

SALADIN SECURITY LIMITED

Company No: 01369559

FINANCIAL STATEMENTS

- for the year ended -

30TH JUNE 1995

SHARLES & CO
2 Bath Place
Rivington Street, London
EC2A 3JJ



SALADIN SECURITY LIMITED

DIRECTORS

D.J. Walker
B.W. Norris

SECRETARY

B.W. Norris

BUSINESS ADDRESS

7 Abingdon Road
London
W8 6AH

REGISTERED OFFICE

2 Bath Place
Rivington Street
London
EC2A 3JJ

AUDITORS

Sharles & Co
2 Bath Place
Rivington Street
London
EC2A 3JJ

PRINCIPAL BANKERS

Barclays Bank Plc
South Kensington Business Centre
77 Gloucester Road
London
SW7 4SU

SALADIN SECURITY LIMITED

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SALADIN SECURITY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30 June 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of security consultants and providing security services.

The company has incurred considerable expense in developing business in the Middle East, the Far East and Southern Africa. This has resulted in increased travel and marketing costs during the year. However, gross profit has nevertheless improved. The directors believe that the benefits of these new contacts will result in better performance in future years.

DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend payment of a dividend.

It is proposed that the retained profit of £13,598 is transferred to reserves.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the ultimate parent company at that date and at the beginning of the year (or on appointment if later), were as follows:

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1995</u>	<u>1994</u>
D.J. Walker	Ordinary shares	1	1
B.W. Norris	Ordinary shares	-	-

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to 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.

SALADIN SECURITY LIMITED

REPORT OF THE DIRECTORS (Continued)

CHARITABLE CONTRIBUTIONS

During the year the company made various charitable contributions totalling £7,850.

CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Sharles & Co, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

By Order of the Board



B.W. Norris
Secretary

Date: 29 September 1995

SALADIN SECURITY LIMITED

AUDITORS' REPORT

AUDITORS' REPORT TO THE SHAREHOLDERS OF SALADIN SECURITY LIMITED

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out in note 1 to the financial statements.

Respective responsibilities of the directors and auditors

As described in the Directors' Report the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 full financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SHARLES & CO
Registered Auditors

**2 Bath Place
Rivington Street
London
EC2A 3JJ**

Date: 29 September 1995

SALADIN SECURITY LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1995**

	Notes	1995 £	1994 £
TURNOVER	2	1,999,879	2,402,015
Cost of sales		(1,300,558)	(1,646,608)
GROSS PROFIT		699,321	755,407
Administrative expenses		(676,225)	(714,257)
OPERATING PROFIT	3	23,096	41,150
Interest receivable	4	2,224	1,735
Interest payable	5	(503)	(1,923)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		24,817	40,962
Tax on profit on ordinary activities	8	(11,219)	(16,178)
PROFIT FOR THE FINANCIAL YEAR	18	13,598	24,784

None of the company's activities were acquired or discontinued during the above two financial years.

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

The notes on pages 7 to 14 form part of these financial statements.

SALADIN SECURITY LIMITED

BALANCE SHEET AT 30TH JUNE 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible assets	9	100,026	40,909
CURRENT ASSETS			
Stocks	10	-	19,500
Debtors	11	822,794	795,486
Cash at bank and in hand		15,028	120,722
		<u>837,822</u>	<u>935,708</u>
CREDITORS: Amounts falling due within one year	12	<u>(587,484)</u>	<u>(652,798)</u>
NET CURRENT ASSETS		<u>250,338</u>	<u>282,910</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>350,364</u>	<u>323,819</u>
CREDITORS: Amounts falling due after more than one year	13	(11,006)	-
PROVISIONS FOR LIABILITIES AND CHARGES	15	(3,285)	(1,344)
		<u>336,073</u>	<u>322,475</u>
CAPITAL AND RESERVES			
Called up share capital	16	10,000	10,000
Share premium account	17	27,000	27,000
Profit and loss account	18	299,073	285,475
		<u>336,073</u>	<u>322,475</u>

The financial statements were approved by the board on 29 September 1995 and signed on its behalf by

D.J. Walker

B.W. Norris

) Directors

The notes on pages 7 to 14 form part of these financial statements.

SALADIN SECURITY LIMITED**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE 1995**

	Notes	1995 £	1994 £
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	20	(57,898)	117,101
Return on investments and servicing of finance:			
Interest received		2,216	1,735
Interest paid		(503)	(1,923)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		1,713	(188)
Taxation:			
Corporation tax paid		(16,267)	(9,123)
TAX PAID		(16,267)	(9,123)
Investing activities:			
Purchase of tangible fixed assets		(76,145)	(8,659)
Receipts from sale of tangible assets		10,000	-
NET CASHFLOW FROM INVESTING ACTIVITIES		(66,145)	(8,659)
NET CASH OUTFLOW BEFORE FINANCING		(138,597)	99,131
Financing:			
Receipts from other long term loans		(11,006)	-
Receipts of short-term loans (other than cash equivalents)		(5,742)	-
NET CASH INFLOW FROM FINANCING		(16,748)	-
DECREASE IN CASH AND CASH EQUIVALENTS	21	(121,849)	99,131
		(138,597)	99,131

The notes on pages 7 to 14 form part of these financial statements.

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1995

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

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

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Leasehold properties	Straight line over the life of the lease
Operational equipment	25% Straight line
Fixtures, fittings and equipment	25% Straight line
Motor vehicles	25% Straight line

1.4 STOCKS

Stocks are valued at the lower of cost and net realisable value.

- cost of raw materials and labour together with attributable overheads.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.5 DEFERRED TAXATION

Deferred taxation is provided where there is a reasonable probability of the amount becoming payable in the foreseeable future. No provision is considered necessary in these accounts.

1.6 LEASING AND HIRE PURCHASE

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

1.7 PENSIONS

Pension contributions are charged to the profit and loss account in the year to which they relate. These contributions are invested separately from the company's assets.

SALADIN SECURITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1995**

2. TURNOVER	1995	1994
	£	£
<u>Analysis by:-</u>		
Geographical market		
United Kingdom	615,679	911,932
U.S.A.	880,250	715,655
Middle East	365,900	411,178
Africa	-	183,100
Far East	81,100	180,150
Europe	56,950	-
	<u>1,999,879</u>	<u>2,402,015</u>

3. OPERATING PROFIT	1995	1994
	£	£
The operating profit is stated after charging:-		
Depreciation	17,027	9,099
Auditors' remuneration	5,150	7,778
Hire of equipment	2,306	3,293
Operating lease rentals:-		
Plant and machinery	<u>3,046</u>	<u>3,843</u>

The company has changed its method of calculating depreciation in order to give a fairer presentation of the company's results and financial position. The effect of this change is to reduce profit for the year by £4,915.

4. INTEREST RECEIVABLE	1995	1994
	£	£
Bank and other interest receivable	<u>2,224</u>	<u>1,735</u>

5. INTEREST PAYABLE	1995	1994
	£	£
On bank loans and overdrafts and on loans repayable in full within five years	<u>503</u>	<u>1,923</u>

SALADIN SECURITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1995**

6. DIRECTORS AND EMPLOYEES	1995	1994
	£	£
Staff costs:-		
Wages and salaries	1,249,632	1,568,641
Social security costs	66,942	77,912
Other pension costs	20,997	22,786
	<u>1,337,571</u>	<u>1,669,339</u>

The average weekly number of employees during the year was made up as follows:

	Number	Number
Management and administration	8	9
Contract staff	51	55
	<u>59</u>	<u>64</u>

7. PENSION COSTS

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. Contributions payable by the company amounted to £20,997 (1994: £22,786). All contributions were paid in the year.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995	1994
	£	£
The taxation charge based on the profit before tax comprises:-		
U.K. corporation tax at 25% (1994 - 25%)	9,309	15,400
Transfer to deferred taxation	1,941	778
	<u>11,250</u>	<u>16,178</u>
Adjustment in respect of prior years	(31)	-
	<u>11,219</u>	<u>16,178</u>

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1995

9. TANGIBLE ASSETS

	Land & buildings	Operational equipment	Fixtures fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
<u>Cost</u>					
At 1 July 1994	6,000	22,165	57,593	32,375	118,133
Additions	-	5,232	2,718	68,195	76,145
Disposals	-	-	-	(32,375)	(32,375)
At 30 June 1995	6,000	27,397	60,311	68,195	161,903
<u>Depreciation</u>					
At 1 July 1994	1,684	13,559	29,607	32,374	77,224
Charge for year	421	3,460	7,676	5,470	17,027
On disposals	-	-	-	(32,374)	(32,374)
At 30 June 1995	2,105	17,019	37,283	5,470	61,877
<u>Net book value at 30 June 1995</u>	3,895	10,378	23,028	62,725	100,026
<u>Net book value at 30 June 1994</u>	4,316	8,606	27,986	1	40,909

	1995 £	1994 £
Analysis of net book value of land and buildings:		
Short leasehold	3,895	4,316

10. STOCKS

	1995 £	1994 £
Work in progress	-	19,500

11. DEBTORS

	1995 £	1994 £
Trade debtors	438,429	382,999
Amounts owed by group undertakings	342,304	369,657
Other debtors	1,532	-
Prepayments and accrued income	40,529	42,830
	822,794	795,486

SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1995

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1995 £	1994 £
Bank loans and overdrafts	61,669	39,772
Trade creditors	387,828	472,937
Corporation tax	9,309	15,400
Other taxes and social security costs	49,320	30,728
Directors' current accounts	1,720	1,812
Other creditors	69	-
Accruals and deferred income	77,569	92,149
	<u>587,484</u>	<u>652,798</u>

The loan from the bank is secured on the assets of the company with a fixed and floating charge dated 9th July 1992.

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1995 £	1994 £
Loans	11,006	-
	<u>11,006</u>	<u>-</u>

14. BORROWINGS	1995 £	1994 £
<u>The company's borrowings are repayable as follows:</u>		
In one year, or less or on demand	61,669	39,772
Between one and two years	5,742	-
Between two and five years	5,264	-
	<u>72,675</u>	<u>39,772</u>

SALADIN SECURITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1995****15. PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred tax is calculated at 25% (1994 - 25%) analysed over the following timing differences:-

	Fully Provided	
	1995	1994
	£	£
On the excess of capital allowances over depreciation	3,285	1,344
	<u>3,285</u>	<u>1,344</u>

Movements on the provision for deferred taxation are:-

	£
At 1 July 1994	1,344
Transferred from profit and loss account	1,941
	<u>3,285</u>
At 30 June 1995	<u>3,285</u>

16. SHARE CAPITAL**Authorised****Equity interests:**

	1995	1994
	£	£
10,000 Ordinary shares of £1 each	10,000	10,000

Allotted, called up and fully paid**Equity interests:**

	1995	1994
	£	£
10,000 Ordinary shares of £1 each	10,000	10,000

17. SHARE PREMIUM ACCOUNT**Equity interests:**

	1995	1994
	£	£
Balance brought forward at 1 July 1994	27,000	27,000
Balance carried forward at 30 June 1995	<u>27,000</u>	<u>27,000</u>

SALADIN SECURITY LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1995****18. PROFIT AND LOSS ACCOUNT**

	1995 £	1994 £
Retained profits at 1 July 1994	285,475	260,691
Profit for the financial year	13,598	24,784
	<hr/>	<hr/>
Retained profits at 30 June 1995	299,073	285,475
	<hr/>	<hr/>

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit for the financial year	13,598	24,784
Shareholders' funds at 1 July 1994	322,475	297,691
	<hr/>	<hr/>
Shareholders' funds at 30 June 1995	336,073	322,475
	<hr/>	<hr/>
Represented by:-		
Equity interests	336,073	322,475
	<hr/>	<hr/>
	336,073	322,475
	<hr/>	<hr/>

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1995 £	1994 £
Operating profit	23,096	41,150
Depreciation	17,027	9,099
Profit on disposal of fixed assets	(9,999)	-
Decrease in stocks	19,500	12,838
Increase in debtors	(26,402)	(144,141)
Decrease in creditors due within one year	(81,120)	198,155
	<hr/>	<hr/>
	(57,898)	117,101
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SALADIN SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1995

21. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1995 £	1994 £
Cash at bank and in hand at 1 July 1994	120,722	4,867
Cash at bank and in hand at 30 June 1995	15,028	120,722
Net movement	(105,694)	115,855
Bank overdraft at 1 July 1994	(39,772)	(23,048)
Bank overdraft at 30 June 1995	(55,927)	(39,772)
Net movement	(16,155)	(16,724)
Total net movements	(121,849)	99,131

22. REVENUE COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

	1995 £	1994 £
Expiry date:		
After five years	31,000	31,000
	31,000	31,000

23. CONTINGENT LIABILITIES

There are cross guarantees dated 9th July 1992 between all companies within the group.

24. ULTIMATE PARENT COMPANY

The ultimate parent company is Saladin Holdings Limited, a company registered in England and Wales.