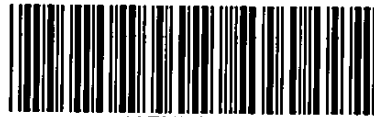


Company Registration No. 01369559 (England and Wales)

SALADIN SECURITY LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2010

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SALADIN SECURITY LIMITED

COMPANY INFORMATION

Directors	D J Walker P K Brookes Daniel Walker
Secretary	Sue Merrick
Company number	01369559
Registered office	7 Abingdon Road London W8 6AH
Auditors	RSM Tenon Audit Limited 66 Chiltern Street London W1U 4JT
Business address	7 Abingdon Road London W8 6AH
Bankers	Barclays Bank Plc 99 Hatton Garden London EC1N 8DN

SALADIN SECURITY LIMITED

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SALADIN SECURITY LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2010

The directors present their report and financial statements for the year ended 30 June 2010

Principal activities and review of the business

The principal activity of the company is that of security consultancy and provision of security services

The company has been affected by the general economic environment, and specifically by slow payment from a major long-standing client. This has caused some caution in plans for expansion, but nevertheless significant progress has been made in East Africa

The directors do not consider there to be any specific risk which may affect the business but have some concern about the possible cash flow problems of clients

The company was in a sound financial position as at the year end

Results and dividends

The results for the year are set out on page 5

The directors do not recommend payment of any dividend

Future developments

To improve the company's performance the directors are negotiating new investments in Asia and Middle East

Directors

The following directors have held office since 1 July 2009

D J Walker
P K Brookes
Daniel Walker

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

SALADIN SECURITY LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2010

Statement of 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 then apply them consistently,
- make judgements and accounting 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 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.

Statement of disclosure to auditors

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board

S E Merrick

Sue Merrick

Secretary

19/4/11

SALADIN SECURITY LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SALADIN SECURITY LIMITED

We have audited the financial statements of Saladin Security Limited for the year ended 30 June 2010 set out on pages 5 to 17. 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 auditors' 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 explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 2, 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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 June 2010 and of its loss 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 for the financial year for which the financial statements are prepared is consistent with the financial statements.

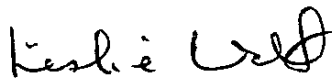
SALADIN SECURITY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE MEMBERS OF SALADIN SECURITY LIMITED

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



**Leslie Waters (Senior Statutory Auditor)
for and on behalf of RSM Tenón Audit Limited**

Statutory Auditor

20/4/2011

66 Chiltern Street
London
W1U 4JT

SALADIN SECURITY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 £	2009 £
Turnover	2	5,224,195	6,160,807
Cost of sales		(4,375,207)	(4,232,616)
Gross profit		848,988	1,928,191
Administrative expenses		(1,000,405)	(1,682,827)
Other operating income		-	40,000
Operating (loss)/profit	3	(151,417)	285,364
Other interest receivable and similar income	4	67	4,417
(Loss)/profit on ordinary activities before taxation		(151,350)	289,781
Tax on (loss)/profit on ordinary activities	5	351	(104,164)
(Loss)/profit for the year	13	(150,999)	185,617

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

SALADIN SECURITY LIMITED

BALANCE SHEET

AS AT 30 JUNE 2010

	Notes	2010 £	£	2009 £	£
Fixed assets					
Tangible assets	6		27,469		33,067
Investments	7		10		-
			<u>27,479</u>		<u>33,067</u>
Current assets					
Debtors	8	2,188,301		2,683,252	
Cash at bank and in hand		196,141		564,569	
		<u>2,384,442</u>		<u>3,247,821</u>	
Creditors: amounts falling due within one year	9	<u>(2,134,913)</u>		<u>(2,852,881)</u>	
Net current assets			<u>249,529</u>		<u>394,940</u>
Total assets less current liabilities			<u>277,008</u>		<u>428,007</u>
			<u>277,008</u>		<u>428,007</u>
Capital and reserves					
Called up share capital	12		10,000		10,000
Share premium account	13		27,000		27,000
Profit and loss account	13		240,008		391,007
Shareholders' funds	14		<u>277,008</u>		<u>428,007</u>

Approved by the Board and authorised for issue on

19/4/11



D J Walker
Director

Company Registration No. 01369559

SALADIN SECURITY LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

		2010		2009
	£	£	£	£
Net cash outflow from operating activities		(258,011)		(9,756)
Returns on investments and servicing of finance				
Interest received	67		4,417	
Net cash inflow for returns on investments and servicing of finance		67		4,417
Taxation		(104,650)		(25,677)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(5,824)		(8,253)	
Payments to acquire investments	(10)		-	
Receipts from sales of tangible assets	-		(1)	
Net cash outflow for capital expenditure		(5,834)		(8,254)
Net cash outflow before management of liquid resources and financing		(368,428)		(39,270)
Decrease in cash in the year		(368,428)		(39,270)

SALADIN SECURITY LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

1	Reconciliation of operating (loss)/profit to net cash outflow from operating activities	2010		2009	
		£		£	
	Operating (loss)/profit	(151,417)		285,364	
	Depreciation of tangible assets	9,156		11,022	
	Loss on disposal of tangible assets	2,266		980	
	Decrease/(increase) in debtors	495,302		(655,158)	
	(Decrease)/Increase in creditors within one year	(613,318)		348,036	
	Net cash outflow from operating activities	(258,011)		(9,756)	
2	Analysis of net funds	1 July 2009	Cash flow	Other non-cash changes	30 June 2010
		£	£	£	£
	Net cash				
	Cash at bank and in hand	564,569	(368,428)	-	196,141
	Net funds	564,569	(368,428)	-	196,141
3	Reconciliation of net cash flow to movement in net funds	2010		2009	
		£		£	
	Decrease in cash in the year	(368,428)		(39,270)	
	Movement in net funds in the year	(368,428)		(39,270)	
	Opening net funds	564,569		603,839	
	Closing net funds	196,141		564,569	

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

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 less estimated residual value of each asset over its expected useful life, as follows

Land and buildings Leasehold	Straight line over the life of the lease
Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	25% Reducing balance
Motor vehicles	25% Reducing balance

1.5 Leasing

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

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.7 Pensions

Pension contributions are charged to the profit and loss accounts as incurred. These contributions are invested separately from the company's assets

1.8 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

2 Turnover

Geographical market

	Turnover 2010 £	2009 £
United Kingdom	1,538,967	1,968,687
U S A	1,524,062	1,931,540
Europe	1,952,323	2,066,250
Rest of the world	208,843	194,330
	<u>5,224,195</u>	<u>6,160,807</u>

3 Operating (loss)/profit

	2010 £	2009 £
Operating (loss)/profit is stated after charging		
Depreciation of tangible assets	9,156	11,022
Loss on disposal of tangible assets	2,266	980
Loss on foreign exchange transactions	-	29,503
Operating lease rentals		
- Plant and machinery	8,548	9,315
- Other assets	40,000	40,000
Fees payable to the company's auditor for the audit of the company's annual accounts	5,600	5,500
Compilation of financial statements	2,500	2,500
and after crediting		
Profit on foreign exchange transactions	<u>(3,545)</u>	<u>-</u>

4 Investment income

	2010 £	2009 £
Bank interest	67	4,417
	<u>67</u>	<u>4,417</u>

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

5	Taxation	2010 £	2009 £
	Domestic current year tax		
	U K corporation tax	-	104,649
	Adjustment for prior years	-	(49)
		<hr/>	<hr/>
	Current tax charge	-	104,600
	Deferred tax		
	Deferred tax charge/credit current year	(351)	(436)
		<hr/>	<hr/>
		(351)	104,164
		<hr/>	<hr/>
	Factors affecting the tax charge for the year		
	(Loss)/profit on ordinary activities before taxation	(151,350)	289,781
		<hr/>	<hr/>
	(Loss)/profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2009 - 28.00%)	(42,378)	81,139
		<hr/>	<hr/>
	Effects of		
	Non deductible expenses	4,021	22,684
	Depreciation add back	3,198	3,361
	Capital allowances	(2,848)	(2,534)
	Tax losses utilised	39,069	-
	Other tax adjustments	(1,062)	(50)
		<hr/>	<hr/>
		42,378	23,461
		<hr/>	<hr/>
	Current tax charge	-	104,600
		<hr/>	<hr/>

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

6 Tangible fixed assets

	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2009	6,000	45,853	165,180	59,995	277,028
Additions	-	-	5,824	-	5,824
Disposals	-	-	(7,523)	-	(7,523)
At 30 June 2010	6,000	45,853	163,481	59,995	275,329
Depreciation					
At 1 July 2009	6,000	43,787	140,185	53,988	243,960
On disposals	-	-	(5,257)	-	(5,257)
Charge for the year	-	517	7,138	1,502	9,157
At 30 June 2010	6,000	44,304	142,066	55,490	247,860
Net book value					
At 30 June 2010	-	1,549	21,415	4,505	27,469
At 30 June 2009	-	2,065	24,995	6,007	33,067

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 July 2009	10
At 30 June 2010	10

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Securite Sans Frontieres Limited	South Africa	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2010 £	Profit/(loss) for the year 2010 £
	Principal activity		
Securite Sans Frontieres Limited	Provision of security services	36,050	36,041

As noted above the company has invested in 100% shares of Securite Sans Frontieres (Proprietary) Limited, a company incorporated in South Africa. However, consolidated accounts are not required on the grounds that the group forms a small group

8 Debtors	2010 £	2009 £
Trade debtors	1,968,914	1,535,798
Amounts owed by fellow subsidiary undertakings	55,470	196,646
Amounts owed by participating interests	12,980	-
Other debtors	4,233	444,146
Prepayments and accrued income	138,757	499,066
Deferred tax asset (see note 10)	7,947	7,596
	<u>2,188,301</u>	<u>2,683,252</u>

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

9	Creditors: amounts falling due within one year	2010 £	2009 £
	Trade creditors	783,112	1,005,453
	Amounts owed to parent and fellow subsidiary undertakings	612,027	821,477
	Amounts owed to subsidiary undertakings	18,359	-
	Corporation tax	-	104,650
	Other taxes and social security costs	78,789	101,160
	Directors' current accounts	263,788	369
	Accruals and deferred income	378,838	819,772
		<u>2,134,913</u>	<u>2,852,881</u>

10 Provisions for liabilities

The deferred tax asset (included in debtors, note 8) is made up as follows:

	2010 £	
Balance at 1 July 2009	(7,596)	
Profit and loss account	(351)	
	<u>(7,947)</u>	
Balance at 30 June 2010		
	2010 £	2009 £
Decelerated capital allowances	<u>(7,947)</u>	<u>(7,596)</u>

11 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund. All contributions were made during the year.

	2010 £	2009 £
Contributions payable by the company for the year	<u>26,075</u>	<u>34,740</u>

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

12 Share capital	2010	2009
	£	£
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
10,000 Ordinary shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>
13 Statement of movements on reserves		
	Share premium account	Profit and loss account
	£	£
Balance at 1 July 2009	27,000	391,007
Loss for the year	-	(150,999)
	<u> </u>	<u> </u>
Balance at 30 June 2010	27,000	240,008
	<u> </u>	<u> </u>
14 Reconciliation of movements in shareholders' funds	2010	2009
	£	£
(Loss)/Profit for the financial year	(150,999)	185,617
Opening shareholders' funds	428,007	242,390
	<u> </u>	<u> </u>
Closing shareholders' funds	277,008	428,007
	<u> </u>	<u> </u>

15 Contingent liabilities

There are cross guarantees dated 9th July 1992 between all companies within the group in respect of group bank borrowings. As at the balance sheet date the contingent liability was nil.

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

16 Financial commitments

At 30 June 2010 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 June 2011

	Land and buildings	
	2010	2009
	£	£
Operating leases which expire		
Between two and five years	40,000	40,000

17 Directors' emoluments

	2010	2009
	£	£
Emoluments for qualifying services	150,004	208,295

18 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2010	2009
	Number	Number
Management and administration	11	13
Contract staff	59	84
	70	97

Employment costs

	2010	2009
	£	£
Wages and salaries	3,514,390	4,342,286
Social security costs	231,814	333,049
Other pension costs	26,075	34,740
	3,772,279	4,710,075

19 Control

The ultimate parent company is Saladin Holdings Limited, a company incorporated in England and Wales. D Walker by virtue of having 100% of the issued share capital of Saladin Holdings Ltd (74.28% direct and 25.72% through Mrs B Walker) is the ultimate controlling party of the company.

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2010

20 Related party transactions

The company is related to Saladin Holdings Limited (Holding Company), Saladin Security Afghanistan Limited, Saladin Frontier Inc and Saladin Sans Frontieres (Proprietary) Ltd by way of common control. The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with its parent company on the grounds that consolidated financial statements are prepared by the ultimate parent company.

As at the balance sheet date the company was owed £24,197 (2009 £61,114) by Saladin Frontier Inc, £31,273 (2009 Nil) by Saladin Sans Frontieres. The company also owed £18,359 (2009 135,532 due from) to Saladin Security Afghanistan Limited.