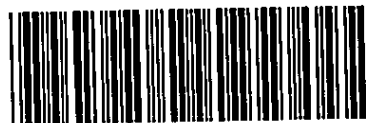


Report of the Directors and
Financial Statements for the Year Ended 31 December 2011
for
First Security (Guards) Limited

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for the Year Ended 31 December 2011

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First Security (Guards) Limited

Company Information
for the Year Ended 31 December 2011

DIRECTORS:

A Sanders
S Weatherson
S Dannan

SECRETARY:

S Pound

REGISTERED OFFICE:

Capital Tower
91 Waterloo Road
England

REGISTERED NUMBER:

02053619 (England and Wales)

AUDITORS:

Deloitte LLP
Chartered Accountants and
Statutory Auditor
London
United Kingdom

The directors present their report with the financial statements of the company for the year ended 31 December 2011

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. No changes are foreseen in the future.

REVIEW OF BUSINESS

On turnover of £36,075k (2010 £47,456k) the company's profit on ordinary activities before taxation was £466k (2010 loss £(1,013)k). The profit after taxation was £242k (2010 loss £(769)k).

Interserve plc, the ultimate parent company, 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.

DIVIDENDS

A final dividend of £500,000 was declared and paid during the year (2010 nil).

DIRECTORS

The directors who have held office during the period from 1 January 2011 to the date of this report are as follows:

A Sanders - appointed 24 November 2011
S Weatherson - appointed 24 November 2011
B Melizan - resigned 25 November 2011
S Ashdown - resigned 25 November 2011
J Purnell - resigned 16 March 2011

S Dannan was appointed as a director after 31 December 2011 but prior to the date of this report.

COMPANY'S POLICY ON PAYMENT OF CREDITORS

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 2011 represented 38 days of purchases (2010 34 days).

POLITICAL AND CHARITABLE CONTRIBUTIONS

There were no charitable or political donations in the year (2010 £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

Finance and foreign exchange risk

The company is financed by interest free loans and/or interest bearing 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.

EMPLOYEES

The company gives full consideration to applications for employment made by disabled persons, 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.

GOING CONCERN

First Security (Guards) Limited was restructured during 2011, which resulted in the trade of Interserve Security Limited being transferred to First Security (Guards) Limited. This transfer happened on the 31st December 2011. No material adjustments arose as a result of this transfer.

Following the restructure, the Directors of First Security (Guards) Limited believe the Company is well placed to take advantage of future opportunities and expect to see growth by continuing to provide a high quality service to existing clients as well as targeting new business.

The Directors have prepared forecasts for the 12 months following the date of these financial statements and believe the forecasts to be realistic and achievable.

First Security (Guards) Limited has a strong balance sheet with positive net current assets and shareholders' funds. The borrowings of the Company at the 31 December 2011 were £969k (intergroup balance) which was less than the balance as at 31 December 2010 of £4,075k.

Based on the above factors, and after making enquiries, the Directors have reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Company annual report and accounts.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 accounting estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

Auditor

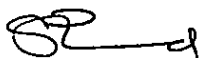
Each of the persons who is a director at the date of approval of this report confirms that

- so far as the director is aware, there is no relevant audit information of which the company's auditor is 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be put to the Annual General Meeting

ON BEHALF OF THE BOARD



S Pound - Secretary

8 August 2012

Report of the Independent Auditors 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 2011 which comprise the profit and loss account, the balance sheet and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



John Charlton (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and
Statutory Auditor
London
United Kingdom

Date 9 August 2012

First Security (Guards) Limited

Profit and Loss Account

for the Year Ended 31 December 2011

	Notes	2011 £'000	2010 £'000
TURNOVER		36,075	47,456
Cost of sales		<u>(33,928)</u>	<u>(45,618)</u>
GROSS PROFIT		2,147	1,838
Administrative expenses		<u>(1,773)</u>	<u>(2,882)</u>
OPERATING PROFIT/(LOSS)	4	374	(1,044)
Interest receivable and similar income	5	<u>92</u>	<u>31</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		466	(1,013)
Tax on profit/(loss) on ordinary activities	6	<u>(224)</u>	<u>244</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		<u><u>242</u></u>	<u><u>(769)</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year

First Security (Guards) Limited

Balance Sheet

31 December 2011

	Notes	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	8	38	328
CURRENT ASSETS			
Debtors	9	4,867	11,465
Cash in hand		4,711	1,806
		<u>9,578</u>	<u>13,271</u>
CREDITORS			
Amounts falling due within one year	10	(6,188)	(9,913)
NET CURRENT ASSETS		<u>3,390</u>	<u>3,358</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,428</u>	<u>3,686</u>
CAPITAL AND RESERVES			
Called up share capital	12	50	50
Profit and loss account	13	3,378	3,636
SHAREHOLDERS' FUNDS	17	<u>3,428</u>	<u>3,686</u>

The financial statements were approved by the Board of Directors on 8 August 2012 and were signed on its behalf by



S Weathersson - Director

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements are prepared in accordance with applicable United Kingdom Law and Accounting Standards. The particular accounting policies applied consistently in current and proceeding year are described below.

Accounting convention

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

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the parent company includes the subsidiary in its published financial statements.

Turnover

Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

1 ACCOUNTING POLICIES - continued

Share-based payments

The ultimate parent, Interserve Plc, issues equity-settled share-based payments to certain employees of the group. The fair value determined at the grant date is expensed by the group on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest. Fair value is measured by use of an appropriate valuation model (Black Scholes or stochastic depending on the characteristics of the individual grants). Further details can be found in note 27 of the 2011 Interserve plc consolidated financial statements. Interserve plc recharges to the company the fair value of grants made to employees of the company. The company has applied the accounting requirements of FRS 20 'Share-based payment'. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that were not fully vested as of January 2006.

Leasing

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term, even if payments are not made on such a basis.

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.

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.

Debtors

Trade debtors are carried at their estimated realisable value after providing for debts where collection is doubtful.

2 STAFF COSTS

The monthly average number of employees during the period was

	2011 No	2010 No
Security	1071	1,446
Sales and administration	-	31
	<u>1071</u>	<u>1,477</u>
The aggregate payroll costs of the above were	£'000	£'000
Wages and salaries	28,597	39,918
Social security costs	2,439	3,418
Other pension costs	22	17
	<u>31,058</u>	<u>43,353</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2011

3 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2011 £'000	2010 £'000
Emoluments	-	156
Value of Company pensions contributions to money purchase schemes	-	-

In 2011 the remaining statutory directors were remunerated through other companies in the Interserve group

Mr Melizan as a director of the ultimate parent company, Interserve Plc, and his remuneration for services to the group as a whole are disclosed in the accounts of that company

During the year Mr Ashdown was remunerated for his services to the group by Interservefm Ltd. It is not considered practicable to allocate his remuneration between the companies of which he is a director

4 OPERATING PROFIT/(LOSS)

The operating loss is stated after charging

	2011 £'000	2010 £'000
Auditors' remuneration	7	10
Depreciation of owned fixed assets	135	180
Loss on disposal of fixed assets	-	105
Operating lease rentals - land and buildings	114	122
Operating lease rentals - other	88	80

5 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000	2010 £'000
Group interest income	92	31

6 TAXATION

Analysis of the tax charge/(credit)

The tax charge/(credit) on the profit on ordinary activities for the year was as follows

	2011 £'000	2010 £'000
Current tax		
UK corporation tax	283	(215)
Deferred tax		
Deferred tax - current year	(8)	(29)
Deferred tax - prior period adjustment	(51)	-
Total deferred tax	(59)	(29)
Tax on profit/(loss) on ordinary activities	224	(244)

UK corporation tax was charged at 28% in 2010

Notes to the Financial Statements - continued
for the Year Ended 31 December 2011

6 TAXATION - continued

Factors affecting the tax charge/(credit)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below

	2011 £'000	2010 £'000
Profit/(loss) on ordinary activities before tax	466	(1,013)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.493% (2010 - 28%)	123	(284)
Effects of Expenditure not deducted for tax purposes	137	45
Accelerated capital allowances	(51)	29
Tax over provided in previous years differences	74	(5)
Current tax charge/(credit)	283	(215)

Deferred tax

	2011 £'000	2010 £'000
Accelerated capital allowances	11	62
At 1 January 2011	62	33
Profit and loss account	(51)	29
At 31 December 2011	11	62

7 DIVIDENDS

	2011 £'000	2010 £'000
Final Dividend for the year ended 31 December 2011 of £2,500 (2010: £nil) per Ordinary share	500	-

Notes to the Financial Statements - continued
for the Year Ended 31 December 2011

8 TANGIBLE FIXED ASSETS

	Long leasehold £'000	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
COST				
At 1 January 2011	437	84	240	761
Disposals	(437)	(84)	-	(521)
At 31 December 2011	-	-	240	240
DEPRECIATION				
At 1 January 2011	207	58	168	433
Charge for year	97	4	34	135
Eliminated on disposal	(304)	(62)	-	(366)
At 31 December 2011	-	-	202	202
NET BOOK VALUE				
At 31 December 2011	-	-	38	38
At 31 December 2010	230	26	72	328

9 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Trade debtors	2,519	5,778
Amounts owed by group undertakings	1,661	4,732
Other debtors	41	37
Corporation tax	-	110
Deferred tax asset	121	62
Prepayments and accrued income	525	746
	<u>4,867</u>	<u>11,465</u>

Deferred tax asset

	2011 £'000	2010 £'000
Deferred tax	121	33
Deferred tax liabilities greater than one year	-	29
	<u>121</u>	<u>62</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £'000	2010 £'000
Trade creditors	280	373
Amounts owed to group undertakings	969	4,075
Corporation tax	127	87
Social security and other taxes	1,575	1,610
Other creditors	224	88
Accruals and deferred income	3,013	3,680
	<u>6,188</u>	<u>9,913</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2011

11 OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year

	Land and buildings		Other operating leases	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Expiring				
Within one year	113	-	16	29
Between one and five years	-	114	15	19
In more than five years	-	-	1	-
	<u>113</u>	<u>114</u>	<u>32</u>	<u>48</u>

12 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			2011	2010
Number	Class	Nominal value	£	£
200	'A' Deferred Shares	£0 50	100	100
99,800	'B' Deferred Shares	£0 50	49,900	49,900
200	Ordinary Shares	£0 01	2	2
			<u>50,002</u>	<u>50,002</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

13 RESERVES

	Profit and loss account £'000
At 1 January 2011	3,636
Profit for the year	242
Dividends	(500)
At 31 December 2011	<u>3,378</u>

14 ULTIMATE PARENT COMPANY

The Company's immediate parent is Interserve Specialist Services (Holdings) 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

15 CONTINGENT LIABILITIES

The Company has provided cross-guarantees in respect of bank overdrafts and other liabilities for group companies amounting in aggregate to £4,711,000 (2010 £1,806,000)

16 RELATED PARTY DISCLOSURES

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

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2011	2010
	£'000	£'000
Profit/(Loss) for the financial year	242	(769)
Dividends	(500)	-
Net reduction of shareholders' funds	(258)	(769)
Opening shareholders' funds	3,686	4,455
Closing shareholders' funds	3,428	3,686