Grant Thornton

REGISTRAR'S COPY

Financial Statements
VSG Payroll Services Limited
(formerly VSG (2) Limited)

For the year ended 31 March 2008

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Company No. 3892294

Company information

Company registration number	3892294
Registered office	650 Pavilion Drive Northampton Business Park NORTHAMPTON NN4 7SL
Directors	L K Barwell R K L Francis R J Jones W R Muskin
Secretary	R J Jones
Bankers	Royal Bank of Scotland Plc 72 Abington Street NORTHAMPTON NN1 2BH
Solicitors	DFA Law 6 Cheyne Walk NORTHAMPTON NN1 5PT
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Grant Thornton House Kettering Parkway KETTERING Northants NN15 6XR

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Report of the directors

The directors present their report together with financial statements for the year ended 31 March 2008

Principal activity

The company is principally engaged in the provision of payroll services primarily in the banking sectors of commerce and industry

The company changed it's name from VSG (2) Limited to VSG Payroll Services Limited on 5 February 2008 and commenced trading on 20 February 2008

Business review and future developments

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements

The directors have not recommended a dividend

Key performance indicators

The directors assess company performance using the following key performance indicators

1) Growth in gross profits is a key measure of the company's success The gross profit for the year was 3% (2007 - nil)

2) Cash collection is an important part of effective working capital management, at the year end debtor days were 30 days (2007 - nil)

Financial risk management objectives and policies

The company uses various financial instruments including cash and trade debtors that arise directly from it's operations The main purpose of these financial instruments is to raise finance for the company's operations

The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

The main risks arising from the company's financial instruments are liquidity risk and credit risk The directors review and agree policies for managing each of these risks and they are summarised below

Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

Credit risk

The company's principal financial assets are trade debtors

In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and collection history

Directors

The present membership of the Board is set out below

L K L Barwell
R K L Francis
R J Jones
W R Muskin

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently
- make judgments 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
- 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 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 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditor

Grant Thornton UK LLP were appointed as auditors on 7 February 2008 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985 Special notice pursuant to section 388(3) having been given, a resolution to appoint Grant Thornton UK LLP will be proposed at the next Annual General Meeting

BY ORDER OF THE BOARD

R J Jones
Secretary
16 June 2008

Report of the independent auditor to the members of VSG Payroll Services Limited (formerly VSG (2) Limited)

We have audited the financial statements of VSG Payroll Services Limited (formerly VSG (2) Limited) for the year ended 31 March 2008 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 12 These financial statements have been prepared under the accounting policies set out on therein

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 member 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 member as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements

In addition we report to you if, in our opinion, 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 other transactions is not disclosed

We read the Report of the Directors 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 International Standards on Auditing (UK and Ireland) 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

Grant Thornton

Report of the independent auditor to the members of VSG Payroll Services Limited (formerly VSG (2) Limited)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements for the year ended 31 March 2008

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Kettering 16 June 2008

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable United Kingdom accounting standards (United Kingdom generally accepted accounting practice)

The company's accounting policies are unchanged compared with the prior year

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and it's ultimate parent publishes a consolidated cash flow

Turnover

The turnover is the revenue arising from the sale of services It is stated net of value added tax, rebates and discounts

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities Financial liabilities are presented as such in the balance sheet Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account Finance costs are calculated so as to produce a constant rate of return on the outstanding liability

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument Dividends and distributions relating to equity instruments are debited direct to equity

Profit and loss account

	Note	2008 £	2007 £
Turnover	1	**340,474**	-
Cost of sales		**(330,179)**	-
Operating profit and profit on ordinary activities before taxation		**10,295**	-
Tax on profit on ordinary activities	3	**(1,120)**	-
Retained profit for the financial year	7	**9,175**	-

There were no other recognised gains or losses other than the profit for the financial year

All operations are classed as continuing

The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2008 £	2007 £
Current assets			
Debtors	4	**355,274**	1
Creditors: amounts falling due within one year	5	**(346,098)**	-
Net current assets		**9,176**	1
Capital and reserves			
Called-up equity share capital	6	**1**	1
Profit and loss account	7	**9,175**	-
Shareholders' funds	8	**9,176**	1

These financial statements were approved by the Board of Directors and authorised for issue on 16 June 2008
They were signed on its behalf by

R J Jones
Director

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

Turnover is attributable to the activity stated in the Report of the Directors

2 Directors and employees

The average number of staff employed by the company during the financial year amounted to

	2008 No.	2007 No
Field based staff	**112**	-

The aggregate payroll costs of the above were

	2008 £	2007 £
Wages and salaries	**289,283**	-
Social security costs	**27,153**	-
	316,436	-

No director was remunerated during the period (2007 - nil)

3 Tax on profit on ordinary activities

The tax charge represents

	2008 £	2007 £
Corporation tax and total current tax charge	**1,120**	-

Factors affecting the tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax of 30% The difference can be explained as follows

	2008 £	2007 £
Profit on ordinary activities before tax	**10,295**	-
Profit on ordinary activities multiplied by the standard rate of corporation tax	**3,089**	-
Expenses not deductible for tax purposes	**(561)**	-
Group relief claimed	**(1,408)**	-
Total current tax	**1,120**	-

4 Debtors

	2008 £	2007 £
Trade debtors	**355,274**	-

5 Creditors: amounts falling due within one year

	2008 £	2007 £
Amounts owed to group undertakings	**149,065**	-
Corporation tax	**1,120**	-
Social security and other taxes	**105,530**	-
Accruals and deferred income	**90,383**	-
	346,098	-

6 Share capital

	2008 £	2007 £
Authorised		
1,000 ordinary share of £1 each	**1,000**	1,000
Equity shares		
Allotted, called up and fully paid		
1 ordinary share of £1	**1**	1

7 Profit and loss account

	2008 £	2007 £
Balance brought forward	-	-
Profit for the financial year	**9,175**	-
At 31 March 2008	**9,175**	-

8 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit for the financial year	**9,175**	-
Opening shareholders' fund	**1**	1
Closing shareholders' funds	**9,176**	1

9 Capital commitments

The company had no capital commitments at 31 March 2008 or 31 March 2007

10 Contingent liabilities

During the year the company entered into an inter-company composite guarantee with accession between VSG Group Limited (formerly Castlegate 474 Limited), VSG Investments Limited (formerly Castlegate 471 Limited), VSG Holdings Limited, VSG Staff Hire Limited (formerly VSG (2) Limited) and Vision Security Group Limited At 31 March 2008, the potential liability of the company was £11,382,636 (2007 - £nil)

11 Transactions with related parties

As a wholly owned subsidiary of Vision Security Group Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by VSG Group Limited (formerly Castlegate 474 Limited) on the grounds that the consolidated accounts of VSG Group Limited (formerly Castlegate 474 Limited) are publicly available from Companies House

12 Controlling related party

Vision Security Group Limited is considered the controlling related party by virtue of its 100% shareholding

VSG Group Limited (formerly Castlegate 474 Limited) is considered the ultimate controlling party by virtue of its share ownership