

2053619

First Security (Guards) Limited

Report and Accounts

31 MARCH 1997



First Security (Guards) Limited

Registered No. 2053619

DIRECTORS

T A Brentnall (Chairman)
R W Farrow
J S Levine
M K Randall

SECRETARY

D A G How

AUDITORS

Ernst & Young
400 Capability Green
Luton
Beds
LU1 3LU

BANKERS

Midland Bank Plc
Poultry & Princes Street
London
EC2P 2BX

REGISTERED OFFICE

The Roller Mill
Mill Lane
Uckfield
East Sussex
TN22 5AA

First Security (Guards) Limited

DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31 March 1997.

RESULTS AND DIVIDENDS

The group profit for the year, after taxation, amounted to £824,000 (1996 - £687,000). Interim dividends of £650,000 were paid, leaving £174,000 to be transferred to reserves.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

The directors are satisfied with the results for the year.

FUTURE DEVELOPMENTS

The group expects to continue to expand its operations.

DIRECTORS AND THEIR INTERESTS

The directors at 31 March 1997 were as follows:

T A Brentnall (Chairman)
J S Levine (appointed 1 October 1996)
R W Farrow
D G Nineberg
M K Randall

None of the directors had an interest in the share capital of the company.

The interests of T A Brentnall, D G Nineberg and M K Randall in the share capital and options to subscribe in the share capital of Orbis PLC are disclosed in that company's accounts. The interests of the other directors are as follows:

Share capital None

Options to subscribe in share capital

	At 1 April 1996	Granted during the year	At 31 March 1997	Exercise price pence	Date from which exercisable	Expiry date
J S Levine	—	444,444	444,444	45.0	26 Feb 2000	25 Feb 2007
R W Farrow	226,548	—	226,548	22.5	20 July 1997	19 July 2004
R W Farrow	—	20,000	20,000	45.0	2 July 1999	1 July 2006

D G Nineberg resigned as director on 15 July 1997.

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 group. 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 through obtaining City & Guild diplomas and national vocational qualifications.

DIRECTORS' REPORT

EMPLOYMENT POLICIES (continued)

The group aims to be an equal opportunity employer and it is the policy to promote from within when there is a suitable internal candidate for a vacant or new position.

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.

The group gives sympathetic consideration to the employment and development of disabled people having regard to their particular aptitudes and abilities. If an employee becomes disabled whilst in the service of the group, every effort is made to continue his/her employment by transfer to other duties and, if required, by the provision of such training as is appropriate.

AUDITORS

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

On behalf of the board



Director

22/1/98

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 the group and of the profit or loss of the group 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 group will continue in business.

The directors confirm that they have complied with the above requirements in preparing the accounts.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group 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 group 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 7 to 16, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 5 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.

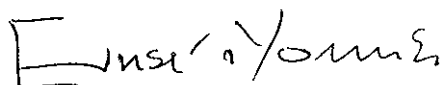
Basis of opinion

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 group'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 and of the group as at 31 March 1997 and of the profit of the group for the year ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditor
Luton

22/1/98

First Security (Guards) Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 March 1997

	<i>Notes</i>	<i>1997 £000</i>	<i>1996 £000</i>
TURNOVER	2	15,018	12,924
Cost of sales		12,232	10,500
GROSS PROFIT		2,786	2,424
Administrative expenses		1,539	1,385
OPERATING PROFIT	3	1,247	1,039
Interest payable and similar charges	6	18	15
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,229	1,024
Tax on profit on ordinary activities	7	405	337
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		824	687
Dividends	8	650	500
PROFIT RETAINED FOR THE FINANCIAL YEAR	18	174	187

There were no recognised gains or losses other than the profit for the year.

First Security (Guards) Limited

GROUP BALANCE SHEET at 31 March 1997

	Notes	1997 £000	1996 £000
FIXED ASSETS			
Tangible assets	10	428	382
CURRENT ASSETS			
Debtors	12	2,174	3,936
Cash at bank and in hand		2,363	1,107
		4,537	5,043
CREDITORS: amounts falling due within one year	13	3,582	4,228
NET CURRENT ASSETS		955	815
TOTAL ASSETS LESS CURRENT LIABILITIES		1,383	1,197
CREDITORS: amounts falling due after more than one year	14	128	116
		1,255	1,081
CAPITAL AND RESERVES			
Called up share capital	17	50	50
Profit and loss account	18	1,205	1,031
Shareholders' funds:			
Equity		1,205	1,031
Non equity		50	50
		1,255	1,081

M. K. Reilly

Director

22/1/98

First Security (Guards) Limited

BALANCE SHEET

at 31 March 1997

	Notes	1997 £000	1996 £000
FIXED ASSETS			
Tangible assets	10	428	382
Investments	11	—	—
		<u>428</u>	<u>382</u>
CURRENT ASSETS			
Debtors	12	4,421	3,936
Cash at bank and in hand		2,363	1,107
		<u>6,784</u>	<u>5,043</u>
CREDITORS: amounts falling due within one year	13	6,947	4,779
		<u>(163)</u>	<u>264</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>265</u>	<u>646</u>
CREDITORS: amounts falling due after more than one year	14	128	116
		<u>137</u>	<u>530</u>
CAPITAL AND RESERVES			
Called up share capital	17	50	50
Profit and loss account	18	87	480
Shareholders' funds:			
Equity		<u>87</u>	<u>480</u>
Non equity		<u>50</u>	<u>50</u>
		<u>137</u>	<u>530</u>

M. K. Rendell

Director

22/1/98

First Security (Guards) Limited

NOTES TO THE ACCOUNTS at 31 March 1997

1. ACCOUNTING POLICIES

Accounting convention

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

Basis of consolidation

The group accounts consolidate the accounts of First Security (Guards) Limited and its subsidiary undertaking Authoragent Company Limited drawn up to 31 March each year. No profit and loss account is presented for First Security (Guards) Limited as permitted by section 230 of the Companies Act 1985.

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:

	Per annum
Leasehold property	- Equal instalments over period of lease
Fixtures and fittings	- 10% straight line
Computer equipment	- 20% straight line
Motor vehicles	- 25% reducing balance

Deferred taxation

Deferred taxation 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.

Leases

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their 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 in the profit and loss account over the periods of the leases and hire purchase contracts and represents 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.

2. TURNOVER

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

Turnover is attributable to one continuing 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 1997

3. OPERATING PROFIT

Operating profit is stated after charging:

	1997 £000	1996 £000
Depreciation - owned assets	96	59
- assets held under finance leases and hire purchase contracts	1	20
Auditors' remuneration	10	10
Operating lease rentals - land and buildings	58	58
	<u>165</u>	<u>147</u>

4. DIRECTORS' EMOLUMENTS

	1997 £000	1996 £000
Emoluments (including pension contributions)	209	207
Compensation for loss of office	30	-
	<u>239</u>	<u>207</u>

The emoluments of the highest paid director were £99,234, comprising salary and benefits of £69,234 and compensation for loss of office of £30,000.

5. STAFF COSTS

	1997 £000	1996 £000
Wages and salaries	12,010	9,961
Social security costs	1,079	915
Other pension costs	4	1
	<u>13,093</u>	<u>10,877</u>

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

	1997 No.	1996 No.
Selling and administration	30	27
Security staff	880	770
	<u>910</u>	<u>797</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £000	1996 £000
Finance charges payable under finance leases and hire purchase contracts	18	15
	<u>18</u>	<u>15</u>

First Security (Guards) Limited

NOTES TO THE ACCOUNTS

at 31 March 1997

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £000	1996 £000
Based on the profit for the year:		
UK corporation tax	405	337

8. DIVIDENDS

	1997 £000	1996 £000
Equity dividends on ordinary shares		
Interim paid	650	—
Final proposed	—	500
	650	500

9. PROFIT ATTRIBUTABLE TO THE MEMBERS OF THE PARENT COMPANY

The profit dealt with in the accounts of the parent company, before dividends, was £257,000 (1996: £136,000).

10. TANGIBLE FIXED ASSETS

Group and company

	<i>Leasehold property £000</i>	<i>Fixtures and fittings £000</i>	<i>Motor vehicles £000</i>	<i>Total £000</i>
Cost:				
At 1 April 1996	4	381	273	658
Additions	—	57	112	169
Disposals	—	—	(112)	(112)
At 31 March 1997	4	438	273	715
Depreciation:				
At 1 April 1996	1	127	148	276
Charge for the year	2	48	47	97
Disposals	—	—	(86)	(86)
At 31 March 1997	3	175	109	287
Net book value:				
At 31 March 1997	1	263	164	428
At 1 April 1996	3	254	125	382

First Security (Guards) Limited

NOTES TO THE ACCOUNTS

at 31 March 1997

10. TANGIBLE FIXED ASSETS (continued)

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

	1997 £000	1996 £000
Fixtures and fittings	17	10
Motor vehicles	—	1
	<u>17</u>	<u>11</u>

11. INVESTMENTS

Company

At 31 March 1997, the company held an investment of £2 in Authoragent Company Limited, a company registered in England & Wales. Authoragent is a wholly owned subsidiary engaged in the supply of manned guarding services.

12. DEBTORS

	1997 £000	Group 1996 £000	1997 £000	Company 1996 £000
Trade debtors	1,680	2,374	1,680	2,374
Amounts due from group undertakings	—	1,338	—	1,338
Other debtors	—	—	647	—
Prepayments and accrued income	494	224	2,094	224
	<u>2,174</u>	<u>3,936</u>	<u>4,421</u>	<u>3,936</u>

13. CREDITORS: amounts falling due within one year

	1997 £000	Group 1996 £000	1997 £000	Company 1996 £000
Obligations under finance leases and hire purchase contracts (note 15)	62	61	62	61
Trade creditors	91	32	91	32
Amounts due to group undertakings	937	27	4,897	994
Corporation tax	420	346	—	74
Other taxes and social security costs	1,162	637	987	493
Accruals and deferred income	910	2,142	910	2,142
Proposed dividends	—	983	—	983
	<u>3,582</u>	<u>4,228</u>	<u>6,947</u>	<u>4,779</u>

First Security (Guards) Limited

NOTES TO THE ACCOUNTS at 31 March 1997

14. CREDITORS: amounts falling due after more than one year *Group and company*

	1997 £000	1996 £000
Obligations under finance leases and hire purchase contracts (note 15)	128	116

15. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS *Group and company*

	1997 £000	1996 £000
Payable within one year	62	61
Payable in two to five years	128	116
	190	177

16. PROVISIONS FOR LIABILITIES AND CHARGES

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

	Provided		Not provided	
	1997 £000	1996 £000	1997 £000	1996 £000
Capital allowances in advance of depreciation	-	-	34	34
Other timing differences	-	-	(8)	(14)
	-	-	26	20

17. SHARE CAPITAL

	1997 £	1996 £
Authorised:		
200 'A' Deferred shares of 50p each	100	100
99,800 'B' Deferred shares of 50p each	49,900	49,900
200 Ordinary shares of \$0.01 each	1	1
	50,001	50,001
	1997 £000	1996 £000
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	-	-
	50	50

First Security (Guards) Limited

NOTES TO THE ACCOUNTS

at 31 March 1997

17. SHARE CAPITAL (continued)

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 £ 1million in respect of each share held and then only to the extent of £2 per share.

18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

Group

	Share capital £000	Profit and loss account £000	Total £000
At 1 April 1995	50	844	894
Profit for the year	—	687	687
Dividends	—	(500)	(500)
At 1 April 1996	50	1,031	1,081
Profit for the year	—	824	824
Dividends	—	(650)	(650)
At 31 March 1997	50	1,205	1,225

Company

	Share capital £000	Profit and loss account £000	Total £000
At 1 April 1995	50	844	894
Profit for the year	—	136	136
Dividends	—	(500)	(500)
At 1 April 1996	50	480	530
Profit for the year	—	257	257
Dividends	—	(650)	(650)
At 31 March 1997	50	87	137

19. FINANCIAL COMMITMENTS

Group and company

At 31 March 1997, the group and company had the following annual commitments under non-cancellable operating leases:

	Land and buildings	
	1997 £000	1996 £000
Leases which expire in after more than five years	58	58

First Security (Guards) Limited

NOTES TO THE ACCOUNTS

at 31 March 1997

20. CONTINGENT LIABILITIES

The company is party to a cross-guarantee of the bank borrowings of Orbis PLC. At 31 March 1997, Orbis PLC had net bank borrowings of £4,180,000.

21. ULTIMATE PARENT COMPANY

The parent undertaking of the largest and smallest group of undertakings of which group accounts are drawn up and of which the company is a member is Orbis PLC, registered in England and Wales. Copies of Orbis PLC's accounts can be obtained from The Roller Mill, Mill Lane, Uckfield, East Sussex, TN22 5AA.

22. RELATED PARTY TRANSACTIONS

The company and group have taken advantage of the exemption in FRS8 and not disclosed transactions with other group undertakings.