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**LOCKHART SECURITY SERVICES LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED**  
**31 DECEMBER 2004**



**LOCKHART SECURITY SERVICES LIMITED**

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**COMPANY INFORMATION**

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<b>DIRECTORS</b>	N J Earley R Empson
<b>SECRETARY</b>	N J Earley
<b>COMPANY NUMBER</b>	2090490
<b>REGISTERED OFFICE</b>	82 Hampton Road West Hanworth Middlesex TW13 6DZ
<b>AUDITORS</b>	Barnes Roffe LLP Chartered Accountants & Registered Auditors 3 Brook Business Centre Cowley Mill Road Uxbridge, Middlesex UB8 2FX

**LOCKHART SECURITY SERVICES LIMITED**

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# LOCKHART SECURITY SERVICES LIMITED

## DIRECTORS' REPORT For the period ended 31 December 2004

The directors present their report and the financial statements for the period ended 31 December 2004.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 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;
- 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

### PRINCIPAL ACTIVITIES

The principal activity of the company in the period continues to be that of the provision of the services of security experts and consultants and the supply of contract guarding services.

### DIRECTORS

The directors who served during the period and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>31/12/04</u>	<u>1/4/04</u>
N J Earley (appointed 16/04/04)	-	-
R Empson (appointed 16/04/04)	-	-
R Dunville (resigned 16/04/04)	-	105
J Dunville (resigned 16/04/04)	-	10

### ADDITIONAL INFORMATION RE DIRECTORS

Neither director who held office at the end of the financial period had any disclosable interest in the shares of the company. The interest of the directors in the ultimate parent company Altas Cleaning Limited, are disclosed in the directors' report of that company.

### EMPLOYEE INVOLVEMENT

The company recognises the importance of good communications with its employees and considers the most effective form of communication regarding its activities, performance and plans is by way of informal discussions between management and other employees at a local level.

### DISABLED EMPLOYEES

It is the company's policy to give disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable candidates, having regard to their particular aptitudes and abilities. Training and career development opportunities are available to all employees and the company endeavours to retrain any member of staff who develops a disability while in the employment of the company.

LOCKHART SECURITY SERVICES LIMITED

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**DIRECTORS' REPORT**  
For the period ended 31 December 2004

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**AUDITORS**

The auditors, Barnes Roffe LLP, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on *28<sup>th</sup> October, 2005* and signed on its behalf.



**N J Earley**  
Director

## LOCKHART SECURITY SERVICES LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LOCKHART SECURITY SERVICES LIMITED

We have audited the financial statements of Lockhart Security Services Limited for the period ended 31 December 2004 set out on pages 4 to 10. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002) under the historical cost convention and the accounting policies set out on page 6.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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 United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

#### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2004 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**Barnes Roffe LLP**

Chartered Accountants & Registered Auditors  
3 Brook Business Centre, Cowley Mill Road,  
Uxbridge, Middlesex, UB8 2FX

Date: 31 Oct 2005

**LOCKHART SECURITY SERVICES LIMITED**

**PROFIT AND LOSS ACCOUNT**  
For the period ended 31 December 2004

	Note	9 months ended 31 December 2004 £	Year ended 31 March 2004 £
<b>TURNOVER</b>	1	<b>3,422,623</b>	<b>5,425,519</b>
Cost of sales		<u>(2,880,326)</u>	<u>(4,616,369)</u>
<b>GROSS PROFIT</b>		<b>542,297</b>	<b>809,150</b>
Administrative expenses		<u>(402,359)</u>	<u>(690,218)</u>
<b>OPERATING PROFIT</b>	2	<b>139,938</b>	<b>118,932</b>
Interest receivable		-	77
Interest payable		<u>(10,257)</u>	<u>(20,763)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>129,681</b>	<b>98,246</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	4	<u><b>(29,441)</b></u>	<u><b>(26,000)</b></u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>100,240</b>	<b>72,246</b>
<b>DIVIDENDS</b>		<u><b>(5,220)</b></u>	<u><b>(60,030)</b></u>
<b>RETAINED PROFIT FOR THE FINANCIAL PERIOD</b>	10	<u><u><b>£ 95,020</b></u></u>	<u><u><b>£ 12,216</b></u></u>

The notes on pages 6 to 10 form part of these financial statements.

**LOCKHART SECURITY SERVICES LIMITED**

**BALANCE SHEET**  
**As at 31 December 2004**

		31 December 2004		31 March 2004	
	Note	£	£	£	£
<b>FIXED ASSETS</b>					
Tangible fixed assets	5		6,817		71,339
			<u>6,817</u>		<u>71,339</u>
<b>CURRENT ASSETS</b>					
Stocks		-		19,952	
Debtors	6	773,369		804,257	
Cash at bank and in hand		4,469		47	
		<u>777,838</u>		<u>824,256</u>	
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(540,848)</u>		<u>(719,173)</u>	
<b>NET CURRENT ASSETS</b>			<u>236,990</u>		<u>105,083</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>243,807</u>		<u>176,422</u>
<b>CREDITORS: amounts falling due after more than one year</b>	8		-		(27,635)
<b>NET ASSETS</b>			<u>£ 243,807</u>		<u>£ 148,787</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		250		250
Other reserves			34		34
Profit and loss account	10		243,523		148,503
<b>SHAREHOLDERS' FUNDS</b>			<u>£ 243,807</u>		<u>£ 148,787</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 25<sup>th</sup> October, 2005 and signed on its behalf.

  
**N J Earley**  
Director

The notes on pages 6 to 10 form part of these financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the period ended 31 December 2004**

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

*Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.*

As the company is a wholly owned subsidiary of Temple Security Limited, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 and therefore not disclosed transactions or balances with the entities which form part of the group. The consolidated financial statements of Atlas Cleaning Limited, within which the company is included, can be obtained from the address given in note 12.

**1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	2% straight line
Fixtures & fittings	-	15% straight line
Office equipment	-	33.33% straight line

**1.4 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

**1.5 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

**1.6 Deferred taxation**

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

**1.7 Invoice discounting**

The company discounts its trade debts. The accounting policy is to include trade debtors discounted within trade debtors due within one year and the returnable element of proceeds within current liabilities. Discounting charges and interest are charged to the profit and loss account when incurred. Bad debts are borne by the company and are charged to the profit and loss account when incurred.

**LOCKHART SECURITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2004

**2. OPERATING PROFIT**

The operating profit is stated after charging:

	9 months ended 31 December 2004 £	Year ended 31 March 2004 £
Depreciation of tangible fixed assets:		
- owned by the company	3,546	8,140
Auditors' remuneration	2,700	5,592
	<u>          </u>	<u>          </u>

**3. DIRECTORS' REMUNERATION**

	9 months ended 31 December 2004 £	Year ended 31 March 2004 £
Aggregate emoluments	£ 1,763	£ 43,994
	<u>          </u>	<u>          </u>

**4. TAXATION**

	9 months ended 31 December 2004 £	Year ended 31 March 2004 £
<b>Analysis of tax (credit)/charge in period</b>		
UK corporation tax charge on profits of the period	32,000	26,000
Adjustments in respect of prior periods	(2,559)	-
	<u>          </u>	<u>          </u>
<b>Total current tax</b>	<b>29,441</b>	<b>26,000</b>
	<u>          </u>	<u>          </u>
<b>Tax on profit on ordinary activities</b>	<b>£ 29,441</b>	<b>£ 26,000</b>
	<u>          </u>	<u>          </u>

**Factors affecting tax charge for period**

The profit before tax includes disallowable expenditure of £12,750 which results in an additional corporation tax charge of approximately £3,800. The excess depreciation over capital allowances of £800 results in an additional charge of £240. In addition to this, the company had a profit on disposal of freehold property amounting to £34,000 which reduced the profit chargeable to corporation tax by £10,000. Lastly, the corporation tax charge was reduced by marginal relief of £850.

**Factors that may affect future tax charges**

There were no factors that may materially affect future tax charges.

LOCKHART SECURITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
For the period ended 31 December 2004

5. TANGIBLE FIXED ASSETS

	Land and buildings	Furniture, fittings and equipment	Total
	£	£	£
<b>Cost</b>			
At 1 April 2004	80,750	105,537	186,287
Disposals	(80,750)	-	(80,750)
At 31 December 2004	-	105,537	105,537
<b>Depreciation</b>			
At 1 April 2004	19,774	95,174	114,948
Charge for the period	-	3,546	3,546
On disposals	(19,774)	-	(19,774)
At 31 December 2004	-	98,720	98,720
<b>Net book value</b>			
At 31 December 2004	£ -	£ 6,817	£ 6,817
At 31 March 2004	£ 60,976	£ 10,363	£ 71,339

6. DEBTORS

	31 December 2004	31 March 2004
	£	£
Trade debtors	628,250	793,902
Amounts owed by group undertakings	143,023	-
Other debtors	2,096	10,355
	£ 773,369	£ 804,257

**LOCKHART SECURITY SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the period ended 31 December 2004

**7. CREDITORS:**  
**Amounts falling due within one year**

	31 December 2004 £	31 March 2004 £
Bank loans and overdrafts	-	43,708
Trade creditors	3,752	35,766
Corporation tax	55,441	26,000
Social security and other taxes	156,440	301,329
Other creditors	325,215	312,370
	<u>£ 540,848</u>	<u>£ 719,173</u>

Included within other creditors is an amount owing to Royal Bank of Scotland Commercial Services in relation to the company's invoice discounting arrangements of £180,342. This amount is secured.

**8. CREDITORS:**  
**Amounts falling due after more than one year**

	31 December 2004 £	31 March 2004 £
Bank loans	£ -	£ 27,635
	<u>£ -</u>	<u>£ 27,635</u>

**9. SHARE CAPITAL**

	31 December 2004 £	31 March 2004 £
<b>Authorised, allotted, called up and fully paid</b>		
250 Ordinary shares of £1 each	£ 250	£ 250
	<u>£ 250</u>	<u>£ 250</u>

**10. RESERVES**

<b>Profit and loss account</b>	£
At 1 April 2004	148,503
Profit retained for the period	95,020
	<u>£ 243,523</u>
At 31 December 2004	<u>£ 243,523</u>

LOCKHART SECURITY SERVICES LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
For the period ended 31 December 2004

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**11. OPERATING LEASE COMMITMENTS**

At 31 December 2004 the company had annual commitments under non-cancellable operating leases as follows:

	31 December 2004 £	31 March 2004 £
<b>Expiry date:</b>		
Within 1 year	10,400	37,905
Between 2 and 5 years	19,951	32,775

**12. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The company is a 100% subsidiary of Temple Security Limited. The company's ultimate parent is Atlas Cleaning Limited, a company controlled by the directors, N J Earley and R W Empson. The consolidated accounts of the group are available to the public and may be obtained from:

Registrar of Companies  
Crown Way  
Cardiff  
CF4 3UZ