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EXECUTIVE SECURITY LIMITED  
372 WANDSWORTH ROAD.  
LONDON SW8 4TE

ACCOUNTS FOR THE PERIOD  
8TH JANUARY 1996 TO 5TH JANUARY 1997  
AND BALANCE SHEET AS AT  
5TH JANUARY 1997



GANSON MORRIS & CO.  
CHARTERED ACCOUNTANTS  
415 LIMPSFIELD ROAD  
WARLINGHAM. CR6 9HA

EXECUTIVE SECURITY LIMITED

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FOR THE PERIOD 8TH JANUARY 1996 TO 5TH JANUARY 1997

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The following do not form part of the statutory accounts:-

|    |                                     |
|----|-------------------------------------|
| 11 | Trading and Profit and Loss Account |
|----|-------------------------------------|

DIRECTORS REPORT FOR THE PERIOD  
8TH JANUARY 1996 TO 5TH JANUARY 1997MAIN ACTIVITY

The main activity of the Company has been the supply of security services and there has been no change during the period, nor are any contemplated in the immediate future.

FINANCIAL REVIEW

During the period the profit on Ordinary Activities before Taxation amounted to £181,614 compared to £222,932 in the previous period. The Directors consider the result to be satisfactory.

| <u>DIRECTORS AND SHAREHOLDINGS</u>          | <u>5.1.1997</u> | <u>7.1.1996</u> |
|---|-----------------|-----------------|
| D.M. Chisholm (Resigned 20th December 1996) | -               | 4,500           |
| G.J. Lunt                                   | -               | 1,000           |
| W. Carter                                   | -               | (a)             |
| M. Smith (Appointed 20th December 1996)     | -               | -               |
| D. Hylton (Appointed 20th December 1996)    | -               | -               |
| D. Noel (Appointed 20th December 1996)      | -               | -               |

(a) Following a Group Reorganisation on the 20th December 1996 the outstanding option to purchase 1,000 shares under the discretionary share option scheme lapsed.

The Company became a wholly owned Subsidiary of Executive Holdings Limited on 20th December 1996. The ultimate holding company is Executive Group Limited.

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.

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.

DIVIDEND

The Directors do not recommend the payment of a dividend, (Nil 7th January 1996).

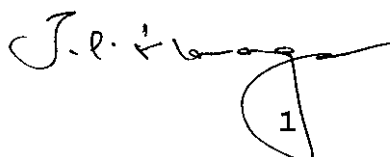
CLOSE COMPANY

The Company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

AUDITORS

Messrs. Ganson Morris & Co. have indicated their willingness to continue to act and offer themselves for re-election as auditors of the Company in accordance with Section 385 of the Companies Act 1985.

The report by the directors was approved by the Board on 23rd May 1997 and signed on its behalf by:



J. FLANAGAN  
SECRETARY

AUDITORS' REPORT TO THE SHAREHOLDERS OF  
EXECUTIVE SECURITY LIMITED

We have audited the financial statements numbered 3 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective Responsibilities of Directors and Auditors

As described on page 1 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 5th January 1997 and of its profit for the period then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

*Ganson Morris*

GANSON MORRIS & CO.  
CHARTERED ACCOUNTANTS  
REGISTERED AUDITORS

415 LIMPSFIELD ROAD  
WARLINGHAM. CR6 9HA

23RD MAY 1997

EXECUTIVE SECURITY LIMITED

BALANCE SHEET  
AS AT 5TH JANUARY 1997

|  |              |           | <u>5.1.1997</u> | <u>7.1.1996</u> |
|--|--------------|-----------|-----------------|-----------------|
|  | <u>Notes</u> | £         | £               | £               |
| <u>FIXED ASSETS</u>                                      |              |           |                 |                 |
| Tangible assets  | 2            |           | 51,969          | 58,236          |
| <u>CURRENT ASSETS</u>                                    |              |           |                 |                 |
| Stocks   | 1c           | 40,818    |                 | 19,062          |
| Debtors  |              | 393,026   |                 | 389,603         |
| Cash at bank and in hand                                 |              | 120,367   |                 | 47,627          |
|  |              | 554,211   |                 | 456,292         |
| CREDITORS - amounts falling due within one year          |              | (352,432) |                 | (380,849)       |
| <u>NET CURRENT ASSETS</u>                                |              |           | 201,779         | 75,443          |
| <u>ASSETS LESS CURRENT LIABILITIES</u>                   |              |           | 253,748         | 133,679         |
| CREDITORS - amounts falling due after more than one year |              |           | -               | (1,532)         |
| <u>NET ASSETS</u>  |              |           | £ 253,748       | £ 132,147       |
| Financed by:   |              |           |                 |                 |
| <u>CAPITAL AND RESERVES</u>                              |              |           |                 |                 |
| Called up Share Capital                                  | 3            |           | 8,500           | 8,500           |
| Profit and Loss Account                                  |              |           | 245,248         | 123,647         |
|  |              |           | £ 253,748       | £ 132,147       |

The Financial Statements were approved by the Board on 23rd May 1997 and signed on its behalf by:

..... G.J. LUNT

EXECUTIVE SECURITY LIMITED

SCHEDULES TO BALANCE SHEET AS AT 5TH JANUARY 1997

|   | <u>5.1.1997</u>  | <u>7.1.1996</u>  |
|---|------------------|------------------|
|   | £                | £                |
| 1. <u>CREDITORS</u> - Amounts falling due<br>within one year          |                  |                  |
| Trade Creditors   | 6,371            | 4,968            |
| Corporation Tax   | 60,013           | 62,974           |
| Other Taxes and Social Security                                       | 168,003          | 198,546          |
| Obligations under Hire Purchase<br>Contracts and Finance Leases       | 3,476            | 4,093            |
| Accruals and Other Creditors  | 114,569          | 110,268          |
|   | <u>£ 352,432</u> | <u>£ 380,849</u> |
| 2. <u>CREDITORS</u> - Amounts falling due<br>after more than one year |                  |                  |
| Obligations under Hire Purchase<br>Contracts and Finance Leases       | -                | 1,532            |
|   | <u>£ -</u>       | <u>£ 1,532</u>   |
| 3. <u>DEBTORS</u>   |                  |                  |
| Trade Debtors   | 254,221          | 382,287          |
| Amounts owed by Related Companies                                     | -                | 2,444            |
| Amounts owed by Group Companies                                       | 132,914          | -                |
| Prepayments and Other Debtors   | 5,891            | 4,872            |
|   | <u>£ 393,026</u> | <u>£ 389,603</u> |
| 4. <u>STOCKS</u>  |                  |                  |
| Work In Progress  | 40,818           | 19,062           |
|   | <u>£ 40,818</u>  | <u>£ 19,062</u>  |

EXECUTIVE SECURITY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD  
8TH JANUARY 1996 TO 5TH JANUARY 1997

|  |              |       | <u>8.1.1996</u><br><u>TO</u><br><u>5.1.1997</u> |              | <u>9.1.1995</u><br><u>TO</u><br><u>7.1.1996</u> |
|--|--------------|-------|---|--------------|---|
|  | <u>Notes</u> | £     | £   | £            | £   |
| <u>TURNOVER</u>  | 1a           |       | 2,546,929                                       |              | 2,623,891                                       |
| <u>COST OF SALES</u>   |              |       | <u>2,103,173</u>                                |              | <u>2,109,506</u>                                |
| <u>GROSS PROFIT</u>  |              |       | 443,756   |              | 514,385   |
| <u>ADMINISTRATIVE EXPENSES</u>                                 |              |       | <u>263,245</u>                                  |              | <u>292,965</u>                                  |
|  |              |       | 180,511   |              | 221,420   |
| Other Interest Receivable and<br>Similar Income                | 8            | 1,655 | <u>1,655</u>                                    | <u>2,720</u> | <u>2,720</u>                                    |
|  |              |       | 182,166   |              | 224,140   |
| Interest Payable<br>and Similar Charges                        | 10           |       | <u>552</u>                                      |              | <u>1,208</u>                                    |
| <u>PROFIT ON ORDINARY</u><br><u>ACTIVITIES BEFORE TAXATION</u> |              |       | 181,614   |              | 222,932   |
| Tax on ordinary activities                                     | 1d           |       | <u>60,013</u>                                   |              | <u>62,974</u>                                   |
| <u>RETAINED PROFIT FOR THE PERIOD</u>                          |              |       | 121,601   |              | 159,958   |
| Retained profit/(deficit)<br>brought forward                   |              |       | <u>123,647</u>                                  |              | <u>(36,311)</u>                                 |
| <u>RETAINED PROFIT CARRIED FORWARD</u>                         |              | £     | <u>245,248</u>                                  | £            | <u>123,647</u>                                  |

The Company has no recognised gains or losses other than the results for the period as set out above.

All of the activities of the Company are classed as continuing.

EXECUTIVE SECURITY LIMITED

CASH FLOW STATEMENT FOR THE PERIOD  
8TH JANUARY 1996 TO 5TH JANUARY 1997

|   | <u>5.1.1997</u> | <u>7.1.1996</u> |
|---|-----------------|-----------------|
|   | £               | £               |
| <u>NET CASH INFLOW/(OUTFLOW)</u><br><u>FROM OPERATING ACTIVITIES</u>                            | 144,276         | (4,426)         |
| <u>RETURNS ON INVESTMENTS AND</u><br><u>SERVICING OF FINANCE</u>                                |                 |                 |
| Interest Received   | 1,655           | 2,720           |
| Interest Paid   | (552)           | (1,208)         |
| <u>NET CASH INFLOW FROM RETURNS</u><br><u>ON INVESTMENTS AND SERVICING</u><br><u>OF FINANCE</u> | 1,103           | 1,512           |
| <u>Taxation</u>   |                 |                 |
| Corporation Tax Paid  | (62,974)        | (401)           |
| <u>TAX PAID</u>   | (62,974)        | (401)           |
| <u>Investing Activities</u>   |                 |                 |
| Purchase of Tangible Fixed Assets   | (16,383)        | (14,143)        |
| Sale of Tangible Fixed Assets   | 8,250           | -               |
| <u>NET CASH OUTFLOW FROM</u><br><u>INVESTING ACTIVITIES</u>                                     | (8,133)         | (14,143)        |
| <u>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</u>   | 74,272          | (17,458)        |
| <u>Financing</u>  |                 |                 |
| Repayment of Hire Purchase  | (1,532)         | (2,040)         |
| <u>NET CASH OUTFLOW FROM FINANCING</u>  | (1,532)         | (2,040)         |
| <u>INCREASE/(DECREASE) IN CASH AND</u><br><u>CASH EQUIVALENTS</u>                               | £ 72,740        | £ (19,498)      |



EXECUTIVE SECURITY LIMITED

CASH FLOW STATEMENT FOR THE PERIOD  
8TH JANUARY 1996 TO 5TH JANUARY 1997

5.1.1997

7.1.1996

NOTES TO THE CASH FLOW STATEMENT

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM  
OPERATING ACTIVITIES

|  |           |           |
|--|-----------|-----------|
| Operating profit                                       | 180,511   | 221,420   |
| Depreciation charges                                   | 17,340    | 16,620    |
| (Profit)/Loss on sale of<br>tangible fixed assets      | (2,940)   | -         |
| (Increase) in stocks                                   | (21,756)  | (12,465)  |
| (Increase) in debtors                                  | (3,423)   | (122,765) |
| (Decrease) in creditors                                | (25,456)  | (107,236) |
| Net cash inflow/(outflow)<br>from operating activities | £ 144,276 | £ (4,426) |

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD

|                             |           |          |
|-----------------------------|-----------|----------|
| Balance at 8th January 1996 | 47,627    | 67,125   |
| Net cash inflow/(outflow)   | 72,740    | (19,498) |
| Balance at 5th January 1997 | £ 120,367 | £ 47,627 |

3. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN  
THE BALANCE SHEET

Change in Period

|                          |          |            |
|--------------------------|----------|------------|
| Cash at bank and in hand | 72,740   | (19,498)   |
|                          | £ 72,740 | £ (19,498) |

# EXECUTIVE SECURITY LIMITED

## NOTES TO THE ACCOUNTS FOR THE PERIOD ENDED 5TH JANUARY 1997

### 1. Accounting Policies

- a) Turnover  
Turnover represents the invoiced value of goods and services supplied excluding VAT.
- b) Depreciation of Fixed Assets  
Fixed Assets are depreciated over their estimated useful lives using the following rates and methods on original cost :-
- |                       |                    | Rate |
|-----------------------|--------------------|------|
| Motor Vehicles,       | - Reducing Balance | 25%  |
| Fixtures and Fittings | - Straight Line    | 20%  |
- c) Stocks and Work in Progress  
Work in Progress is stated at cost price plus attributable profit less foreseeable losses.
- d) Corporation Tax  
Provision has been made at the rate of 33% based on the profit for the period as adjusted for taxation purposes and marginal relief.  
Deferred Taxation  
No provision has been made for deferred taxation as it is not considered that any deferred tax will become payable in the foreseeable future.
- e) Accounting Convention  
The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

### 2. Fixed Assets - Tangible

|                                       | <u>MOTOR<br/>VEHICLES</u> | <u>FIXTURES<br/>FITTINGS</u> | <u>TOTAL</u>   |
|---------------------------------------|---------------------------|------------------------------|----------------|
| Cost                                  | £                         | £                            | £              |
| As at 8th January 1996                | 69,285                    | 41,718                       | 111,003        |
| Additions                             | -                         | 16,383                       | 16,383         |
| Disposals                             | (17,675)                  | -                            | (17,675)       |
| As at 5th January 1997                | <u>51,610</u>             | <u>58,101</u>                | <u>109,711</u> |
| Depreciation                          |                           |                              |                |
| As at 8th January 1996                | 39,359                    | 13,408                       | 52,767         |
| Written back re disposals             | (12,365)                  | -                            | (12,365)       |
| Charge for the Period                 | 7,129                     | 10,211                       | 17,340         |
| As at 5th January 1997                | <u>34,123</u>             | <u>23,619</u>                | <u>57,742</u>  |
| Net Book Value at<br>5th January 1997 | <u>17,487</u>             | <u>34,482</u>                | <u>51,969</u>  |
| Net Book Value at<br>7th January 1996 | <u>29,926</u>             | <u>28,310</u>                | <u>58,236</u>  |

### 3. Called Up Share Capital

Authorised 10,000 Ordinary Shares of £1 each £10,000

Issued and Fully Paid 8,500 Ordinary Shares of £1 each £8,500

Following a Group Reorganisation on the 20th December 1996 any outstanding options to purchase shares under the discretionary share option scheme lapsed.

# EXECUTIVE SECURITY LIMITED

## NOTES TO THE ACCOUNTS FOR THE PERIOD 8TH JANUARY 1996 TO 5TH JANUARY 1997

### 4. Operating Profit

|  | <u>8.1.1996</u> | <u>9.1.1995</u> |
|--|-----------------|-----------------|
|  | <u>TO</u>       | <u>TO</u>       |
| Operating profit is stated after charging: | <u>5.1.1997</u> | <u>7.1.1996</u> |
| Depreciation on owned assets               | 17,340          | 16,620          |
| Profit on disposal of fixed assets         | (2,940)         | -               |
| Auditors Remuneration - Audit              | 4,000           | 4,750           |
| Payments under operating leases            | 11,082          | 10,425          |
|  | <u>£ 29,482</u> | <u>£ 31,795</u> |

### 5. Directors Remuneration

The total Directors Remuneration voted during the period ended 5th January 1997 excluding pension contributions, but including the monetary value of benefits in kind amounted to £56,229 ( 7/1/1996 £52,624 ). Pension contributions amounted to £2,410 ( 7/1/1966 £2,389 )

|                       |                          |                          |
|-----------------------|--------------------------|--------------------------|
|                       | <u>8.1.1996</u>          | <u>9.1.1995</u>          |
|                       | <u>TO</u>                | <u>TO</u>                |
|                       | <u>5.1.1997</u>          | <u>7.1.1996</u>          |
|                       | <u>No.</u> <u>Amount</u> | <u>No.</u> <u>Amount</u> |
| Chairman - Retired    | -                        | -                        |
| Chairman - Current    | -                        | -                        |
| Highest Paid Director | £56,229                  | £52,624                  |
| Other Directors       |                          |                          |
| £0 - £5,000           | 3                        | -                        |

### 6. Staff Costs

The average number of employees during the period was made up as follows:

|  | <u>8.1.1996</u>    | <u>9.1.1995</u>    |
|--|--------------------|--------------------|
|  | <u>TO</u>          | <u>TO</u>          |
|  | <u>5.1.1997</u>    | <u>7.1.1996</u>    |
| Direct                                     | 157                | 149                |
| Administrative                             | 6                  | 8                  |
|  | <u>163</u>         | <u>157</u>         |
| Staff costs during the period amounted to: |                    |                    |
| Wages and Salaries                         | 2,041,810          | 2,109,162          |
| Social Security Costs                      | 181,716            | 179,669            |
| Pension Costs                              | 2,588              | 4,198              |
|  | <u>£ 2,226,114</u> | <u>£ 2,293,029</u> |

### 7. Pension Commitments

The Company participates in a defined contribution pension plan in the UK. The assets of the scheme are held separately in independently administered funds.

### 8. Other Income

Interest receivable in respect of monies held on deposit amounted to £1,655 during the period, (7th January 1996 £2,720).