

# H & M Security Services Limited

Annual Report and Financial Statements

for the Year Ended 28 February 2015

Buzzacott LLP  
Chartered Accountants and Registered Auditors  
130 Wood Street  
London  
EC2V 6DL

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# **H & M Security Services Limited**

## **Contents**

Company Information .....	1
Strategic Report .....	2
Strategic report signatories .....	2
Directors' Report .....	3 to 6
Independent Auditor's Report .....	5 to 6
Profit and Loss Account .....	7
Balance Sheet .....	8
Cash Flow Statement .....	9 to 10
Notes to the Financial Statements .....	11 to 18

The following pages do not form part of the statutory financial statements:

Detailed Profit and Loss Account .....	19
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**H & M Security Services Limited**  
**Company Information**

<b>Directors</b>	I. Henderson B. Tuite F. McLintock
<b>Company Secretary</b>	B. Tuite
<b>Registered Office</b>	C/o Tuite Tang Wong 2nd Floor 29-30 High Holborn London WC1V 6AZ
<b>Registration Number</b>	03922731
<b>Auditors</b>	Buzzacott LLP Chartered Accountants and Registered Auditors 130 Wood Street London EC2V 6DL

# H & M Security Services Limited

## Strategic Report for the Year Ended 28 February 2015

The directors present their strategic report for the year ended 28 February 2015.

### Business review

#### *Fair review of the business*

The directors consider the state of the company's affairs to be satisfactory.

The results for the company show a pre-tax profit of £476,755 (2014 - £480,207) for the year and sales of £7,820,074 (2014 - £7,439,249). The company has net assets of £256,823 (2014 - £176,919). Net cash inflow from operating activities for 2015 was £356,242 (2014 - £313,227).

The company's key financial and other performance indicators during the year were as follows:

#### Key performance indicators ("KPIs")

	2014/2015	2013/2014
Growth /(Drop) in sales (%)	5%	(14%)
Margin (%)	17%	16%

The gross margin has increased by 1%.

#### *The way forward*

Having carried out market research on our existing and potential client base, in the coming year we aim to strategically promote the integration of CCTV and Security Systems to support our traditional manned guarding business. To support this objective we have developed a partnership with Business First, who design and manufacture CCTV systems for remote sites and the construction environment.

These systems can operate as self-sufficient units, at sites where power for conventional units, and the constantly changing environment on the site often causes problems with the installation of traditional systems. The cameras can easily be moved when required making them an attractive option for projects working over a large area, i.e. rail or highways.

In addition to theft our clients require protection from persons fly tipping, contractors leaving waste materials on site, criminal damage, and sabotage of plant. All of these create additional costs and can seriously delay projects.

Our current partner, Business First, specialises in trailer mounted cameras that can be deployed on site within 15 minutes, and they can be networked together to form a single security solution.

Over the next 12 months our aim is to increase our list of approved suppliers and engineers that we deal with regularly. This will enable us to offer a wider range of technical solutions that support our core business of manned guarding.

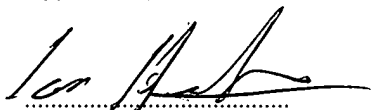
This initiative will also be supported by the further development of our 24/7 control room into a monitoring station.

#### *Principal risks and uncertainties*

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are competition from other companies providing security services and adverse market conditions.

Approved by the Board on 23-11-15 and signed on its behalf by:



I. Henderson  
Director

## **H & M Security Services Limited**

### **Directors' Report for the Year Ended 28 February 2015**

The directors present their report and the financial statements for the year ended 28 February 2015.

#### **Directors' 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 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

Each of the directors confirms that:

- so far as the director is aware there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information.

This confirmation is given and should be interpreted in accordance with the special provisions of S418 of the Companies Act 2006.

#### **Charitable donations**

During the year the company made charitable donations of £5,271 (2014 - £4,616).

#### **Employee involvement**

The company's policy is to consult and discuss with employees, through various media including but not limited to, staff questionnaire, toolbox talks, company newsletter, email and staff representatives and any matters which have the potential to impact or affect employees' interests.

Information matters of concern to employees are also given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

#### **Employment of disabled persons**

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses and where reasonably practicable adjustment of the workplace will be made. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities of the workplace in accordance with the DDA 1995 (amended 2005).

**H & M Security Services Limited**  
**Directors' Report for the Year Ended 28 February 2015**

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**Directors of the company**

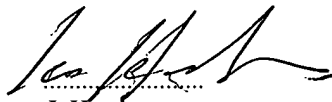
The directors who held office during the year were as follows:

I. Henderson

B. Tuite

F. McLintock

Approved by the Board on 23-11-15 and signed on its behalf by:



I. Henderson  
Director

## **Independent Auditor's Report to the Members of H & M Security Services Limited**

We have audited the financial statements of H & M Security Services Limited for the year ended 28 February 2015, set out on pages 7 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 auditor**

As explained more fully in the directors' responsibilities statement (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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 28 February 2015 and of its profit 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 and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

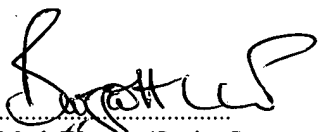
**Independent Auditor's Report to the Members of  
H & M Security Services Limited**

*..... 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.



Mark Worsey (Senior Statutory Auditor)

For and on behalf of Buzzacott LLP, Statutory Auditor

130 Wood Street  
London  
EC2V 6DL

Date: 20 November 2015



**H & M Security Services Limited**  
**Profit and Loss Account for the Year Ended 28 February 2015**

	Note	2015 £	2014 £
Turnover	2	7,820,074	7,439,249
Cost of sales		<u>(6,534,649)</u>	<u>(6,277,708)</u>
Gross profit		1,285,425	1,161,541
Administrative expenses		<u>(773,137)</u>	<u>(656,097)</u>
Operating profit	3	512,288	505,444
Interest payable and similar charges	4	<u>(35,533)</u>	<u>(25,237)</u>
Profit on ordinary activities before taxation		476,755	480,207
Tax on profit on ordinary activities	5	<u>(108,851)</u>	<u>(116,777)</u>
Profit for the financial year	11	<u><u>367,904</u></u>	<u><u>363,430</u></u>

The company has no recognised gains or losses other than those included in the profit and loss account above.

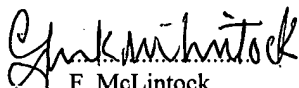
The results relate entirely to continuing operations.

There is no difference between the profit on ordinary activities before taxation and the results for the periods stated above and their historic cost equivalent.

**H & M Security Services Limited**  
**(Registration number: 03922731)**  
**Balance Sheet at 28 February 2015**

	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible fixed assets	6	89,247	65,380
<b>Current assets</b>			
Debtors	7	2,564,645	2,392,490
Creditors: Amounts falling due within one year	8	(2,367,381)	(2,222,895)
Net current assets		197,264	169,595
Total assets less current liabilities		286,511	234,975
Creditors: Amounts falling due after more than one year	9	(29,688)	(58,056)
Net assets		256,823	176,919
<b>Capital and reserves</b>			
Called up share capital	10	300	300
Share premium account	11	39,925	39,925
Profit and loss account	11	216,598	136,694
Shareholders' funds - equity interests	12	256,823	176,919

Approved by the Board on 23-11-15 and signed on its behalf by:

  
F. McLintock  
Director

Company Registration Number: 03922731 (England and Wales)

**H & M Security Services Limited**  
**Cash Flow Statement for the Year Ended 28 February 2015**

**Reconciliation of operating profit to net cash flow from operating activities**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Operating profit	512,288	505,444
Depreciation, amortisation and impairment charges	19,102	18,333
Loss on disposal of fixed assets	348	5,623
Increase in debtors	(172,155)	(124,439)
Decrease in creditors	(3,341)	(91,734)
Net cash inflow from operating activities	<u>356,242</u>	<u>313,227</u>

**Cash flow statement**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Net cash inflow from operating activities	356,242	313,227
<b>Returns on investments and servicing of finance</b>		
Interest paid	(35,533)	(25,237)
Taxation paid	(149,499)	(99,258)
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(43,317)	(10,599)
Equity dividends paid	(288,000)	(326,100)
Net cash outflow before management of liquid resources and financing	<u>(160,107)</u>	<u>(147,967)</u>
<b>Financing</b>		
Value of new loans obtained during the period	(28,368)	89,723
Increase in factored receivables	149,078	84,386
	<u>120,710</u>	<u>174,109</u>
(Decrease)/increase in cash	<u>(39,397)</u>	<u>26,142</u>

The notes on pages 11 to 18 form an integral part of these financial statements.

**H & M Security Services Limited**  
**Cash Flow Statement for the Year Ended 28 February 2015**

..... *continued*

**Reconciliation of net cash flow to movement in net debt**

	Note	2015 £	2014 £
(Decrease)/increase in cash		(39,397)	26,142
Cash inflow from increase in loans		28,368	(89,723)
Cash inflow from increase in other debt		<u>(149,078)</u>	<u>(84,386)</u>
Change in net debt resulting from cash flows	15	<u>(160,107)</u>	<u>(147,967)</u>
Movement in net debt	15	(160,107)	(147,967)
Net debt at 1 March	15	<u>(1,227,336)</u>	<u>(1,079,369)</u>
Net debt at 28 February	15	<u><u>(1,387,443)</u></u>	<u><u>(1,227,336)</u></u>

**H & M Security Services Limited**  
**Notes to the Financial Statements for the Year Ended 28 February 2015**

**1 Accounting policies**

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Compliance with accounting standards**

The Financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

**Turnover**

Turnover represents the value of services provided and disbursements charged net of value added tax.

**Depreciation**

Depreciation is provided at the following annual rates in order to write off each asset over its economic life.

<b>Asset class</b>	<b>Depreciation method and rate</b>
Fixtures, Fitting and Equipment	20% on written down value
Motor vehicles	25% on a straight line basis

**Leasing and hire purchase commitments**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

**Deferred tax**

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as 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 assets and liabilities are calculated at the tax rate expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

**Pensions**

The company operates a defined contribution pension scheme. Contributions are recognised in the profit and loss account in the period in which they become payable in accordance with the rules of the scheme.

## H & M Security Services Limited

### Notes to the Financial Statements for the Year Ended 28 February 2015

..... *continued*

#### 2 Turnover

The turnover and profit before taxation is attributable to the one principal activity of the company carried out in the United Kingdom.

#### 3 Operating profit

Operating profit is stated after charging:

	2015 £	2014 £
Depreciation of owned assets	19,102	18,333
Loss on sale of tangible fixed assets	348	5,623
Rent	24,000	24,000
Auditor's remuneration	13,500	13,300

#### 4 Interest payable and similar charges

	2015 £	2014 £
On Bank loans and overdrafts	35,533	25,237
	<u>35,533</u>	<u>25,237</u>

#### 5 Taxation

##### Tax on profit on ordinary activities

	2015 £	2014 £
<b>Current tax</b>		
Corporation tax charge at 21.17% (2014 - 23%)	<u>108,851</u>	<u>116,777</u>

## H & M Security Services Limited

### Notes to the Financial Statements for the Year Ended 28 February 2015

..... *continued*

#### Factors affecting current tax charge for the year

	2015 £	2014 £
Profit on ordinary activities before taxation	<u>476,755</u>	<u>480,207</u>
Corporation tax at standard rate	100,929	110,855
Expenses not deductible for tax purposes	10,766	13,341
Marginal relief	<u>(2,844)</u>	<u>(7,419)</u>
Total current tax	<u>108,851</u>	<u>116,777</u>

#### 6 Tangible fixed assets

	Fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>			
At 1 March 2014	133,461	57,437	190,898
Additions	34,262	9,055	43,317
Disposals	<u>-</u>	<u>(6,700)</u>	<u>(6,700)</u>
At 28 February 2015	<u>167,723</u>	<u>59,792</u>	<u>227,515</u>
<b>Depreciation</b>			
At 1 March 2014	79,218	46,300	125,518
Charge for the year	14,032	5,070	19,102
Eliminated on disposals	<u>-</u>	<u>(6,352)</u>	<u>(6,352)</u>
At 28 February 2015	<u>93,250</u>	<u>45,018</u>	<u>138,268</u>
<b>Net book value</b>			
At 28 February 2015	<u>74,473</u>	<u>14,774</u>	<u>89,247</u>
At 28 February 2014	<u>54,243</u>	<u>11,137</u>	<u>65,380</u>

# H & M Security Services Limited

## Notes to the Financial Statements for the Year Ended 28 February 2015

..... continued

### 7 Debtors

	2015 £	2014 £
Trade debtors	1,581,467	1,504,691
Other debtors	474,808	368,092
Directors' current accounts	353,880	390,189
Prepayments and accrued income	154,490	129,518
	<u>2,564,645</u>	<u>2,392,490</u>

### 8 Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	183,116	216,637
Bank loans and overdrafts	84,670	45,273
Corporation tax	220,493	261,141
Other taxes and social security	409,224	368,362
Other creditors	32,517	32,758
Amounts due in respect of factored receivables	1,241,418	1,092,340
Accruals and deferred income	195,943	206,384
	<u>2,367,381</u>	<u>2,222,895</u>

Amount due in respect of factored receivables is £1,241,418 (2014 - £1,092,340). The company is financed through an overdraft facility and an invoice factoring arrangement with HSBC. These facilities are secured by a fixed charge over the debts purchased, and fixed and floating charge debentures over the assets of the company.

### 9 Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Other loans	<u>29,688</u>	<u>58,056</u>

### 10 Share capital

#### Allotted, called up and fully paid shares

	2015		2014	
	No.	£	No.	£
Ordinary shares of £1 each	<u>300</u>	<u>300</u>	<u>300</u>	<u>300</u>



# H & M Security Services Limited

## Notes to the Financial Statements for the Year Ended 28 February 2015

..... continued

### 11 Reserves

	Share premium account £	Profit and loss account £	Total £
At 1 March 2014	39,925	136,694	176,619
Profit for the year	-	367,904	367,904
Dividends	-	(288,000)	(288,000)
At 28 February 2015	<u>39,925</u>	<u>216,598</u>	<u>256,523</u>

### 12 Reconciliation of movement in shareholders' funds

	2015 £	2014 £
Profit attributable to the members of the company	367,904	363,430
Dividends	<u>(288,000)</u>	<u>(326,100)</u>
Net addition to shareholders' funds	79,904	37,330
Shareholders' funds at 1 March	<u>176,919</u>	<u>139,589</u>
Shareholders' funds at 28 February	<u>256,823</u>	<u>176,919</u>

### 13 Pension schemes

#### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £18,388 (2014 - £nil).

## H & M Security Services Limited

### Notes to the Financial Statements for the Year Ended 28 February 2015

..... *continued*

#### 14 Financial commitments

##### Operating lease commitments

As at 28 February 2015 the company was committed to making the following payments under non-cancellable operating leases in the year to 28th February 2015:

	2015 £	2014 £
<b>Operating leases which expire</b>		
Within one year	<u>24,000</u>	<u>24,000</u>

#### 15 Analysis of net debt

	At 1 March 2014 £	Cash flow £	At 28 February 2015 £
Bank overdraft	(45,273)	(39,397)	(84,670)
Debt due within one year	(1,124,007)	(149,078)	(1,273,085)
Debt due after more than one year	(58,056)	28,368	(29,688)
Net debt	<u>(1,227,336)</u>	<u>(160,107)</u>	<u>(1,387,443)</u>

## H & M Security Services Limited

### Notes to the Financial Statements for the Year Ended 28 February 2015

..... *continued*

#### 16 Transactions with directors

The following directors had overdrawn interest free loans during the year as a result of personal expenditure paid by the company and advances paid to directors.

	Amount outstanding	
	2015	2014
	£	£
I Henderson	216,548	209,649
F McIntock	140,159	135,588
B Tuite	<u>(2,828)</u>	<u>44,951</u>

During the year dividends of £96,000 (2014 - £108,700) were paid to I Henderson (a director). Personal expenditure totalling £7,698 (2014 - £13,372) was paid by the company and advances of £19,200 (2014 - £26,300) were paid. During the year repayments of £20,000 (2014 - £nil) were made to the company. At the year end the outstanding interest fee loan amount due to the company was £216,548 (2014 - £209,649).

During the year dividends of £96,000 (2014 - £108,700) were paid to F McIntock (a director). Personal expenditure totalling £5,372 (2014 - £11,306) was paid by the company and advances of £19,200 (2014 - £26,300) were paid. During the year repayments of £20,000 (2014 - £nil) were made to the company. At the year end the outstanding interest fee loan amount due to the company was £140,159 (2014 - £135,588).

During the year dividends of £96,000 (2014 - £108,700) were paid to B Tuite (a director). Personal expenditure totalling £4,821 (2014 - £11,306) was paid by the company and advances of £17,400 (2014 - £nil) were paid. During the year repayments of £70,000 (2014 - £24,100) were made to the company. At the year end the outstanding interest loan amount owed to the director was £2,828 (2014 - £44,951).

#### 17 Wages and salaries

	2015	2014
	£	£
Wages	3,702,913	4,330,933
Salaries	279,780	257,407
Employer NI	360,952	412,449
Pension Cost	<u>18,388</u>	<u>-</u>
	<u>4,362,033</u>	<u>5,000,789</u>

The average number of staff in the year	2015	2014
Administration	13	10
Operations	<u>161</u>	<u>196</u>
	<u>174</u>	<u>206</u>

## **H & M Security Services Limited**

### **Notes to the Financial Statements for the Year Ended 28 February 2015**

*..... continued*

#### **18 Related party transactions**

During the year the company made the following related party transactions:

##### **Tuite Tan Wong**

Mr B Tuite a director and shareholder of H&M Security Services Limited is a partner in the accountancy practice Tuite Tang Wong.

Tuite Tang Wong has charged to the company £20,813 (2014 - £20,172) net of VAT during the year for accountancy services. At the balance sheet date the amount due to Tuite Tang Wong was £1,942 (2014 - £5,798).

Loans of £61,355 (2014 - £89,723) to the company are guaranteed by the directors Mr Brian Tuite and Mr Frank McLintock.

##### **H & M Security Services (Gibraltar) Ltd**

During the year, H & M Security Services Limited incurred expenses of £134,995 (2014 - £409,180) on behalf of H & M Security Services (Gibraltar) Limited, partially offset by a charge of £30,000 (2014 - £nil) in respect of business consultancy services provided by H & M Security Services (Gibraltar) Limited to H & M Security Services Limited, which is a related party by virtue of a common share ownership. At the balance sheet date the amount due from H & M Security Services (Gibraltar) Limited was £397,618 (2014 - £292,623).

#### **19 Directors' emoluments**

The directors' emoluments for the year was as follows:

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	<u>6,000</u>	<u>6,000</u>

#### **20 Controlling party**

There was no controlling party in the years ended 28th February 2014 and 28th February 2015.