

**Company Registration No. 2053619**

**First Security (Guards) Limited**

**Report and Financial Statements**

**31 December 2007**

THURSDAY



LD5  
29/05/2008  
COMPANIES HOUSE

18

## **First Security (Guards) Limited**

### **Report and financial statements 2007**

<b>Contents</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>5</b>
<b>Independent auditors' report</b>	<b>6</b>
<b>Profit and loss account</b>	<b>8</b>
<b>Balance sheet</b>	<b>9</b>
<b>Reconciliation of movements in shareholders funds</b>	<b>10</b>
<b>Notes to the accounts</b>	<b>11</b>

# **First Security (Guards) Limited**

## **Report and financial statements 2007**

### **Officers and professional advisers**

#### **Directors**

M J Crump	appointed 16 July 2007
B Spencer	
G M Cornwell	appointed 1 March 2007
J S Levine	resigned 6 April 2007
G W Swaby	resigned 9 July 2007
D J Mundell	resigned 1 February 2008

#### **Secretary**

G W Swaby	resigned 9 July 2007
Andrew Tollinton	appointed 9 July 2007

#### **Registered office**

Capital Tower  
91 Waterloo Road  
London  
SE1 8RT

#### **Bankers**

Royal Bank of Scotland  
280 Bishopsgate  
London EC2M 4RB

Barclays Bank PLC  
PO Box 23  
Northampton  
NN1 4YD

#### **Solicitors**

Lawrence Graham  
4 More London Riverside  
London  
SE1 2AU  
United Kingdom

#### **Auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

## **First Security (Guards) Limited**

### **Directors' report**

The Directors present their annual report and the audited financial statements for the year end 31 December 2007

#### **Principal activity**

The principal activity of the company during the year continued to be that of the provision of a range of security manpower and associated support services

#### **Business Review**

The business has undergone a significant level of change throughout the year at Board level with new key appointments being made to the management team to drive efficiencies and growth for the future. The Directors are optimistic about the future potential of the business.

Interserve plc manages its operations on a divisional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for the understanding of the development, performance or position of the business. The performance of the Specialist Services Division of Interserve plc, which includes the company, is discussed in the group's Annual report which does not form part of this report.

#### **Results and dividends**

On turnover of £52,703m (2006: £50,983m) the Company's profit on ordinary activities before taxation was £3,047m (2006: £3,209m). The profit after taxation was £2,070m (2006: £2,228m).

An interim and final dividend of £2,000,000 (2006: £nil) was declared and paid during the year.

#### **Directors and their interests**

The Directors who served during the year were as follows:

M J Crump  
B Spencer  
G M Cornwell  
J S Levine  
G W Swaby  
D J Mundell

None of the directors in office at the end of the year held any interests in the ordinary share capital of the company.

#### **Creditor payment policy**

The Company does not follow any code or standard on payment practice. It agrees appropriate terms and conditions for its transactions with each supplier, these range from standard written terms to individually negotiated contracts. Payments to suppliers should be made in accordance with those terms and conditions, provided that the supplier has met its obligations under those terms and conditions. Trade creditors at 31 December 2007 represented 37 days of purchases (2006: 23 days).

## **First Security (Guards) Limited**

### **Directors' report**

#### **Employees**

The Company gives full consideration to applications for employment made by persons with reduced mobility, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event that an employee becomes disabled, every effort is made to ensure their continued employment and to arrange appropriate training.

It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as practicable, be identical to that of a person who does not suffer from a disability. The Company has continued its policy of regularly consulting and communicating with its employees through newsletters, briefing meetings and announcements on notice boards.

#### **Donations**

There were no charitable or political donations in the year (2006: £nil).

#### **Principal Risks and Uncertainties**

##### **Finance and Foreign Exchange Risk**

The Company is financed by interest free loans from Group undertakings and a Bank Overdraft that is subject to a Group set-off facility. In addition, the ultimate Parent Company manages both interest rate and exchange rate risk through the Group Treasury Department, using various methods including swaps and hedges and these are disclosed in the Group Accounts.

##### **Credit Risk**

The Company operates a credit control policy and Clients are generally allowed 30 day terms, subject to reviews. Aged debtors are reviewed regularly and the Company policy is to provide for any specific bad debts based on credit reviews and market information.

##### **Liquidity Risk**

In order to ensure the Company has sufficient funds for its ongoing operations and future activities, the Company uses a combination of Overdrafts and Group Loans. The financing and liquidity of the Company is managed in conjunction with the Group Treasury function.

The Directors are satisfied that given the nature of this Company there are no other significant risks and uncertainties to consider.

Group risks are discussed in the Group's Annual Report which does not form part of these financial statements.

#### **Auditors**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.


This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

## First Security (Guards) Limited

### Directors' report

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board on 28<sup>th</sup> May 2008

A handwritten signature in black ink, appearing to be 'M J Crump', with a stylized flourish at the end.

M J Crump  
Director

## **First Security (Guards) Limited**

### **Statement of directors' responsibilities**

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). The financial statements are required by law to 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 judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed; 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 proper accounting records which 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 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of First Security (Guards) Limited**

We have audited the financial statements of First Security (Guards) Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders' funds and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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.



**Independent auditors' report to the members of  
First Security (Guards) Limited (continued)**

**Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended, and
- have been properly prepared in accordance with the Companies Act 1985
- the information given in the Directors' Report is consistent with the financial statements



**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

*28 May* 2008

# First Security (Guards) Limited

## Profit and loss account

Year ended 31 December 2007

	Note	2007 £'000	2006 £'000
Turnover	2	52,703	50,983
Cost of sales		(46,164)	(42,386)
Gross profit		6,539	8,597
Administrative expenses		(3,492)	(5,277)
Operating profit	3	3,047	3,320
Interest receivable and similar income	6	-	2
Interest payable and similar charges	7	-	(113)
		-	(111)
Profit on ordinary activities before taxation		3,047	3,209
Tax on profit on ordinary activities	8	(977)	(981)
Profit on ordinary activities after taxation		2,070	2,228
Dividends ordinary dividends on equity shares	9	(2,000)	-
(Loss)/Profit retained for the financial year		70	2,228

All of the activities of the company are classed as continuing

The above results are stated on an historical cost basis

There were no recognised gains or losses other than the profit for the period above and therefore no separate statement of recognised gains and losses has been presented

# First Security (Guards) Limited

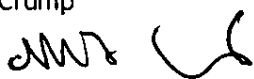
## Balance sheet 31 December 2007

	Note	2007 £'000	2006 £'000
<b>Fixed assets</b>			
Tangible assets	10	<u>371</u>	<u>424</u>
<b>Current assets</b>			
Debtors	11	12,533	10,378
Cash at bank and in hand		<u>2,427</u>	<u>3,619</u>
		14,960	13,997
<b>Creditors: amounts falling due within one year</b>	12	<u>(9,281)</u>	<u>(8,441)</u>
<b>Net current assets</b>		<u>5,679</u>	<u>5,556</u>
<b>Total assets less current liabilities</b>		<u>6,050</u>	<u>5,980</u>
<b>Creditors: amounts falling due after more than one year</b>		<u>-</u>	<u>-</u>
		<u>6,050</u>	<u>5,980</u>
<b>Capital and reserves</b>			
Called up share capital	16	50	50
Profit and loss account	17	<u>6,000</u>	<u>5,930</u>
<b>Equity shareholders' funds</b>		<u>6,050</u>	<u>5,980</u>

These financial statements were approved by the Board of Directors on 28th May 2008

Signed on behalf of the Board of Directors

M J Crump



Director

## First Security (Guards) Limited

### Reconciliation of movements in shareholders' funds Year ended 31 December 2007

	2007 £'000	2006 £'000
Profit for the year	2,070	2,228
Dividend paid	(2,000)	-
Net increase in shareholders' funds	70	2,228
Opening shareholders' funds	5,980	3,752
Closing shareholders' funds	6,050	5,980

# **First Security (Guards) Limited**

## **Notes to the accounts**

**Year ended 31 December 2007**

### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies adopted are described below.

The Company is exempt from the requirements of Financial Reporting Standard No 1 (Revised 1996) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Interserve Group plc, and its cash flows are included within the consolidated cash flow statement of that company.

#### **Accounting convention**

The financial statements are prepared under the historical cost convention

#### **Fixed assets**

All fixed assets are initially recorded at cost

#### **Depreciation**

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

Leasehold property and improvements	life of the lease
Fixtures, fittings and computer equipment	4 - 10 years
Motor vehicles	4 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

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the rates and laws that have been enacted or substantially enacted by the balance sheet date

#### **Deferred tax**

Deferred tax 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, or a right to pay less, tax in the future have occurred

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

#### **Leasing and hire purchase commitments**

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

## First Security (Guards) Limited

### Notes to the accounts

Year ended 31 December 2007

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 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

#### Pension costs

The Company makes contributions to the personal pension schemes of certain Directors and employees. Contributions are charged in the Profit and Loss Account as they become payable in accordance with the rules of the schemes

#### 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

#### 3. Operating profit

	2007 £'000	2006 £'000
This is stated after charging:		
Fees payable to company's auditors		
- audit of the company's annual accounts	23	19
Depreciation of owned fixed assets	116	116
(Loss) on disposal of fixed assets	(3)	(16)
Operating lease rentals - land and buildings	181	209
	<u>          </u>	<u>          </u>

#### 4. Particulars of employees

The monthly average number of employees during the period was

	2007 No.	2006 No.
Security	1,786	1,681
Sales and administration	57	57
	<u>          </u>	<u>          </u>
	1,843	1,738
	<u>          </u>	<u>          </u>

The aggregate payroll costs of the above were

	£'000	£'000
Wages and salaries	43,353	37,850
Social security costs	3,345	3,035
Other pension costs	43	69
	<u>          </u>	<u>          </u>
	46,741	40,954
	<u>          </u>	<u>          </u>

# First Security (Guards) Limited

## Notes to the accounts

Year ended 31 December 2007

### 5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2007 £'000	2006 £'000
Emoluments	476	489
Value of Company pension contributions to money purchase schemes	26	56

Contributions are made to a money purchase scheme in respect of 4 Directors (2006 3)

The amounts in respect of the highest paid director were as follows:

	2007 £'000	2006 £'000
Emoluments	195	217
Value of Company pension contributions to money purchase schemes	15	54

### 6. Interest receivable and similar income

	2007 £'000	2006 £'000
Bank interest receivable	-	2
Other interest receivable	-	-
	-	2

### 7. Interest payable and similar charges

	2007 £'000	2006 £'000
Finance charges payable under finance leases and hire purchase contracts	-	1
Bank interest payable	-	112
	-	113

# First Security (Guards) Limited

## Notes to the accounts

Year ended 31 December 2007

### 8. Tax on profit on ordinary activities

#### Analysis of the tax charge

The tax charge for the year is made up as follows

	2007 £'000	2006 £'000
<b>Current tax:</b>		
United Kingdom corporation tax at 30 % (2006 - 30%)		
- charge on the results for the period	946	1,010
- adjustment in respect of prior period	31	(23)
- group relief payable		
<b>Tax on profit on ordinary activities</b>	<b>977</b>	<b>987</b>
<b>Deferred taxation:</b>		
- origination and reversal of timing differences	-	(3)
- adjustment in respect of prior period	-	(3)
	-	(6)
<b>Tax on profit on ordinary activities</b>	<b>977</b>	<b>981</b>
<b>Factors affecting the tax charge</b>		
The differences are reconciled below		
Profit on ordinary activities before tax	3,047	3,209
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 - 30%)	914	964
Expenditure not deducted for tax purposes	45	43
Accelerated capital allowances	-	(3)
Tax under / (over) provided in previous years	31	(23)
Other short-term timing differences	(13)	6
<b>Total current tax</b>	<b>977</b>	<b>987</b>
<b>Deferred tax</b>		
Accelerated capital allowances	53	53
Other timing differences	-	-
<b>Deferred taxation asset</b>	<b>53</b>	<b>53</b>
At 1 January 2007	53	47
Profit and loss account	-	6
<b>At 31 December 2007</b>	<b>53</b>	<b>53</b>



# First Security (Guards) Limited

## Notes to the accounts Year ended 31 December 2007

### 9. Dividends

	2007 £'000	2006 £'000
Equity dividends on ordinary shares		
Dividend paid	2,000	-

### 10. Tangible fixed assets

	Leasehold property and improvements £'000	Fixtures, fittings, tools and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2007	59	932	65	1,056
Additions	-	42	25	67
Disposals and adjustments	-	-	(15)	(15)
At 31 December 2007	59	974	75	1,108
<b>Accumulated depreciation</b>				
At 1 January 2007	44	540	48	632
Charge for the year	5	105	6	116
Disposals and adjustments	-	-	(11)	(11)
At 31 December 2007	49	645	43	737
<b>Net book value</b>				
At 31 December 2007	10	329	32	371
At 31 December 2006	15	392	17	424

The net book value of assets above includes an amount of £nil (2006 £nil) in respect of assets held under finance leases and hire purchase contracts

### 11. Debtors

	2007 £'000	2006 £'000
Trade debtors	7,311	6,124
Other debtors	92	18
Prepayments and accrued income	949	392
Amounts owed by group undertakings	4,128	3,791
Deferred Tax (note 8)	53	53
	12,533	10,378

# First Security (Guards) Limited

## Notes to the accounts

Year ended 31 December 2007

### 12. Creditors: amounts falling due within one year

	2007 £'000	2006 £'000
Trade creditors	67	403
Amounts owed to group undertakings	418	-
Corporation Tax	656	1,010
Other taxation and social security	3,900	2,598
Other creditors	-	-
Accruals and deferred income	4,240	4,430
	<u>9,281</u>	<u>8,441</u>

### 13. Commitments under operating leases

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as set out below

	2007		2006	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
- Within one year	-	-	110	-
- In two to five years	181	-	-	-
- In over five years	-	-	99	-
	<u>181</u>	<u>-</u>	<u>209</u>	<u>-</u>

### 14. Contingent liabilities

The Company has provided cross-guarantees in respect of bank overdrafts and other liabilities for group companies amounting in aggregate to £163,000,000 (2006 £nil)

### 15. Related party transactions

The Company has taken advantage of the exemption under Financial Reporting Standard 8 and not disclosed transactions with group undertakings

### 16. Called up share capital

	2007 £'000	2006 £'000
Authorised:		
200 'A' Deferred Shares of £0.50 each	-	-
99,800 'B' Deferred Shares of £0.50 each	50	50
200 ordinary Shares of £0.01 each	-	-
	<u>50</u>	<u>50</u>

## First Security (Guards) Limited

### Notes to the accounts

Year ended 31 December 2007

**Called up, allotted and fully paid:**

200 'A' Deferred Shares of £0.50 each	-	-
99,800 'B' Deferred Shares of £0.50 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 dividends and carry no voting rights

On liquidation of the Company, the 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

#### 17. Profit and loss account

	£'000
At 1 January 2007	5,930
Profit for the year	<u>70</u>
At 31 December 2007	<u>6,000</u>

#### 18. Ultimate parent company

The Company's immediate parent is First Security Group Limited and its ultimate parent undertaking and controlling party, and the undertaking of the smallest and largest Group for which Group financial statements are prepared, is Interserve plc, a Company incorporated in Great Britain and registered in England and Wales

The consolidated financial statements of Interserve plc are available to the public and may be obtained from Capital Tower, 91 Waterloo Road, London SE1 8RT. No other group financial statements include the results of the Company