

Temple Security Limited

Report and Financial Statements for the year ended

31 March 2013

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COMPANIES HOUSE

Temple Security Limited

Registered No 3073516

Directors

J Levine

M Saunders

C Wisely

Secretary

M Saunders

Independent auditors

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

First Point

Buckingham Gate

Gatwick

West Sussex, RH6 0NT

Bankers

Clydesdale Bank

33 Grace Church Street

London EC3V 0BT

Registered office

Ground Floor Suite

River House Maidstone Road

Sidcup

Kent

DA14 5RH

Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2013

Results and dividends

The results for the year after taxation amounted to £nil (year ended 31 March 2012 £nil) The directors recommended a final dividend of £nil for the year (year ended 31 March 2012 £nil)

Principal activities

The principal activity of the company was the provision of security services, however as contracts were transferred to a group company in a prior year this company is now only used to process the payroll of the guards, which are retained as employees of the company

Review of the business and future developments

In the year ended 31 March 2013, the company delivered an operating result of £nil (year ended 31 March 2011 £nil)

The company continues to employ security staff which are deployed in fellow group companies' contracts All staff and staff related costs are recharged to those group companies All administration costs for the company are borne by a fellow group company and not recharged to Temple Security Limited

Principal risks and uncertainties

Economic risk

The company does not have any material economic risk

Financial risk management objective and policies

The company's activities expose it to a limited number of financial risks The company aims to manage these risks on a day to day basis

Liquidity risk

The company does not have any material liquidity risk

Interest rate risk

The company does not have any material interest rate risk

Credit risk

The company does not have any material credit risk

Going concern

The parent undertaking has indicated its willingness to continue to provide financial support to the company for the foreseeable future The directors, having considered this and the financial position of the company, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern Accordingly the directors have a reasonable expectation that the company will continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements In December 2013 refinancing took place at the Group level This restructured the future senior debt repayments to Clydesdale and lowered covenant targets until the senior debt is fully repaid Axis investors showed their commitment to the Group by injected £500,000 into the business as part of the refinancing

Health and safety

Health and safety is a major area of concern for our employees, clients and members of the public We have a dedicated health and safety department which reviews and monitors this area

Directors' report (continued)

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.

Employee involvement

The company recognises the importance of good communications with its employees and considers that 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.

Directors and company secretary

The directors who served the company during the year were as follows:

J Levine
M Saunders
C Wisely

Statement of director's responsibilities

The directors are responsible for preparing the directors' report 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 prepared 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 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.

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Directors' report (continued)

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Directors' indemnities

The company maintains liability insurance for its directors and officers which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

On behalf of the Board



M Saunders
Director

Date 20th December 2013

Registered number 3073516

Independent auditors' report

to the members of Temple Security Limited

We have audited the financial statements of Temple Security Limited for the year ended 31 March 2013 which comprise the profit and loss account the balance sheet, the cash flow statement, and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 3, 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. In addition, we read all the financial and non-financial information in the Directors' report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2013 and of its profit and cash flows 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 Temple Security 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



Matthew Hall (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Gatwick

Date 20/12/13

Profit and loss account

for the year ended 31 March 2013

	Notes	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Turnover	2	-	-
Cost of sales		-	-
Gross profit		-	-
Other operating income		29,166	28,328
Administrative expenses		(29,159)	(28,304)
Depreciation	3	(19)	(43)
Operating lease rentals	3	(7)	(24)
Operating profit	3	-	-
Profit on ordinary activities before taxation		-	-
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	12	-	-

All amounts relate to continuing operations

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

There were no gains or losses other than the profit for the financial year and therefore no statement of total recognised gains and losses has been presented

Balance sheet

At 31 March 2013

	Notes	31 March 2013 £'000	31 March 2012 £'000
Fixed assets			
Tangible fixed assets	8	7	27
		<u>7</u>	<u>27</u>
Current assets			
Debtors	9	2,551	2,409
Cash at bank and in hand		13	5
		<u>2,564</u>	<u>2,414</u>
Creditors' amounts falling due within one year	10	(2,774)	(2,644)
		<u>(210)</u>	<u>(230)</u>
Net current liabilities			
		<u>(210)</u>	<u>(230)</u>
Total assets less current liabilities		<u>(203)</u>	<u>(203)</u>
Capital and reserves			
Called up share capital	11	100	100
Profit and loss account	12	(303)	(303)
		<u>(203)</u>	<u>(203)</u>
Total shareholders' deficit	13	<u>(203)</u>	<u>(203)</u>

The financial statements on pages 7 to 18 were approved by the Board of Directors and signed on their behalf by



M Saunders
Director

Date 20th December 2013

Registered number: 3073516

Temple Security Limited

Cash flow statement

for the year ended 31 March 2013

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Net cash outflow from operating activities	8	(16)
Capital expenditure and financial investment		
Receipts from sale of fixed assets	1	15
Cash Transferred to Group company	(1)	
Net cash inflow/(outflow) for capital expenditure and financial investment	0	15
Cash flow before financing	8	(1)
Financing	-	-
Net cash outflow from financing	-	-
Increase in cash in the year	8	(1)

Cash flow statement (continued)

for year ended 31 March 2013

Reconciliation of operating profit to net cash outflow from operating activities

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Depreciation	19	43
Profit on disposal of fixed assets	-	(4)
(Increase)/decrease in debtors	(142)	268
Increase/(decrease) in creditors	131	(323)
Net cash outflow from operating activities	8	(16)

Reconciliation of net cash flow to movement in net cash

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Increase in cash in the year	8	(1)
Net cash at beginning of the year	5	6
Net cash at end of the year	13	5

Analysis of changes in net cash

	At 1 April 2012 £'000	Cash flows £'000	At 31 Mar 2013 £'000
Cash	5	8	13
Debt repayable within one year	-	-	-
Debt due after one year	-	-	-
Net cash	5	8	13

Notes to the financial statement

At 31 March 2013

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

Going concern

The parent undertaking has indicated its willingness to continue to provide financial support to the company for the foreseeable future. The directors, having considered this and the financial position of the company, have no reason to believe that a material uncertainty exists that may cast doubt about the ability of the company to continue as a going concern. Accordingly the directors have a reasonable expectation that the company will continue in operational existence and thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. In December 2013 refinancing took place at the Group level.

Other operating income

Other operating income relates to the staff costs recharged to fellow group companies

Tangible fixed assets

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 basis

Motor vehicles	–	25% straight line
Furniture, fittings and equipment	–	25% straight line
Leasehold property	–	over the life of the lease

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable
- Deferred tax assets are recognised only to the extent that the directors consider that it 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

Notes to the financial statement

At 31 March 2013

Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term. Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

2. Turnover

The whole of the turnover is attributable to the provision of security services and wholly from amounts recharged to group companies.

All turnover arose within the United Kingdom.

3. Operating profit

This is stated after charging

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Depreciation of owned tangible fixed assets	19	43
Auditors' remuneration – audit services	-	-
– non-audit services	-	-
Operating lease rentals		
– plant and machinery	-	4
– land and buildings	7	20
	<u>26</u>	<u>67</u>

Auditors' remuneration costs have been borne by a fellow group company and not recharged to Temple Security Limited.

4. Directors' remuneration

The following directors' remuneration in respect of qualifying services provided to the company was paid during the year.

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Remuneration and other emoluments	12	20
Contributions to pension schemes	1	1
	<u>13</u>	<u>21</u>

Notes to the financial statement

At 31 March 2013

All of the above directors' remuneration of £12,000 (2012 £20,000) has been paid by a fellow group company for qualifying services performed for this company during the year
No directors were accruing retirement benefits under money purchase pension schemes (2012 nil)

5. Staff costs

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Wages and salaries	26,575	25,713
Social security costs	2,567	2,548
	<u>29,142</u>	<u>28,261</u>

All staff employed by the company are deployed to fulfil customer contracts in fellow group companies, and the staff costs are recharged to those fellow group companies

The average monthly number of employees during the year was made up as follows

	No	No
Security guards	1,289	1,216
	<u>1,289</u>	<u>1,216</u>

6. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax credit is made up as follows

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Current tax		
UK corporation tax charge on the result for the year	—	—
Deferred tax		
Originating and reversal of timing differences	—	—
Tax on profit on ordinary activities (note 6(b))	<u>—</u>	<u>—</u>

Notes to the financial statement

At 31 March 2013

(b) Factors affecting tax charge for the year

The tax assessed on the loss on ordinary activities for the year is different from the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are explained below

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Profit on ordinary activities before tax	-	-
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)		
Effects of		
Expenses not deductible for tax purposes	-	(11)
Depreciation in excess of capital allowances	5	1
Other short term timing differences	-	(2)
Income not taxable for tax purposes	(5)	-
Transfer pricing adjustments	210	-
Group relief claimed	(210)	(2)
Unrelieved tax losses	-	12
Tax on profit on ordinary activities (note 6(a))	-	-

(c) Deferred tax

Deferred tax is not provided in the financial statements The amounts unprovided are as follows

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Decelerated capital allowances	-	(18)
Tax losses	-	(46)
At 31 March	-	(64)

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement Further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively This will reduce the company's

Notes to the financial statement

At 31 March 2013

future current tax charge accordingly. The deferred tax asset at 31 March 2013 has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax asset accordingly.

7. Intangible fixed assets

	Goodwill £'000
Cost	
At 31 March 2013 and 1 April 2012	1,030
Accumulated amortisation	
At 31 March 2013 and 1 April 2012	1,030
Net book value	
At 31 March 2013 and 31 March 2012	-

8. Tangible fixed assets

	Leasehold property £'000	Motor vehicles £'000	Furniture, fittings and equipment £'000	Total £'000
Cost				
At 1 April 2012	88	79	330	497
Disposals	-	(5)	-	(5)
At 31 March 2013	88	74	330	492
Accumulated depreciation				
At 1 April 2012	88	70	312	470
Charge for the year	-	8	11	19
Disposals	-	(4)	-	(4)
At 31 March 2013	88	74	323	485
Net book value				
At 31 March 2013	-	-	7	7
At 31 March 2012	-	9	18	27

Notes to the financial statement

At 31 March 2013

9. Debtors

	31 March 2013 £'000	31 March 2012 £'000
Trade debtors	13	13
Amounts owed by group undertakings	2,511	2,371
Other debtors	27	25
	<u>2,551</u>	<u>2,409</u>

10. Creditors: amounts falling due within one year

	31 March 2013 £'000	31 March 2012 £'000
Trade creditors	15	23
Amounts owed to related undertakings	2,185	2,185
Social security and other taxes	514	396
Other creditors	56	35
Accruals and deferred income	4	4
	<u>2,774</u>	<u>2,643</u>

Amounts due to/from group undertakings are unsecured, interest free and repayable on demand

11 Called up Share capital

	31 March 2013 No	31 March 2013 £'000	31 March 2012 No	31 March 2012 £'000
Allotted, called up and fully paid				
'A' ordinary shares of £1 each	100,000	100	100,000	100

12. Reserves

	Profit and loss account £'000
Balance at 1 April 2013	(303)
Profit for the financial year	-
Balance at 31 March 2013	<u>(303)</u>

Notes to the financial statement

At 31 March 2013

13. Reconciliation of movement in shareholders' deficit

	31 March 2013 £'000	31 March 2012 £'000
Opening shareholders' deficit	(203)	(203)
Retained result for the year	-	-
Closing shareholders' deficit	(203)	(203)

14. Operating lease commitments

Annual commitments relating to future operating lease payments expire as follows

	Land and buildings		Other	
	31 March 2013 £000	31 March 2012 £000	31 March 2013 £000	31 March 2012 £000
Leases expiring within				
One year	-	12	-	-
Between two and five years	-	-	-	-
Total commitment	-	12	-	-

15. Pension commitments

The company operates a stakeholder pension scheme in respect of its employees. The scheme and its assets are held by independent managers. The pension charge borne by a fellow group company includes contributions due from the company at the year-end amounting to £3,200 (year ended 31 March 2012 £1,800).

16. Contingent liabilities

The company has entered into cross guarantees with its ultimate parent undertaking, immediate parent undertaking and fellow subsidiaries with respect of obligations relating to bank borrowings and investor loan notes.

Notes to the financial statement

At 31 March 2013

17. Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No 8 'Related Party Disclosures' and has not disclosed transactions with its wholly owned fellow undertakings in the Axis Acquisitions Limited group

However the company is not wholly owned by the group headed by Axis Group Integrated Services Ltd and in the normal course of business, the company undertook transactions with entities in this group. These transactions primarily relate to the recharging of expenses. Details of these transactions and balances outstanding at the balance sheet date are set out below

	31 March 2013 £'000	31 March 2012 £'000
Related party transactions with subsidiaries within the Axis Group – recharging of expenses	29,142	28,328
Related party transactions with subsidiaries within the Axis Group – balance due from at balance sheet date	325	186

18. Ultimate parent undertaking and controlling party

The company is a wholly owned subsidiary of Axis Acquisitions Limited which is incorporated in England. At 31 March 2013, the directors did not consider there to be any ultimate controlling party. Funds managed by Sovereign Capital Limited Partnership II LLP, a company incorporated in the United Kingdom, have an effective interest of 88.38% in the equity share capital of Axis Group Integrated Services Ltd.

The largest and smallest group of undertakings for which group financial statements have been drawn up and which include the results of the company is Axis Group Integrated Services Ltd. Copies of the financial statements are available from the registered address.