

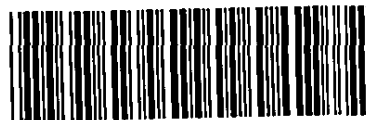
**Company Registration No. 2053619**

**First Security (Guards) Limited**

**Report and Financial Statements**

**31 December 2009**

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COMPANIES HOUSE

# **First Security (Guards) Limited**

## **Report and financial statements 2009**

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# **First Security (Guards) Limited**

## **Report and financial statements 2009**

### **Officers and professional advisers**

#### **Directors**

M J Crump  
B Spencer  
G M Cornwell  
J Purnell  
S T Ashdown

#### **Secretary**

S A Pound

#### **Registered office**

Capital Tower  
91 Waterloo Road  
London  
SE1 8RT

#### **Bankers**

Royal Bank of Scotland  
280 Bishopsgate  
London EC2M 4RB

#### **Solicitors**

Lawrence Graham  
190 Strand  
London  
WC2R 1DN

#### **Auditors**

Deloitte LLP  
Chartered Accountants  
London

# **First Security (Guards) Limited**

## **Directors' report**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2009

### **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.

### **Results, dividends and business reviews**

On turnover of £46 354m (2008 £52 695m) the Company's loss on ordinary activities before taxation was £0 330m (2008 loss £0 544m). The loss after taxation was £0 286m (2008 loss £0 409m).

An interim and final dividend of £100,000 (2008 £800,000) was declared and paid during the year.

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. 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.

### **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 2009 represented 39 days of purchases (2008 20 days).

### **Directors**

The Directors who served during the year and to the date of signing were as follows:

M J Crump	R Phillips (resigned 01 04 2010)
B Spencer	J Purnell
G M Cornwell	S T Ashdown (appointed 01 04 2010)

### **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.

### **Donations**

There were no charitable or political donations in the year (2008 £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

# First Security (Guards) Limited

## Directors' report

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

### Going concern

As discussed in the notes to the financial statements, the Directors have considered the effects of the uncertain economic environment and have determined that the accounts should be prepared on a going concern basis

### Auditors

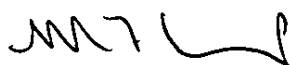
Each of the persons who is a director at the date of approval of this report confirms that

- 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 s418 of the Companies Act 2006

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors and signed on behalf of the Board



M J Crump  
Director

24<sup>th</sup> MAY 2010

Registered office

Capital Tower  
91 Waterloo Road  
London  
SE1 8RT

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

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

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those 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 2006. 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 2009 which comprise the profit and loss account, the balance sheet, the reconciliation of movements in shareholders' funds and the related notes 1 to 18. 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 an auditors' report 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 Directors' Responsibilities Statement, 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 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 (APB'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.

### **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 2009 and of its loss 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

### **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



Stephen Griggs (Senior Statutory Auditor)  
**for and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

25 May 2010



# First Security (Guards) Limited

## Profit and loss account Year ended 31 December 2009

	Notes	2009 £'000	2008 £'000
Turnover	2	46,354	52,695
Cost of sales		(43,043)	(49,563)
Gross profit		3,311	3,132
Administrative expenses		(3,665)	(3,626)
Operating loss		(354)	(494)
Interest receivable and similar income	6	24	104
Interest payable and similar charges	7	-	(154)
		24	(50)
Loss on ordinary activities before taxation	3	(330)	(544)
Tax credit on loss on ordinary activities	8	44	135
Loss on ordinary activities after taxation		(286)	(409)

All of the activities of the company are classed as continuing

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

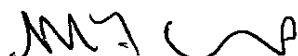
# First Security (Guards) Limited

## Balance sheet 31 December 2009

	Notes	2009 £'000	2008 £'000
<b>Fixed assets</b>			
Tangible assets	10	<u>665</u>	<u>335</u>
<b>Current assets</b>			
Debtors	11	11,011	14,275
Cash at bank and in hand		<u>1,751</u>	<u>1,148</u>
		12,762	15,423
<b>Creditors: amounts falling due within one year</b>	12	<u>(8,972)</u>	<u>(10,917)</u>
<b>Net current assets</b>		<u>3,790</u>	<u>4,506</u>
<b>Net assets</b>		<u>4,455</u>	<u>4,841</u>
<b>Capital and reserves</b>			
Called up share capital	16	50	50
Profit and loss account	17	<u>4,405</u>	<u>4,791</u>
<b>Shareholders' funds</b>		<u>4,455</u>	<u>4,841</u>

The financial statements of First Security (Guards) Limited registered number 2053619 were approved by the board of directors and authorised for issue on 26<sup>TH</sup> MAY 2010

They were signed on its behalf by



M J Crump

Director

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

### **Reconciliation of movements in shareholders' funds Year ended 31 December 2009**

	<b>Note</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
Loss retained for the year		(286)	(409)
Dividends Ordinary dividends on equity shares	9	<u>(100)</u>	<u>(800)</u>
Net increase in shareholders' funds		(386)	(1,209)
Opening shareholders' funds		<u>4,841</u>	<u>6,050</u>
Closing shareholders' funds		<u><u>4,455</u></u>	<u><u>4,841</u></u>

# First Security (Guards) Limited

## Notes to the accounts

### Year ended 31 December 2009

#### 1. Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The particular accounting policies applied consistently in current and preceding years 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, which is available as detailed in note 18.

#### Basis of preparation

The financial statements are prepared under the historical cost convention.

#### Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on pages 2-3.

Despite recording a current year loss after tax of £286k (2008: £409k), the company has considerable financial resources together with long-term contracts with a number of customers and suppliers across different geographic areas and industries. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### Fixed assets

All fixed assets are recorded at cost.

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.

#### 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, tools and equipment	4 – 10 years
Motor vehicles	4 years

#### Turnover

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

#### 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.

# **First Security (Guards) Limited**

## **Notes to the accounts**

### **Year ended 31 December 2009**

#### **1 Accounting policies (continued)**

##### **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 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**

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

##### **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

##### **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 31 of the 2009 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

#### **2. Turnover**

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

Year ended 31 December 2009

### 3. Loss on ordinary activity before tax

	2009 £'000	2008 £'000
This is stated after charging		
Fees payable to the company's auditors,		
- audit of the company's annual accounts	21	23
- non-audit services	-	-
Depreciation of owned fixed assets	175	118
Loss on disposal of fixed assets	7	-
Operating lease rentals - land and buildings	181	277
Operating lease rentals - Other	115	116
IFRS2 share based payments	55	32

### 4. Particulars of employees

The monthly average number of employees during the period was

	2009 No.	2008 No.
Security	1,471	1,792
Sales and administration	46	51
	1,517	1,843

The aggregate payroll costs of the above were

	£'000	£'000
Wages and salaries	38,626	44,716
Social security costs	3,833	4,074
Other pension costs	55	46
	42,514	48,836

### 5 Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2009 £'000	2008 £'000
Emoluments	124	101
Value of Company pension contributions to money purchase schemes	-	5

Some of directors' emoluments were paid by other group undertakings, Interserve Security (Fire & Electronics) Ltd, and Interserve Security Specialist Service Holding Ltd. These are disclosed in the accounts of the relevant companies and the amount relating to the Company was £nil (2008 £nil)

# First Security (Guards) Limited

## Notes to the accounts

### Year ended 31 December 2009

#### 6. Interest receivable and similar income

	2009 £'000	2008 £'000
Interest receivable from other group subsidiaries	24	104

#### 7 Interest payable and similar charges

	2009 £'000	2008 £'000
Interest payable to other group subsidiaries	-	154

#### 8 Tax on loss on ordinary activities

##### Analysis of the tax credit

The tax credit for the year is made up as follows

	2009 £'000	2008 £'000
<b>Current tax:</b>		
United Kingdom corporation tax at 28% (2008 28.50%)		
- charge on the results for the period	(33)	(105)
- adjustment in respect of prior period	(11)	(50)
Tax on profit on ordinary activities	(44)	(155)

##### Deferred taxation:

- origination and reversal of timing differences	-	20
	-	20
Tax on profit on ordinary activities	(44)	(135)

##### Factors affecting the tax charge:

The differences are reconciled below

Loss on ordinary activities before tax	(330)	(544)
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Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2008 28.50%)	(92)	(152)
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Expenditure not deducted for tax purposes	38	54
Accelerated capital allowances	21	(1)
Tax over provided in previous years	(11)	(50)
Other short term timing differences	-	(6)
Total current tax	(44)	(155)

##### Deferred tax

Accelerated capital allowances	33	33
At 1 January 2009	33	53
Profit and loss account	-	(20)
At 31 December 2009	33	33

# First Security (Guards) Limited

## Notes to the accounts Year ended 31 December 2009

### 9 Dividends

	2009 £'000	2008 £'000
Equity dividends on ordinary shares		
Dividend paid (2009 £50p per share (2008 £400p per share))	100	800

### 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 2009	59	1,081	50	1,190
Additions	473	39	-	512
Disposals	-	(455)	(50)	(505)
At 31 December 2009	532	665	-	1,197
<b>Accumulated depreciation</b>				
At 1 January 2009	54	754	47	855
Charge for the year	61	111	3	175
Disposals	-	(448)	(50)	(498)
At 31 December 2009	115	417	-	532
<b>Net book value</b>				
At 31 December 2009	417	248	-	665
At 31 December 2008	5	327	3	335

### 11. Debtors: amounts falling due within one year

	2009 £'000	2008 £'000
Trade debtors	5,240	7,187
Other debtors	137	166
Amounts due from other group companies	4,354	4,792
Corporation tax receivable	90	385
Deferred tax (note 8)	33	33
Prepayments and accrued income	1,157	1,712
	11,011	14,275



# First Security (Guards) Limited

## Notes to the accounts

### Year ended 31 December 2009

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

	2009 £'000	2008 £'000
Trade creditors	235	269
Amounts owed to group undertakings	3,900	4,011
Other taxation and social security	1,385	1,396
Other creditors	117	143
Accruals and deferred income	3,335	5,098
	<u>8,972</u>	<u>10,917</u>

#### 13. Commitments under operating leases

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	2009		2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Operating leases which expire				
- Within one year	14	25	111	22
- In two to five years	114	45	129	84
- In over five years	-	-	-	-
	<u>128</u>	<u>70</u>	<u>240</u>	<u>106</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 £86,751,000 (2008 £1,148,000)

#### 15 Related party transactions

Payments totalling £41,667 were made in the year to Aaron Taylor com Ltd, a company in which the company secretary A J Tollington has a material interest

Balance due to Aaron Taylor com Ltd as at 31 December 2009 is £4,791 67 (2008 £nil)

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

# First Security (Guards) Limited

## Notes to the accounts

Year ended 31 December 2009

### 16. Called up share capital

	2009 £'000	2008 £'000
<b>Authorised:</b>		
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>
<b>Called up, allotted and fully paid:</b>		
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 2009	4,791
Loss for the year	(286)
Dividend paid	(100)
	<u>4,405</u>
At 31 December 2009	<u>4,405</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

The market price of Interserve Plc Shares as at 31 December 2009 was 193.30p. The highest and lowest market prices of ordinary shares during the financial year were 263.50p and 158.00p respectively