>43,748</u>	<u>137,501</u>	<u>193,070</u>
Charge for the year	<u>11,090</u>	<u>-</u>	<u>4,701</u>	<u>54,223</u>	<u>70,014</u>
1992					
Net book value	<u>21,836</u>	<u>-</u>	<u>12,960</u>	<u>164,358</u>	<u>199,154</u>
Charge for the year	<u>25,325</u>	<u>-</u>	<u>1,440</u>	<u>30,858</u>	<u>57,623</u>
11 STOCKS				1993 £	1992 £
Stock of uniforms				<u>24,056</u>	<u>28,866</u>
12 DEBTORS				1993 £	1992 £
Trade debtors				1,590,344	1,697,459
Other debtors				188	4,541
Prepayments and accrued income				<u>300,939</u>	<u>190,869</u>
				<u>1,891,471</u>	<u>1,892,869</u>
13 CREDITORS: Amounts falling due within one year				1993 £	1992 £
Bank overdrafts				-	198,073
Net obligations under finance leases and hire purchase contracts				63,572	59,455
Trade creditors				93,159	97,545
U.K. corporation tax				76,012	71,499
Tax and social security costs				721,552	705,021
Other creditors				628,840	508,147
Accruals and deferred income				<u>90,663</u>	<u>60,053</u>
				<u>1,673,798</u>	<u>1,699,793</u>
				1993 £	1992 £
Secured creditors included above are as follows:					
Bank overdraft:					
secured by a floating charge and debenture over all the assets of the company				-	198,073
Hire purchase instalments:					
secured on the assets concerned				<u>63,572</u>	<u>59,455</u>
				<u>63,572</u>	<u>257,528</u>

FIRST SECURITY (GUARDS) PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1993

14	CREDITORS: Amounts falling due after more than one year	1993 £	1992 £
	Net obligations under finance leases and hire purchase contracts	<u>104,377</u>	<u>136,272</u>
		1993 £	1992 £
	Amounts payable by instalments between one and five years hence:		
	Finance lease and hire purchase contracts	<u>104,377</u>	<u>136,272</u>
		1993 £	1992 £
	Secured creditors included above are as follows:		
	Hire purchase instalments:		
	secured on the assets concerned	<u>104,377</u>	<u>136,272</u>

15 LEASE COMMITMENTS

Net obligations under finance leases and hire purchase contracts

	1993 £	1992 £
Minimum lease payments due:		
Within one year	66,214	61,176
1-2 years	94,808	53,768
2-3 years	12,657	82,605
3-4 years	654	258
4-5 years	163	-
Gross obligations	<u>174,498</u>	<u>197,807</u>
Less: finance charges allocated to future periods	<u>(6,549)</u>	<u>(2,080)</u>
Net obligations	<u>167,949</u>	<u>195,727</u>

16 PROVISIONS FOR LIABILITIES AND CHARGES

	Provided 1993 £	Not Provided 1993 £	Provided 1992 £	Not Provided 1992 £
Deferred taxation:				
Corporation tax calculated in accordance with note 1 relating to:				
Tax allowances	<u>-</u>	<u>10,804</u>	<u>-</u>	<u>12,860</u>
	<u>-</u>	<u>10,804</u>	<u>-</u>	<u>12,860</u>

FIRST SECURITY (GUARDS) PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1993

17	SHARE CAPITAL	<u>Number</u> <u>1993</u>	<u>Value</u> <u>1993</u> £	<u>Number</u> <u>1992</u>	<u>Value</u> <u>1992</u> £
	Authorised:				
	A Ordinary shares of 50p each	200	100	200	100
	B Ordinary shares of £1 each	<u>49,900</u>	<u>49,900</u>	<u>49,900</u>	<u>49,900</u>
		<u>50,100</u>	<u>50,000</u>	<u>50,100</u>	<u>50,000</u>
	Issued and fully paid:				
	A Ordinary shares of 50p each	200	100	200	100
	B Ordinary shares of £1 each	<u>49,900</u>	<u>49,900</u>	<u>49,900</u>	<u>49,900</u>
		<u>50,100</u>	<u>50,000</u>	<u>50,100</u>	<u>50,000</u>
18	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS			1993 £	1992 (as restated) £
	Profit for the financial year			192,737	463,420
	Dividends			<u>5,451</u>	<u>424,715</u>
	Net addition to shareholders' funds			187,286	38,705
	Opening shareholders' funds			<u>442,525</u>	<u>403,820</u>
	Closing shareholders' funds			<u>629,811</u>	<u>442,525</u>
19	CAPITAL AND OTHER COMMITMENTS				
	At 31st December 1993, the company was committed to making payments of £58,500 (1992: £74,496) during the next year in respect of leases on land and buildings.				
20	GUARANTEES				
	The company's bank overdraft facility is secured by a floating charge and debenture over all the assets of the company.				
21	PENSION COSTS				
	The company operates a self administered defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charge represents contributions to the fund and amounting to £75,000 (1992 £75,000) and other pension costs amounting to £891.				

FIRST SECURITY (GUARDS) PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1993

22 NOTES TO CASH FLOW STATEMENT

i) Reconciliation of operating profit to net cash inflow from operating activities

	1993 £	1992 £
Operating profit	296,490	714,296
Depreciation and amortisation charges	92,524	79,605
Loss (profit) on disposal of tangible fixed assets	557	(9,768)
Decrease in stocks	4,810	4,360
Decrease (increase) in debtors	1,397	(333,724)
Increase in creditors	<u>163,448</u>	<u>158,811</u>
Net cash inflow from operating activities	<u>559,226</u>	<u>613,580</u>

ii) Analysis of changes in cash and cash equivalents during the year

	1993 £	1992 £
Balance at 1st January 1993	(194,632)	55,532
Net cash inflow (outflow)	<u>345,319</u>	<u>(250,164)</u>
Balance at 31st December 1993	<u>150,687</u>	<u>(194,632)</u>

iii) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	Cash at bank and in hand £	Bank overdrafts £	Cash and cash equivalents £
At 1st January 1992	55,532	-	55,532
Movement in the year	<u>(52,091)</u>	<u>(198,073)</u>	<u>(250,164)</u>
At 31st December 1992	3,441	(198,073)	(194,632)
Movement in the year	<u>147,246</u>	<u>198,073</u>	<u>345,319</u>
At 31st December 1993	<u>150,687</u>	<u>-</u>	<u>150,687</u>

iv) Analysis of changes in financing during the year

	1993 £	1992 £
Hire purchase and finance lease		
Balance at 1st January 1993	195,727	136,392
Cash (outflow) inflow from financing	<u>(27,778)</u>	<u>59,335</u>
Balance at 31st December 1993	<u>167,949</u>	<u>195,727</u>