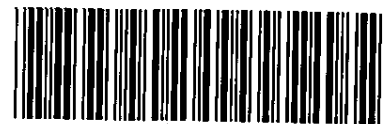


Financial Statements VSG Payroll Services Limited

For the year ended 31 March 2009

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COMPANIES HOUSE

Company information

Company registration number	3892294
Registered office	650 Pavilion Drive Northampton Business Park NORTHAMPTON NN4 7SL
Directors	L K L 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 Grant Thornton House Kettering Parkway Kettering Venture Park 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 2009.

Principal activity

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

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 (2008 - £nil).

The directors are optimistic about the future prospects of this company.

Key performance indicators

The directors assess company performance using the following key performance indicator:

Growth in gross profits is a key measure of the company's success. The gross profit for the year was 3% (2008 - 3%).

Financial risk management objectives and policies

The company uses various financial instruments including cash that arises directly from its operations. The main purpose of this financial instrument is to raise finance for the company's operations.

The existence of this financial instrument 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 instrument is 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

In order to manage credit risk the directors set limits for customers based on a combination of payments 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. All directors served throughout the year.

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 auditor is 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 auditor is 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 offer themselves for reappointment as auditor in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



R J Jones
Secretary
23 June 2009



Report of the independent auditor to the members of VSG Payroll Services Limited

We have audited the financial statements of VSG Payroll Services Limited for the year ended 31 March 2009 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

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 2009 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 2009.

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

Kettering
23 June 2009

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 its ultimate parent publishes a consolidated cash flow statement.

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	2009 £	2008 £
Turnover	1	2,924,727	340,474
Cost of sales		<u>(2,832,223)</u>	<u>(330,179)</u>
Operating profit and profit on ordinary activities before taxation	1	92,504	10,295
Tax on profit on ordinary activities	3	<u>(9,003)</u>	<u>(1,120)</u>
Retained profit for the financial year	7	<u>83,501</u>	<u>9,175</u>

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

All operations are classed as continuing.

Balance sheet

	Note	2009 £	2008 £
Current assets			
Debtors	4	305,079	355,274
Cash at bank and in hand		24	-
		<u>305,103</u>	<u>355,274</u>
Creditors: amounts falling due within one year	5	<u>(212,426)</u>	<u>(346,098)</u>
Net current assets		<u>92,677</u>	<u>9,176</u>
Capital and reserves			
Called-up equity share capital	6	1	1
Profit and loss account	7	92,676	9,175
Shareholder's funds	8	<u>92,677</u>	<u>9,176</u>

These financial statements were approved by the Board of Directors and authorised for issue on 23 June 2009.
They were signed on its behalf by:



R J Jones
Director

Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation are attributable to the principal activity as stated in the Report of the Directors.

Liability Limitation Agreement with the auditor

The directors propose that the company enter into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 March 2009. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting council's June 2008 Guidance on Auditor Liability Agreements, and will be proposed for approval at the forthcoming annual general meeting on 23 June 2009.

2 Directors and employees

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

	2009	2008
	No	No
Field based staff	<u>112</u>	<u>112</u>

The aggregate payroll costs of the above were:

	2009	2008
	£	£
Wages and salaries	2,592,005	289,283
Social security costs	<u>239,746</u>	<u>27,153</u>
	<u>2,831,751</u>	<u>316,436</u>

No director was remunerated during the period (2008 - nil).

3 Tax on profit on ordinary activities

The tax charge represents:

	2009	2008
	£	£
Corporation tax	9,000	1,120
Adjustment in respect of prior periods	<u>3</u>	<u>-</u>
Total current tax charge	<u>9,003</u>	<u>1,120</u>

Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the year

The tax assessed for the year is different to the standard rate of corporation tax of 28% (2008 - 30%).

The difference can be explained as follows:

	2009 £	2008 £
Profit on ordinary activities before tax	<u>92,504</u>	<u>10,295</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax of 28% (2008 - 30%)	25,901	3,089
Expenses not deductible for tax purposes	-	(561)
Marginal relief	(3,000)	-
Group relief claimed	(13,901)	(1,408)
Adjustment in respect of prior periods	3	-
Total current tax	<u>9,003</u>	<u>1,120</u>

4 Debtors

	2009 £	2008 £
Trade debtors	-	355,274
Amounts owed to group undertakings	293,950	-
Other debtors	4	-
Prepayments and accrued income	11,125	-
	<u>305,079</u>	<u>355,274</u>

5 Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to group undertakings	-	149,065
Corporation tax	9,003	1,120
Social security and other taxes	80,107	105,530
Accruals and deferred income	123,316	90,383
	<u>212,426</u>	<u>346,098</u>

6 Share capital

	2009 £	2008 £
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Equity shares		
Allotted, called up and fully paid:		
1 ordinary share of £1	<u>1</u>	<u>1</u>

7 Profit and loss account

	2009 £	2008 £
At 1 April 2008	9,175	-
Profit for the financial year	83,501	9,175
At 31 March 2009	<u>92,676</u>	<u>9,175</u>

8 Reconciliation of movements in shareholder's funds

	2009 £	2008 £
Profit for the financial year	83,501	9,175
Opening shareholder's funds	9,176	1
Closing shareholder's funds	<u>92,677</u>	<u>9,176</u>

9 Capital commitments

The company had no capital commitments at 31 March 2009 or 31 March 2008.

10 Contingent liabilities

The company is party to an inter-company composite guarantee with accession between VSG Group Limited, VSG Investments Limited, VSG Holdings Limited, Vision Security Group Limited, VSG Staff Hire Limited and Vision Security Group Systems Limited (formerly Rampart Security Limited). At 31 March 2009, the potential liability of the company was £11,925,000 (2008 - £11,382,636).

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 on the grounds that the consolidated accounts of VSG Group 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 is considered the ultimate controlling party by virtue of its share ownership.