

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2014
for
First Security (Guards) Limited



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for the Year Ended 31 December 2014

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First Security (Guards) Limited

Company Information

for the Year Ended 31 December 2014

DIRECTORS:

A Sanders
S Weatherson
A Byrne

SECRETARY:

S Pound

REGISTERED OFFICE:

Capital Tower
91 Waterloo Road
England

REGISTERED NUMBER:

02053619 (England and Wales)

AUDITOR:

Grant Thornton UK LLP
Chartered Accountants and
Statutory Auditor
London
United Kingdom

Strategic Report
for the Year Ended 31 December 2014

The directors present their strategic report for the year ended 31 December 2014.

REVIEW OF BUSINESS

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.

On turnover of £39,781k (2013: £31,228k) the company's loss on ordinary activities before taxation was £435k (2013: profit £112k). The loss after taxation was £347k (2013: profit £89k).

Key Performance Indicators

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.

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.

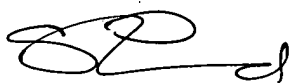
The directors are satisfied that given the nature of this company there are no other significant risks and uncertainties to consider.

Group risks are discussed in the group's annual report which does not form part of these financial statements.

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.

ON BEHALF OF THE BOARD:



S Pound - Secretary

15 July 2015

Report of the Directors
for the Year Ended 31 December 2014

The directors present their report with the financial statements of the company for the year ended 31 December 2014.

DIVIDENDS

A final dividend of £nil was declared and paid during the year (2013: £nil).

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2014 to the date of this report.

A Sanders
S Weatherson
A Byrne

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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, 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

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

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- (2) 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.

First Security (Guards) Limited (Registered number: 02053619)

Report of the Directors
for the Year Ended 31 December 2014

AUDITOR

Grant Thornton UK LLP were appointed auditors on 9 July 2014 to fill a casual vacancy in accordance with s485(3) of the Companies Act 2006. In accordance with s485(4) of the Companies Act 2006 a resolution to reappoint Grant Thornton UK LLP as auditors was proposed and agreed at the Annual General Meeting held on 12 May 2015.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'S Pound', with a long horizontal stroke extending to the right.

S Pound - Secretary

15 July 2015

**Independent Auditor's 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 2014 on pages six to thirteen which comprise the profit and loss account, balance sheet and related notes one to seventeen. 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 Auditor's 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 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

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 2014 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 Strategic Report and 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.



Philip Westerman (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and
Statutory Auditor
London
United Kingdom

16 July 2015

First Security (Guards) Limited (Registered number: 02053619)

Profit and Loss Account
for the Year Ended 31 December 2014

	Notes	2014 £'000	2013 £'000
TURNOVER		39,781	31,228
Cost of sales		<u>(39,371)</u>	<u>(31,150)</u>
GROSS PROFIT		410	78
Administrative expenses		<u>(891)</u>	<u>-</u>
OPERATING (LOSS)/PROFIT	4	(481)	78
Interest receivable and similar income	5	<u>46</u>	<u>38</u>
		(435)	116
Interest payable and similar charges	6	<u>-</u>	<u>(4)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(435)	112
Tax on (loss)/profit on ordinary activities	7	<u>88</u>	<u>(23)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(347)</u>	<u>89</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

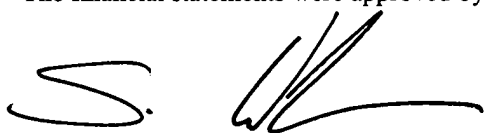
The company has no recognised gains or losses other than the loss for the current year and the profit for the previous year.

Balance Sheet

31 December 2014

	Notes	2014 £'000	2013 £'000
FIXED ASSETS			
Tangible assets	8	<u>137</u>	<u>100</u>
CURRENT ASSETS			
Debtors	9	9,099	7,902
Cash in hand		<u>1,570</u>	<u>36</u>
		10,669	7,938
CREDITORS			
Amounts falling due within one year	10	<u>(7,294)</u>	<u>(4,136)</u>
NET CURRENT ASSETS		<u>3,375</u>	<u>3,802</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,512	3,902
PROVISIONS FOR LIABILITIES	12	<u>(5)</u>	<u>(48)</u>
NET ASSETS		<u>3,507</u>	<u>3,854</u>
CAPITAL AND RESERVES			
Called up share capital	13	50	50
Profit and loss account	14	<u>3,457</u>	<u>3,804</u>
SHAREHOLDERS' FUNDS	17	<u>3,507</u>	<u>3,854</u>

The financial statements were approved by the Board of Directors on 15 July 2015 and were signed on its behalf by:



S Weatherston - Director

Notes to the Financial Statements
for the Year Ended 31 December 2014

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.

Current tax

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

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Going concern

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.

Tangible fixed assets

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

Computer equipment - 33.3% on cost

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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

1. **ACCOUNTING POLICIES - continued**

Pensions

The company participates in the Interserve Pension Scheme. For the defined contribution scheme the amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

For the purposes of Financial Reporting Standard 17 "Retirement Benefits", the company has been unable to identify its share of the underlying assets and liabilities in the main group scheme on a consistent and reasonable basis. Therefore the company is accounting for contributions to the Scheme as if it were a defined contribution scheme. Note 30 to the 2013 annual report and financial statements of the Group set out the details of the International Accounting Standard 19 (Revised) "Employee Benefits" net pension liability of £4.8 million (2013: £7.7 million).

The aggregate pension cost incurred by the company for the year for these arrangements was £88,000 (2013: £71,000). There were no amounts due to or from the scheme at the year end.

2. **STAFF COSTS**

The monthly average number of employees during the period was:

	2014 No.	2013 No.
Security	1,242	1,012
	<u>1,242</u>	<u>1,012</u>

The aggregate payroll costs of the above were:

	£'000	£'000
Wages and salaries	31,113	25,242
Social security costs	2,721	2,277
Other pension costs	284	157
	<u>34,118</u>	<u>27,676</u>

3. **DIRECTORS' EMOLUMENTS**

In 2014 and 2013 Messrs Sanders, Weatherson and Byrne were remunerated for their services to the group by Interservefm Limited. It is not considered practicable to allocate their remuneration between the companies of which they are directors.

4. **OPERATING (LOSS)/PROFIT**

The operating loss is stated after charging:

	2014 £'000	2013 £'000
Auditors remuneration *		
Depreciation of owned fixed assets	30	25
Operating lease rentals - land and buildings	234	232
Operating lease rentals - other	<u>108</u>	<u>152</u>

* Audit fees of £6,407 have been borne by Interservefm Limited for 2014 (2013: £6,488).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

5. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2014	2013
	£'000	£'000
Group interest income	<u>46</u>	<u>38</u>

6. **INTEREST PAYABLE AND SIMILAR CHARGES**

	2014	2013
	£'000	£'000
Interest payable	<u>-</u>	<u>4</u>

7. **TAXATION**

Analysis of the tax (credit)/charge

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

	2014	2013
	£'000	£'000
Current tax:		
UK corporation tax	(123)	-
Prior year Tax Adjustment	<u>9</u>	<u>(113)</u>
Total current tax	<u>(114)</u>	<u>(113)</u>
Deferred tax:		
Deferred tax - current year	29	54
Deferred tax - prior period adjustment	<u>(3)</u>	<u>82</u>
Total deferred tax	<u>26</u>	<u>136</u>
Tax on (loss)/profit on ordinary activities	<u>(88)</u>	<u>23</u>

Factors affecting the tax (credit)/charge

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

	2014	2013
	£'000	£'000
(Loss)/profit on ordinary activities before tax	<u>(435)</u>	<u>112</u>
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%)	(94)	26
Effects of:		
Depreciation in excess of capital allowances	-	6
Capital allowances in excess of depreciation	(29)	-
Utilisation of tax losses	-	(32)
Adjustments to tax charge in respect of previous periods	9	(113)
Current tax (credit)/charge	<u>(114)</u>	<u>(113)</u>

Factors that may affect future tax charges

The UK corporation tax rate reduced from 23% to 21% with effect from 1 April 2014. There will be further tax rate reduction to 20% with effect from 1 April 2015. The rate of 20% is used for the calculation of the deferred tax position as at 31 December 2014 on the basis that it will materially reverse after 1 April 2015.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

8. **TANGIBLE FIXED ASSETS**

	Computer equipment £'000
COST	
At 1 January 2014	218
Additions	<u>67</u>
At 31 December 2014	<u>285</u>
DEPRECIATION	
At 1 January 2014	118
Charge for year	<u>30</u>
At 31 December 2014	<u>148</u>
NET BOOK VALUE	
At 31 December 2014	<u>137</u>
At 31 December 2013	<u>100</u>

9. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014 £'000	2013 £'000
Trade debtors	4,402	3,539
Amounts owed by group undertakings	2,826	3,208
Other debtors	26	12
Corporation tax	124	9
Deferred tax asset	165	191
Prepayments and accrued income	<u>1,556</u>	<u>943</u>
	<u>9,099</u>	<u>7,902</u>

Deferred tax asset

	Deferred Tax £'000
At 1 January 2014	191
Profit and loss account charge	<u>(26)</u>
At 31 December 2014	<u>165</u>

The deferred tax asset represents unclaimed capital allowances. The directors expect that these capital allowances will be utilised in future periods.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

10. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2014	2013
	£'000	£'000
Trade creditors	357	284
Amounts owed to group undertakings	1,190	115
Social security and other taxes	1,291	1,266
Other creditors	70	1,350
Accruals and deferred income	4,386	1,121
	<u>7,294</u>	<u>4,136</u>

11. **OPERATING LEASE COMMITMENTS**

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2014	2013
	£'000	£'000
Expiring:		
Within one year	-	17
Between one and five years	33	-
	<u>33</u>	<u>17</u>

12. **PROVISIONS FOR LIABILITIES**

	Property £'000
At 1 January 2014	48
Profit and loss account charge	-
Utilised in year	<u>(43)</u>
At 31 December 2014	<u>5</u>

The property provision relates to dilapidation and is expected to be utilised within the next year.

13. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2014	2013
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	<u>2</u>	<u>2</u>
			<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.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2014

14. **RESERVES**

	Profit and loss account £'000
At 1 January 2014	3,804
Deficit for the year	<u>(347)</u>
At 31 December 2014	<u>3,457</u>

15. **ULTIMATE PARENT COMPANY**

Interserve plc is regarded by the directors as being the company's 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 can be obtained from the Company Secretary, Interserve House, Ruscombe Park, Twyford, Reading, Berkshire, RG10 9JU.

16. **CONTINGENT LIABILITIES**

At 31 December 2014 there were contingent liabilities in respect of guarantees given in the ordinary course of business. The company has given guarantees covering banking facilities made available to its ultimate parent and fellow subsidiary undertakings. At 31 December 2014 these amounted to £1,570,000 (2013: £35,000).

17. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2014 £'000	2013 £'000
(Loss)/profit for the financial year	<u>(347)</u>	<u>89</u>
Net (reduction)/addition to shareholders' funds	(347)	89
Opening shareholders' funds	<u>3,854</u>	<u>3,765</u>
Closing shareholders' funds	<u>3,507</u>	<u>3,854</u>