
TEMPLE SECURITY LIMITED

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



TEMPLE SECURITY LIMITED

COMPANY INFORMATION

DIRECTORS	N J Earley R W Empson
SECRETARY	N J Earley
COMPANY NUMBER	3073516
REGISTERED OFFICE	82 Hampton Road Hanworth Middlesex TW13 6DZ
AUDITORS	Barnes Roffe LLP Chartered Accountants & Registered Auditors 3 Brook Business Centre Cowley Mill Road Uxbridge, Middlesex UB8 2FX

TEMPLE SECURITY LIMITED

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TEMPLE SECURITY LIMITED

DIRECTORS' REPORT For the year ended 31 December 2004

The directors present their report and the financial statements for the year 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 AND REVIEW OF BUSINESS

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

The directors are satisfied with the results during the year under review and aim to expand and develop as opportunities arise.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £77,968 (2003 - £119,857) .

The directors do not recommend the payment of a dividend.

DIRECTORS

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

	'A' Ordinary shares of £1 each	
	<u>31/12/04</u>	<u>1/1/04</u>
N J Earley	-	-
R W Empson	-	-

ADDITIONAL INFORMATION RE DIRECTORS

Neither director who held office at the end of the financial year had any disclosable interest in the shares of the company. The interest of the directors in the parent company, Atlas 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 that most effective form of communication regarding its activities, performance and plans is by the way of informal discussions between management and other employees at a local level.

TEMPLE SECURITY LIMITED

DIRECTORS' REPORT For the year ended 31 December 2004

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.

AUDITORS

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

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



N J Earley
Director

TEMPLE SECURITY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF TEMPLE SECURITY LIMITED

We have audited the financial statements of Temple Security Limited for the year ended 31 December 2004 set out on pages 4 to 14. These financial statements have been prepared 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 year 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

TEMPLE SECURITY LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2004

	Note	2004 £	2003 £
TURNOVER	1, 2		
Continuing operations		15,696,925	19,631,007
Acquisitions		-	507,601
		<u>15,696,925</u>	<u>20,138,608</u>
Cost of sales	3	<u>(12,371,833)</u>	<u>(16,543,770)</u>
GROSS PROFIT		3,325,092	3,594,838
Administrative expenses	3	<u>(3,209,124)</u>	<u>(3,523,696)</u>
OPERATING PROFIT	4		
Continuing operations		115,968	66,514
Acquisitions		-	4,628
		<u>115,968</u>	<u>71,142</u>
Income from investments in group undertakings		-	465,903
Amounts written off investments		-	(400,000)
Interest receivable		-	1,041
Interest payable	6	-	(1,494)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		115,968	136,592
TAX ON PROFIT ON ORDINARY ACTIVITIES	7	(38,000)	(16,735)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		£ 77,968	£ 119,857

There were no recognised gains and losses for 2004 or 2003 other than those included in the profit and loss account.

The notes on pages 6 to 14 form part of these financial statements.

TEMPLE SECURITY LIMITED

BALANCE SHEET
As at 31 December 2004

	Note	2004 £	2003 £
FIXED ASSETS			
Intangible fixed assets	8	184,207	441,040
Tangible fixed assets	9	31,764	57,418
Investments	10	695,000	-
		<u>910,971</u>	<u>498,458</u>
CURRENT ASSETS			
Debtors	11	1,020,501	1,598,473
Cash in hand		146	146
		<u>1,020,647</u>	<u>1,598,619</u>
CREDITORS: amounts falling due within one year	12	(1,531,137)	(1,774,564)
NET CURRENT LIABILITIES		<u>(510,490)</u>	<u>(175,945)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£ 400,481</u>	<u>£ 322,513</u>
CAPITAL AND RESERVES			
Called up share capital	13	100,000	100,000
Profit and loss account	14	300,481	222,513
SHAREHOLDERS' FUNDS - All Equity	15	<u>£ 400,481</u>	<u>£ 322,513</u>

The financial statements were approved by the board on 26 October 2005 and signed on its behalf.



N J Earley
Director

The notes on pages 6 to 14 form part of these financial statements.

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

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 applicable accounting standards.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

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 Atlas Cleaning 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 19.

1.2 Turnover

Turnover represents amounts invoiced (excluding value added tax) by the company during the year to third parties for the provision of goods and security services and amounts recharged to group companies and related parties.

1.3 Intangible fixed assets and amortisation

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 profit and loss account over its estimated economic life of 3 years.

1.4 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:

Plant & machinery	-	25%	straight line
Motor vehicles	-	25%	straight line
Fixtures & fittings	-	25%	straight line
Office equipment	-	25%	straight line

1.5 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.

1.6 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.

TEMPLE SECURITY LIMITED

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

2. TURNOVER

All turnover arose within the United Kingdom.

The whole of the turnover and profit before taxation from continuing activities is attributable to the provision of security services and also amounts recharged to group companies and related parties.

3. COST OF SALES AND EXPENSES

The following amounts were included within continuing activities in relation to acquisitions during the year:

	2004 £	2003 £
Cost of sales	-	420,631
Administrative expenses	-	82,342

4. OPERATING PROFIT

The operating profit is stated after charging:

	2004 £	2003 £
Amortisation - goodwill	256,833	249,334
Depreciation of tangible fixed assets:		
- owned by the company	28,549	27,825
Auditors' remuneration	13,910	13,350
Operating lease rentals:		
- plant and machinery	3,755	2,111
- other operating leases	300,603	298,124

During the year, no director received any emoluments (2003 - £nil).

TEMPLE SECURITY LIMITED

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

5. STAFF COSTS

Staff costs were as follows:

	2004 £	2003 £
Wages and salaries	10,998,997	15,261,783
Social security costs	1,002,206	1,261,483
	<u>£12,001,203</u>	<u>£16,523,266</u>

The average monthly number of employees, including directors, during the year was as follows:

	2004	2003
Security guards	910	990
Administration	4	4
	<u>914</u>	<u>994</u>

6. INTEREST PAYABLE

	2004 £	2003 £
Other interest payable	£ -	£ 1,494
	<u>£ -</u>	<u>£ 1,494</u>

7. TAXATION

	2004 £	2003 £
Analysis of tax charge in year		
UK corporation tax charge on profits of the year	38,000	18,500
Adjustments in respect of prior periods	-	(1,765)
	<u>38,000</u>	<u>16,735</u>
Total current tax	<u>38,000</u>	<u>16,735</u>
Tax on profit on ordinary activities	<u>£ 38,000</u>	<u>£ 16,735</u>

TEMPLE SECURITY LIMITED

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

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applicable to the company (30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	115,968	136,592
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2003 - 30)	34,790	40,978
Effects of:		
Expenses not deductible for tax purposes	5,606	(15,171)
Capital allowances for period in excess of depreciation	(1,260)	(3,528)
Marginal relief	-	(4,833)
Adjustment to provisional tax charge for current periods	(1,136)	1,054
Adjustments to tax charge in respect of prior periods	-	(1,765)
Current tax charge for year (see note above)	£ 38,000	£ 16,735

Factors that may affect future tax charges

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

8. INTANGIBLE FIXED ASSETS

	Goodwill £	Total £
Cost		
At 1 January 2004 and 31 December 2004	770,500	770,500
Amortisation		
At 1 January 2004	329,460	329,460
Charge for the year	256,833	256,833
At 31 December 2004	586,293	586,293
Net book value		
At 31 December 2004	£ 184,207	£ 184,207
At 31 December 2003	£ 441,040	£ 441,040

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

9. TANGIBLE FIXED ASSETS

	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£
Cost				
At 1 January 2004	57,231	41,648	151,507	250,386
Additions	-	2,895	-	2,895
At 31 December 2004	57,231	44,543	151,507	253,281
Depreciation				
At 1 January 2004	57,231	10,412	125,325	192,968
Charge for the year	-	11,136	17,413	28,549
At 31 December 2004	57,231	21,548	142,738	221,517
Net book value				
At 31 December 2004	£ -	£ 22,995	£ 8,769	£ 31,764
At 31 December 2003	£ -	£ 31,236	£ 26,182	£ 57,418

10. FIXED ASSET INVESTMENTS

	Shares in group under- takings	Total
	£	£
Cost		
Additions	695,000	695,000
At 31 December 2004	£ 695,000	£ 695,000

TEMPLE SECURITY LIMITED

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

Subsidiary undertakings

The following was a subsidiary undertakings of the company:

Skelar Limited - registered in England and Wales -dormant	Ordinary shares - 100%
Forgealert limited -registered in England and Wales - dormant	Ordinary shares - 100%
Lockhart Security Services Limited -registered in England and Wales	Ordinary shares - 100%

The aggregate of the share capital and reserves as at 31 December 2004 and the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Skelar Limited - registered in England and Wales -dormant	3,222	-
Forgealert limited -registered in England and Wales - dormant	1,000	-
Lockhart Security Services Limited -registered in England and Wales	243,807	95,020
	<u> </u>	<u> </u>

11. DEBTORS

	2004 £	2003 £
Trade debtors	19,111	19,111
Amounts owed by group undertakings	-	63,002
Amounts owed by related parties	919,886	1,516,043
Other debtors	1,788	317
Prepayments and accrued income	79,716	-
	<u>£ 1,020,501</u>	<u>£ 1,598,473</u>

12. CREDITORS:
Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	141,935	376,576
Trade creditors	147,761	144,540
Amounts owed to group undertakings	159,300	9,095
Corporation tax	56,498	18,668
Social security and other taxes	551,562	910,272
Accruals and deferred income	474,081	315,413
	<u>£ 1,531,137</u>	<u>£ 1,774,564</u>

TEMPLE SECURITY LIMITED

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

13. SHARE CAPITAL

	2004 £	2003 £
Authorised		
500,000 'A' Ordinary shares of £1 each	500,000	500,000
500,000 'B' Ordinary shares of £1 each	500,000	500,000
	<u>£ 1,000,000</u>	<u>£ 1,000,000</u>
Allotted, called up and fully paid		
100,000 'A' Ordinary shares of £1 each	<u>£ 100,000</u>	<u>£ 100,000</u>

14. RESERVES

Profit and loss account	£
At 1 January 2004	222,513
Profit retained for the year	77,968
	<u>£ 300,481</u>
At 31 December 2004	

15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the year	77,968	119,857
	<u>77,968</u>	<u>119,857</u>
Opening shareholders' funds	322,513	202,656
Closing shareholders' funds	<u>£ 400,481</u>	<u>£ 322,513</u>

TEMPLE SECURITY LIMITED

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

16. CONTINGENT LIABILITIES

There is a composite cross guarantee in place covering Atlas Cleaning Limited, Atlas Contractors Limited, Temple Security Contractors Limited and Forgealert Limited. At the year end, their respective bank loans and overdrafts were as follows:

	2004 £	2003 £
Atlas Cleaning Limited	629,121	501,237
Temple Security Limited	141,935	376,576
Temple Security Contractors Limited	1,475,802	1,984,097
	<u>2,246,858</u>	<u>2,861,910</u>

The bank loans and overdrafts are secured by:

- 1) A Mortgage debenture over the company.
- 2) Directors guarantees to the value of £400,000.

17. OPERATING LEASE COMMITMENTS

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

	Land and buildings 2004 £	2003 £
Expiry date:		
After more than 5 years	<u>288,455</u>	<u>230,764</u>

18. RELATED PARTY TRANSACTIONS

The company is controlled by N J Earley and R W Empson. During the year, the company made rental payments of £288,455 (2003 - £278,124) for the rent of properties owned by the directors.

The company also had the following transactions with Temple Security Contractors Limited, a company under the direct control of N J Earley and R W Empson.

	2004 £	2003 £
Sale of security services	15,190,000	19,700,000
Recharge of overheads	314,250	319,339
Labour recharge	218,712	100,747
	<u>15,722,962</u>	<u>20,120,086</u>

The amount due from Temple Security Contractors Limited at the year end amounted to £919,886 (2003 - £1,390,981).

TEMPLE SECURITY LIMITED

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

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is a wholly owned subsidiary of Atlas Cleaning Limited. The consolidated accounts of the group is available to the public and may be obtained from:

Registrar of Companies
Crown Way
Cardiff CF4 3UZ