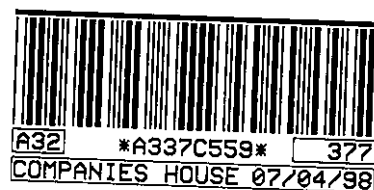


**SIGMA SECURITY LIMITED**

**DIRECTORS' REPORT AND ACCOUNTS**

**30 JUNE 1997**

**Registered number: 2090617**



# **SIGMA SECURITY LIMITED**

## **CONTENTS**

	<u>Page</u>
DIRECTORS' REPORT	1-3
AUDITORS' REPORT	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
NOTES TO THE ACCOUNTS	7-12

# **SIGMA SECURITY LIMITED**

## **DIRECTORS' REPORT**

The directors present their report, together with the audited accounts for the year ended 30 June 1997.

### **ACTIVITIES**

The company's principal activity was the provision of security services.

### **BUSINESS REVIEW**

#### **Results**

The results of the year are shown in the accompanying accounts.

The loss for the year after tax was £212,148 (1996: profit £39,849) and has been set against reserves.

#### **Dividends**

The directors propose a dividend of £220,000.

#### **Events since the end of the year**

There have been no events since the end of the year which have had a significant effect on the company's trading or financial position.

#### **Future developments**

The directors intend to promote and develop the company's present range of services in order to continue to improve the net asset position of the company in the ensuing year.

#### **Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

#### **Employee consultation**

The company places considerable value on the involvement of its employees and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

## SIGMA SECURITY LIMITED

### DIRECTORS' REPORT (Continued)

#### DIRECTORS AND THEIR INTEREST IN SHARES

The directors who served during the year and their beneficial interests in the shares of the company were as follows:

	<u>Ordinary £1 shares</u>	
	<u>1997</u>	<u>1996</u>
P F H Bates	-	-
T D W Slater	-	-
J N Vale	-	-
H M Lewis	-	25
P S Jacomb	-	-
P B Simpson (appointed 1 July 1997)	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>25</u>

Directors' interests in the shares of the parent undertaking, The Sigma Group Limited, were as follows:

	<u>Ordinary £1 shares</u>	
	<u>1997</u>	<u>1996</u>
P F H Bates	69	69
T D W Slater	30	30
J N Vale	<u>18</u>	<u>1</u>
	<u>117</u>	<u>100</u>

#### 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;
- 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.

## **SIGMA SECURITY LIMITED**

### **DIRECTORS' REPORT (Continued)**

#### **DIRECTORS' RESPONSIBILITIES (Continued)**

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.

#### **AUDITORS**

A resolution concerning the reappointment of Price Waterhouse will be presented at the forthcoming Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

By Order of the Board



T D W Slater  
Secretary

Registered office:  
The Old Brewery  
Kingsclere  
Newbury  
Berkshire

*Price Waterhouse*



## REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF SIGMA SECURITY LIMITED

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and in accordance with applicable accounting standards.

### Respective responsibilities of directors and auditors

As described on pages 2 and 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### Basis of opinion

We conducted our audit in accordance with 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 30 June 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse  
Chartered Accountants  
and Registered Auditors

14 August 1997

# SIGMA SECURITY LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1997

			<u>Continuing Operations</u>	
	<u>Notes</u>	<u>1997</u>	<u>1996</u>	
		£	£	
<b>TURNOVER</b>	1,2	23,270,974	17,041,065	
Cost of sales		<u>(20,533,833)</u>	<u>(14,948,806)</u>	
<b>GROSS PROFIT</b>		2,737,141	2,092,259	
Administrative expenses		(425,781)	(374,370)	
Management charges		<u>(2,295,224)</u>	<u>(1,658,542)</u>	
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	16,136	59,347	
Taxation	9	<u>(8,284)</u>	<u>(19,498)</u>	
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		7,852	39,849	
Dividends proposed		<u>(220,000)</u>	<u>-</u>	
<b>RETAINED (LOSS)/PROFIT</b>	11,12	<u><u>(212,148)</u></u>	<u><u>39,849</u></u>	

There are no recognised gains or losses other than those recognised in the profit and loss account.

The notes on pages 7 to 12 form an integral part of these financial statements.

# SIGMA SECURITY LIMITED

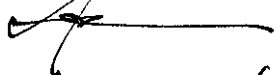
## BALANCE SHEET - 30 JUNE 1997

	Notes	1997	1996
		£	£
<b>FIXED ASSETS</b>			
Tangible assets	4	43,488	62,045
<b>CURRENT ASSETS</b>			
Stocks	5	46,859	43,502
Debtors	6	3,572,884	2,716,316
Cash at bank and in hand		<u>562,055</u>	<u>621,452</u>
		4,181,798	3,381,270
<b>CREDITORS: Amounts falling due within one year</b>	7	<u>(4,225,015)</u>	<u>(3,230,896)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(43,217)</u>	<u>150,374</u>
<b>NET ASSETS</b>		<u>271</u>	<u>212,419</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	100	100
Profit and loss account	11	<u>171</u>	<u>212,319</u>
<b>SHAREHOLDERS' FUNDS</b>	12	<u>271</u>	<u>212,419</u>

Signed on behalf of the Board on

14/8/97

P F H Bates  
Director



T D W Slater  
Director



The notes on pages 7 to 12 form an integral part of these financial statements.



# **SIGMA SECURITY LIMITED**

## **NOTES TO THE ACCOUNTS - 30 JUNE 1997**

### **1 STATEMENT OF ACCOUNTING POLICIES**

The accounting policies adopted and consistently followed by the company are as follows:

#### **(1) Basis of accounting**

The accounts have been prepared in accordance with applicable accounting standards and on the basis of historical costs.

#### **(2) Turnover**

Turnover comprises the value of sales (excluding VAT) on goods and services provided in the normal course of business and includes notional income attributable to wages paid by clients under secondment arrangements.

#### **(3) Tangible assets**

Depreciation has been provided in order to write off each asset over its estimated useful life, using the following rates:

Motor vehicles (new) - 30% per annum on cost  
Motor vehicles (used) - 40% per annum on cost

#### **(4) Stocks**

Stocks have been valued at the lower of cost and net realisable value.

#### **(5) Taxation**

Corporation tax payable is provided on taxable profits at the current rates. Deferred tax is provided on timing differences which, in the opinion of the directors, will reverse.

#### **(6) Leasing commitments**

Rentals paid under contract hire are charged to the profit and loss account as incurred.

#### **(7) Pension contributions**

The company contributes to a commercial defined contributions pension scheme on behalf of certain employees. Contributions paid by the company during the year are disclosed within Note 3 to the accounts.

# SIGMA SECURITY LIMITED

## NOTES TO THE ACCOUNTS - 30 JUNE 1997 (Continued)

### 2 TURNOVER

The turnover is derived wholly from within the United Kingdom, and relates entirely to the provision of security services.

### 3 OPERATING PROFIT

	<u>1997</u>	<u>1996</u>
	£	£
(a) Operating profit is stated after charging/(crediting):		
Depreciation	52,540	50,678
Staff costs (including directors)		
Wages and salaries	17,190,485	12,987,309
Social security costs	1,756,993	1,324,706
Other pension costs	12,710	10,138
Contract car hire	111,828	115,997
Profit on disposal of fixed assets	<u>(7,740)</u>	<u>(3,050)</u>

Auditors' remuneration for audit services is borne by the parent undertaking.

### (b) Numbers of staff

<u>Number</u>	<u>Number</u>
---------------	---------------

The average number of persons employed by the company (including directors) during the year was:

Management	5	5
Administration	25	21
Security staff	<u>1,486</u>	<u>1,054</u>

### (c) Directors' emoluments

<u>1,516</u>	<u>1,080</u>
--------------	--------------

Aggregate emoluments, including pension contributions, of the directors of the company were £116,132 (1996: £87,641). These emoluments, excluding pension contributions, were made up as follows:

The highest paid director received £61,240 (1996: £53,196), the chairman received £Nil (1996: £Nil).

Four of the directors were remunerated by The Sigma Group Limited, the ultimate parent undertaking.

# SIGMA SECURITY LIMITED

## NOTES TO THE ACCOUNTS - 30 JUNE 1997 (Continued)

### 4 FIXED ASSETS

#### Tangible assets

##### Cost

At 1 July 1996	139,643
Additions in the year	38,288
Disposals in the year	(42,575)
At 30 June 1997	<u>135,356</u>

##### Depreciation

At 1 July 1996	77,598
Charge for the year	52,540
Released on disposals	(38,270)
At 30 June 1997	<u>91,868</u>

##### Net book amount

At 30 June 1997	<u>43,488</u>
At 30 June 1996	<u>62,045</u>

### 5 STOCKS

	<u>1997</u>	<u>1996</u>
	£	£
Uniforms	<u>46,859</u>	<u>43,502</u>

# SIGMA SECURITY LIMITED

## NOTES TO THE ACCOUNTS - 30 JUNE 1997 (Continued)

### 6 DEBTORS

	<u>1997</u> £	<u>1996</u> £
Amounts falling due within one year:		
Trade debtors	3,449,447	2,664,439
Other debtors	11,167	4,639
Amounts due from associated undertakings	-	78
Prepayments and accrued income	57,270	47,160
ACT recoverable	<u>55,000</u>	<u>-</u>
	<u>3,572,884</u>	<u>2,716,316</u>

The ACT is recoverable after more than one year.

### 7 CREDITORS

	<u>1997</u> £	<u>1996</u> £
Amounts falling due within one year:		
Trade creditors	147,043	37,596
Amounts invoiced in advance	253,414	248,226
Corporation tax	8,284	20,383
ACT payable	55,000	-
Other taxation and social security costs	1,304,066	803,626
Amount due to group undertakings	1,445,396	1,430,624
Accruals, deferred income and other creditors	<u>1,011,812</u>	<u>690,441</u>
	<u>4,225,015</u>	<u>3,230,896</u>

### 8 CONTRACT CAR HIRE OBLIGATIONS

	<u>1997</u> £	<u>1996</u> £
Annual commitments which expire:		
Under one year	41,406	22,679
In the second to fifth year	<u>81,559</u>	<u>50,538</u>
	<u>122,965</u>	<u>73,217</u>

### 9 TAXATION

	<u>1997</u> £	<u>1996</u> £
Corporation tax is based on the results of the year at the UK corporation tax rate of 25%	8,284	20,383
Overprovision in respect of prior year	<u>-</u>	<u>(885)</u>
Corporation tax for the year	<u>8,284</u>	<u>19,498</u>

# SIGMA SECURITY LIMITED

## NOTES TO THE ACCOUNTS - 30 JUNE 1997 (Continued)

### 10 CALLED UP SHARE CAPITAL

	1997		1996	
	No	£	No	£
Authorised:				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

### 11 PROFIT AND LOSS ACCOUNT

	£
Brought forward at 1 July 1996	212,319
Loss for the financial year	(212,148)
Carried forward at 30 June 1997	<u>171</u>

### 12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
(Loss)/Profit for the year	(212,148)	39,849
Opening shareholders' funds	<u>212,419</u>	<u>172,570</u>
Closing shareholders' funds	<u>271</u>	<u>212,419</u>

Shareholders' funds relate to equity interests

### 13 CONTINGENT LIABILITIES

Sigma Security Limited has cross guaranteed the borrowings of The Sigma Group Limited, Kingsclere Consultants Limited and Sigma Projects Limited.

### 14 PARENT UNDERTAKING

The parent undertaking is The Sigma Group Limited, a company registered in England which is the largest and smallest group company to consolidate these accounts. Copies of the group accounts can be obtained from the Secretary, The Sigma Group Limited, The Old Brewery, Kingsclere, Newbury, Berkshire, RG20 5SH.

### 15 FINANCIAL SUPPORT

The parent undertaking, The Sigma Group Limited, has agreed to meet any liabilities of Sigma Security Limited as they fall due.

## **SIGMA SECURITY LIMITED**

### **NOTES TO THE ACCOUNTS - 30 JUNE 1997 (Continued)**

#### **16 CASH FLOW STATEMENT**

The Sigma Group Limited financial statements for the year ended 30 June 1997 contain a consolidated statement of cash flows. The company has taken advantage of the exemption granted by Financial Reporting Standard 1 (revised 1996) whereby it is not required to publish its own cash flow statement.

#### **17 RELATED PARTY TRANSACTIONS**

Transactions with other entities within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures".