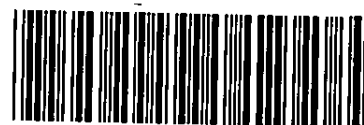


Temple Security Limited

Report and Financial Statements

31 March 2010

WEDNESDAY



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COMPANIES HOUSE

Temple Security Limited

Registered No 3073516

Directors

J S Levine

C J Wisely

Secretary

C J Wisely

Auditors

Ernst & Young LLP

Wessex House

19 Threefield Lane

Southampton SO14 3QB

Registered Office

Unit 4 Crayside

5 Arches Business Park

Maidstone Road

Sidcup

Kent

DA14 5AG

Directors' report

The directors present their report and financial statements for the 15 month period ended 31 March 2010

Results and dividends

The loss for the period after taxation amounted to £25,000 (2008 – profit of £495,000) The directors recommended and paid a final dividend of £1,484,000 for the period (2008 Nil)

The directors have received assurances from the ultimate controlling party, Sovereign Capital Partners LLP, that it will provide the company with funds to enable the company to meet its liabilities as they fall due, for a period of at least 12 months from the date of approval of these financial statements

Accordingly the directors consider that it is appropriate to prepare these group financial statements on a going concern basis

Principal activities and review of the business

The principal activity of the company continues to be that of the provision of security services

On 24 March 2009, the business was acquired by LPM Group Limited through its subsidiary Axis Acquisitions Limited, creating a UK top 20 security group

The acquisition is in line with the group's strategy, supported by Sovereign Capital Partners LLP and its principal bankers, to create an enlarged group of companies serving common customers with a range of soft facilities management services This acquisition strengthened the group geographically and in key market sectors

Principal risks and uncertainties

Economic risk

The economic downturn has a greater impact on certain market sectors, affecting some of our clients more than others, our major costs are variable and we are able to respond and adapt to meet our clients' needs

Financial risk management objective and policies

The company's activities expose it to a limited number of financial risks including credit risk, interest rate risk and liquidity risk The company aims to manage these risks on a day to day basis

Liquidity risk

The company manages its cash and borrowing requirements in order to maximize interest income and minimize interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business Regular cashflow forecasts are prepared to monitor and forecast working capital, an invoice discounting facility is in place with the bank and funds are transferred between group companies to assist in managing this risk

Interest rate risk

The company is exposed to interest rate risk in its borrowing and cash flow interest rate risk on bank overdraft and loans This is managed through hedging of a proportion of the bank loans

Credit risk

Investments of cash surpluses and borrowings are made through banks and companies which must fulfil credit rating criteria approved by the board All customers who wish to trade on credit terms are subject to credit verifications procedures Trade debtors and retentions are reviewed on a regular basis and provision is made for doubtful debts where necessary

Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposure to price, credit, and liquidity and cash flow risk are described above

Directors' report

The company meets its day-to-day working capital requirements through close management of cashflows and an invoice discounting facility. The current economic conditions create uncertainty particularly over the level of demand for the company's services and the availability of bank finance in the foreseeable future.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility. As described above in the Results and Dividends section the directors have also received assurances from the ultimate controlling party, Sovereign Capital Partners LLP, that it will provide the company with funds to enable the company to meet its liabilities as they fall due.

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 of accounting in preparing the annual financial statements.

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.

Key customers

Whilst we have a variety of major contracts, none are material in respect of revenue. However, since our clients are key to our continuing growth, we have a strong management structure in place, incorporating key account managers for our major contracts.

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

The directors who served the company during the period and those appointed subsequently were as follows:

J S Levine

C J Wisely

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.

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.

Directors' report

Auditors

Barnes Roffe LLP, resigned as auditors on 15 June 2010 and Ernst & Young LLP were appointed in their place

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting

By order of the Board

Director



CHRIS WISELY
23 December 2010

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 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 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 proper 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.

Independent auditors' report

to the members of Temple Security Limited

We have audited the financial statements of Temple Security Limited for the period ended 31 March 2010 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, and the related notes 1 to 18. 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 Directors' Responsibilities Statement set out on page 4, 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 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

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.

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 2010 and of its loss for the period 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 period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report

to the members of Temple Security Limited

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

Ernst & Young LLP

Julian Gray (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP (Statutory Auditor)

Southampton

23 December 2010

Profit and loss account

for the year ended 31 March 2010

		15 Month Period ended 2010 £'000	Year ended 2008 £'000
	Notes		
Turnover	2	19,162	19,399
Cost of sales		(15,468)	(15,901)
Gross Profit		3,694	3,498
Administrative expenses		(3,711)	(2,802)
Operating (Loss) / Profit	3	(17)	696
Income from other fixed asset investments		–	333
Loss on disposal of investments		–	(330)
Interest payable	6	(10)	(1)
(Loss) / Profit on ordinary activities before taxation		(27)	698
Tax	7	2	(203)
(Loss) / Profit on ordinary activities after taxation	15	(25)	495
Dividend declared and paid	13	(1,484)	–
Retained (loss) / profit	14	(1,509)	495

All amounts relate to continuing operations

Statement of total recognised gains and losses

for the Period ended 31 March 2010


There are no recognised gains or losses other than the loss attributable to the shareholders of the company of £25,000 (2008 – profit of £495,000)

Balance sheet

at 31 March 2010

	Notes	2010 £'000	2008 £'000
Fixed assets			
Intangible fixed assets	8	–	74
Tangible fixed assets	9	119	120
		<u>119</u>	<u>194</u>
Current assets			
Debtors	10	3,292	3,834
Cash at bank and in hand		39	–
		<u>3,331</u>	<u>3,834</u>
Creditors amounts falling due within one year	11	(3,443)	(2,512)
		<u>(112)</u>	<u>1,322</u>
Net current (liabilities) / asset			
		<u>7</u>	<u>1,516</u>
Total assets less current liabilities			
		<u>7</u>	<u>1,516</u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account	14	(93)	1,416
		<u>7</u>	<u>1,516</u>
Shareholders' funds	15		
		<u>7</u>	<u>1,516</u>

The financial statement were approved by the Board on 23 December 2010 and signed on its behalf by


Chris Wisker
Director

Notes to the financial statement

at 31 March 2010

1. Accounting policies

Basis of preparation

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

Going Concern

The company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments and its exposure to price, credit, and liquidity and cash flow risk are described above

The company meets its day-to-day working capital requirements through close management of cashflows and an invoice discounting facility. The current economic conditions create uncertainty particularly over the level of demand for the company's services and the availability of bank finance in the foreseeable future.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current facility. As described above in the Results and Dividends section the directors have also received assurances from the ultimate controlling party, Sovereign Capital Partners LLP, that it will provide the company with funds to enable the company to meet its liabilities as they fall due.

After making enquires, 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 of accounting in preparing the annual financial statements.

Turnover

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and VAT.

The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from security services is recognised by reference to contractual commitments with customers and labour hours incurred.

Statement of cash flows

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available is exempt from the requirement to draw up a statement of cash flows statement in accordance with FRS 1.

Intangible fixed assets

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the profit and loss account over its estimated economic life of three years.

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:

Notes to the financial statement

at 31 March 2010

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

Investments

The carrying values of fixed asset investments 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 tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

- 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

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 also amounts recharged to group companies and related parties

All turnover arose within the United Kingdom

Notes to the financial statement

at 31 March 2010

3. Operating Profit / (loss)

This is stated after charging

	15 Month Period ended 2010 £'000	Year ended 2008 £'000
Amortisation – intangible fixed assets	74	88
Depreciation of tangible fixed assets		
– owned by the company	71	42
Auditors' remuneration – audit services	10	9
– non-audit services	6	1
Operating lease rentals		
– plant and machinery	–	2
– other operating leases	225	343
	<u>225</u>	<u>343</u>

4. Directors' emoluments

	15 Month Period ended 2010 £'000	Year ended 2008 £'000
Emoluments	122	–
	<u>122</u>	<u>–</u>

5. Staff costs

	15 Month Period ended 2010 £'000	Year ended 2008 £'000
Wages and salaries	13,608	12,917
Social security costs	976	930
	<u>14,584</u>	<u>13,847</u>

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

	No	No
Security guards	637	773
Administration	52	4
	<u>689</u>	<u>777</u>

Notes to the financial statement

at 31 March 2010

6. Interest payable

	15 Month Period ended 2010 £'000	Year ended 2008 £'000
On bank loans and overdrafts	10	1
	<u>10</u>	<u>1</u>

7. Tax

(a) Tax on (Loss)/profit on ordinary activities

The tax credit is made up as follows

	15 Month Period ended 2010 £'000	Year ended 2008 £ 000
Current tax		
UK corporation tax charge on the result for the period	–	203
Adjustment in respect of prior periods	(2)	–
	<u>(2)</u>	<u>203</u>
Deferred tax		
Originating and reversal of timing differences	–	–
Current tax for the period (note 7(a))	<u>(2)</u>	<u>203</u>

Notes to the financial statement

at 31 March 2010

7. Tax (continued)

(b) Factors affecting tax charge for the period

The tax assessed on the Profit and (loss) on ordinary activities for the period is (higher than/Different from) the standard rate of corporation tax in the UK of 28% (year ended 31 December 2008 – 28.5%)
The differences are explained below

	15 Month Period ended 2010 £'000	Year ended 2008 £'000
(Loss) / profit on ordinary activities before tax	(27)	698
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 – 28%)	(8)	195
Effects of		
Expenses not deductible for tax purposes	50	4
Capital allowances for period in excess of depreciation	21	–
Other short term timing differences	2	–
Adjustment in respect of previous period	(2)	–
Group relief (received) for nil payment	(65)	–
Tax rate difference	–	4
Current tax for the period (note 7(a))	(2)	203

(c) Deferred tax

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

	15 month period ended 31 March 2010 £'000	Year ended 31 December 2008 £'000
Decelerated capital allowances	(31)	(11)
Other timing differences	(2)	–
At 31 March 2010	(33)	(11)

The deferred tax asset has not been recognised due to uncertainty over suitable future profits being available for offset

Notes to the financial statement

at 31 March 2010

8. Intangible fixed assets

	Goodwill £'000
Cost	
At 31 December 2008	1,030
Additions	–
At 31 March 2010	1,030
Amortisation	
At 31 December 2008	956
Charge for the period	74
At 31 March 2010	1,030
Net book value	
At 31 March 2010	–
At 31 December 2008	74

9. Tangible fixed assets

	Leasehold Property £'000	Motor vehicles £'000	Furniture, fittings and equipment £'000	Total £'000
Cost				
At 31 December 2008	101	38	302	441
Additions	–	69	21	90
Disposals	(13)	–	(7)	(20)
At 31 March 2010	88	107	316	511
Depreciation				
At 31 December 2008	81	37	203	321
Charge for the period	5	15	51	71
At 31 March 2010	86	52	254	392
Net book value				
At 31 March 2010	2	55	62	119
At 31 December 2008	20	1	99	120

Notes to the financial statement

at 31 March 2010

10. Debtors

	2010	2008
	£ 000	£'000
Trade debtors	182	19
Amounts owed by group undertakings	2,881	3,694
Other debtors	64	38
Prepayments and accrued income	165	83
	<u>3,292</u>	<u>3,834</u>

11. Creditors: amounts falling due within one year

	2010	2008
	£'000	£'000
Bank loans and overdrafts	–	301
Trade creditors	244	467
Amounts owed to related undertakings	1,725	271
Corporation tax	–	372
Social security and other taxes	601	357
Other creditors	491	–
Accruals and deferred income	382	744
	<u>3,443</u>	<u>2,512</u>

The company's bank overdraft facility is secured

12. Issued share capital

	2010	2010	2008	2008
	No	£'000	No	£'000
Allotted, called up and fully paid				
'A' ordinary shares of £1 each	100,000	100	100,000	100

Notes to the financial statement

at 31 March 2010

13. Dividends and other appropriation

	2010 £'000	2008 £'000
	£'000	£'000
Dividend declared and paid	1,484	–

The dividend was accounted for as an appropriation of retained earnings in the period ended 31 March 2010

14. Reserves

	Profit and loss account £'000
At 31 December 2008	1,416
Retained loss for the period	(1509)
At 31 March 2010	(93)

15. Reconciliation of movement in shareholders' funds

	2010 £'000	2008 £'000
Opening shareholders' funds	1,516	1,021
Retained (Loss) / profit for the period	(1509)	495
Closing shareholders' funds	7	1,516

Notes to the financial statement

at 31 March 2010

16. Operating lease commitments

Annual commitments relating to future operating lease payments expire as follows

	Land and buildings	
	2010	2008
	£'000	£'000
Expiry date		
Within 1 years	12	—
Within 2-5 years	159	—
After more than 5 years	—	263

17. Pension commitments

The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge includes contributions due from the company at the period end amounting to £nil (2008 – £Nil).

18. Ultimate parent undertaking and controlling

The company is a wholly owned subsidiary of Axis Acquisitions Limited. The ultimate parent company is LPM Group Limited, a company registered in England and Wales.

In the opinion of the directors, as at 31 March 2010, the company was under the control of Sovereign Capital Limited Partnership II LLP.