Grant Thornton

Financial Statements
VSG Holdings Limited

For the year ended 31 March 2009

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COMPANIES HOUSE

Company No. 5382414

Company information

Company registration number	5382414
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 the financial statements for the year ended 31 March 2009.

Principal activities

The principal activity of the company during the year was that of a holding company.

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.

A dividend of £nil (2008 - £325,417) was paid during the year.

The directors remain optimistic about the future prospects of the company, despite the difficult trading conditions that exist. The company intends to grow its share of the manned guarding market by continuing to provide industry leading service levels at good value. The recent acquisition of Rampart Security Limited gives the company further opportunities to improve both the range of services offered and value for money.

Key performance indicators

Financial
The company measures its financial performance using the following measures based on its subsidiary undertaking, Vision Security Group Limited:

1) Growth in turnover is a key measure of the company's success in winning new business and retaining existing customers. The growth in turnover between 2008 and 2009 was 14.4 %, slightly below target.

2) Cash collection is an important part of effective working capital management. At the year-end debtor days were 36 compared to a target of 37 days.

3) Operating profit of £4,261,603 (2008 - £3,521,745) is stated after bad debt charges of £162,345 (2008 - £13,388).

Financial risk management objectives and policies

The company uses various financial instruments including loans and cash. 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 risk arising from the company's financial instruments is liquidity risk. The directors review and agree policies for managing this risk and it is 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.

The 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 regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 year. 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

Grant Thornton

Report of the independent auditor to the members of VSG Holdings Limited

We have audited the financial statements of VSG Holdings 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 14. These financial statements have been prepared under the accounting policies set out 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 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

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 and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 Holdings 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 loss 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
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.

Group accounts

The financial statements present information about the company as an individual undertaking and not about its group.

The company has taken advantage of the exemption provided by Section 228 of the Companies Act 1985 not to prepare group accounts, as it's ultimate parent undertaking is VSG Group Limited, a company registered in England and Wales, which prepares consolidated financial statements.

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 statement.

Investments

Investments are stated at cost less provision for diminution in value.

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 £
Net interest and loss on ordinary activities before taxation	2	**(136)**	(20)
Tax on loss on ordinary activities	3	-	-
Retained loss for the financial year	9	**(136)**	(20)

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

All of the activities of the company are classed as continuing.

Balance sheet

	Note	2009 £	2008 £
Fixed assets			
Investments	5	**8,119,097**	8,119,097
Current assets			
Cash at bank		**1,510**	1,659
Creditors: amounts falling due within one year	6	**(325,417)**	(4,229,465)
Net current liabilities		**(323,907)**	(4,227,806)
Total assets less current liabilities		**7,795,190**	3,891,291
Creditors: amounts falling due after more than one year	7	**(3,904,035)**	-
		3,891,155	3,891,291
Capital and reserves			
Called-up equity share capital	8	**4,600,100**	4,600,100
Profit and loss account	9	**(708,945)**	(708,809)
Shareholder's funds	10	**3,891,155**	3,891,291

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

R J Jones
Director

Notes to the financial statements

1 Loss on ordinary activities before taxation

There were no employees during the year and no director received any remuneration (2008 - none).

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 Net interest

	2009	2008
	£	£
Interest payable on bank borrowings	-	20
Finance costs	136	-
	136	20

3 Taxation on ordinary activities

There was no tax charge for the year (2008 - £nil).

Factors affecting the tax charge for the year
The tax assessed on the loss on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 28% (2008 - 30%). The differences are explained below:

	2009	2008
	£	£
Loss on ordinary activities before taxation	(136)	(20)
Loss on ordinary activities before taxation multiplied by standard rate of corporation tax of 28% (2008 - 30%)	(38)	(6)
Group relief surrendered	38	6
Total current tax	-	-

4 Dividends

	2009	2008
	£	£
Equity dividends paid on ordinary shares	-	325,417

5 Investments

	Investments in group undertakings £
Cost and net book amount	
At 1 April 2008 and 31 March 2009	**8,119,097**

During the year a subsidiary company Vision Security Group Limited acquired 100% of the ordinary share capital of Vision Security Group Systems Limited (formerly Rampart Security Limited) and VSG Systems Direct Limited (formerly Rampart Direct Limited).

At 31 March 2009 the company held more than 20% of the allotted share capital of the following companies which are incorporated in England and Wales:

	Class of share held	Proportion of voting rights held	Nature of business
Subsidiary undertakings			
Vision Security Group Limited	Ordinary	100% direct	Provision of manned guarding security services
VSG Staff Hire Limited	Ordinary	100% indirect	Provision of staff services
VSG Payroll Services Limited	Ordinary	100% indirect	Provision of payroll services
Vision Security Group Systems Limited (formerly Rampart Security Limited)	Ordinary	100% indirect	The supply installation, maintenance and monitoring of electronic security systems
VSG Systems Direct Limited (formerly Rampart Direct Limited)	Ordinary	100% indirect	Dormant

6 Creditors: amounts falling due within one year

	2009 £	2008 £
Amounts owed to group undertakings	**325,417**	4,229,465

7 Creditors: amounts falling due after more than one year

	2009 £	2008 £
Amounts owed to group undertakings	**3,904,035**	-

8 Equity share capital

Authorised:

	2009 and 2008
	£
20,000 Ordinary shares of £0.01 each	200
4,600,000 Preference shares of £1 each	4,600,000
	4,600,200

Equity shares
Allotted, called up and fully paid:

	2009 and 2008	
	No	£
Ordinary shares of £0.01 each	10,000	100
Preference shares of £1 each	4,600,000	4,600,000
	4,610,000	4,600,100

9 Profit and loss account

	£
At 1 April 2008	(708,809)
Loss for the financial year	(136)
At 31 March 2009	(708,945)

10 Reconciliation of movements in shareholder's funds

	2009	2008
	£	£
Loss for the financial year	(136)	(20)
Equity dividends paid (see note 4)	-	(325,417)
Opening shareholder's funds	3,891,291	4,216,728
Closing shareholder's funds	3,891,155	3,891,291

11 Capital commitments

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

12 Contingent liabilities

The company is party to an inter-company composite guarantee with accession between VSG Group Limited, VSG Investments Limited, Vision Security Group Limited, VSG Staff Hire Limited, VSG Payroll Services 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).

13 Transactions with related parties

As a wholly owned subsidiary of VSG Investments 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 consolidated accounts of VSG Group Limited are publicly available from Companies House.

14 Controlling related party

VSG Investments Limited is considered the controlling related party by virtue of its 100% shareholding.

VSG Group Limited is considered the ultimate controlling related party by virtue of its share ownership.