

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1994

FOR

CAPITAL SECURITY SERVICES LIMITED



CAPITAL SECURITY SERVICES LIMITED

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CAPITAL SECURITY SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS:	C P Harvey W H Lee P J Ryan
SECRETARY:	J G Arthurs
REGISTERED OFFICE:	High Meads Temple Mill Lane Stratford London
REGISTERED NUMBER:	2654100
AUDITORS:	Aggarwal & Co Chartered Accountants & Registered Auditors 5 London Road Rainham Kent ME8 7RG

CAPITAL SECURITY SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the company for the year ended 31 March 1994.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of providing security guarding services.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

The company incurred substantial losses during the year. Some of the cost cutting measures implemented last year will not be fully realised until next year, these together with further measures and increased turnover are expected to improve the company's trading position next year.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividends will be distributed for the year ended 31 March 1994. The deficit transferred to reserves will be £612,020.

FIXED ASSETS

Information relating to changes in Fixed Assets is disclosed in Note 5 to these Financial Statements.

EMPLOYEES

It is the company's policy to ensure that employees are properly vetted and adequately trained to carry out their duties. Appraisal and consultation is carried out on a regular basis. All prospective employees including disabled people are assessed on their individual merits in compliance with BS 5750 requirements.

DIRECTORS

The directors of the company in office during the year and their beneficial interests in the issued share capital were as follows:

<u>Name</u>	<u>Class of Capital</u>	<u>31. 3.94</u>	<u>1. 4.93</u> <u>or date of</u> <u>appointment</u> <u>if later</u>
C P Harvey (Appointed 8.12.93)		-	-
W H Lee (Appointed 8.12.93)		-	-
P J Ryan	Ordinary £1	5,250	5,250
B A Walker (Resigned 7.04.94)	Ordinary £1	7,500	7,500

CAPITAL SECURITY SERVICES LIMITED

REPORT OF THE DIRECTORS

STATEMENT OF 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 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

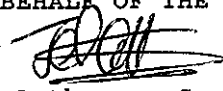
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

The auditors, Aggarwal & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


J G Arthurs - Secretary

Dated: 24 June 1994

CAPITAL SECURITY SERVICES LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
CAPITAL SECURITY SERVICES LIMITED

We have audited the financial statements on pages five to fourteen which have been prepared under the historical cost convention and the accounting policies set out on page ten.

Respective responsibilities of directors and auditors

As described on page three 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 judgments 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.

Adverse Opinion

The directors have considered it appropriate to adopt the going concern basis in preparing these financial statements. In our opinion, this may not be appropriate as we have been unable to obtain the necessary evidence to support this basis and accordingly the financial statements should be prepared on a break up basis.

In view of the above, in our opinion the financial statements do not give a true and fair view of the state of the company's affairs as at 31 March 1994 and of its loss for the year then ended. In all other respects, in our opinion the financial statements have been properly prepared in accordance with the provisions of the companies Act 1985.

Aggarwal & Co

Aggarwal & Co
Chartered Accountants
& Registered Auditors
5 London Road
Rainham
Kent
ME8 7RG

Dated: 24 June 1994

CAPITAL SECURITY SERVICES LIMITED

PROFIT AND LOSS ACCOUNT for the Year Ended 31 March 1994

		1994	1993
	Notes	£	£
TURNOVER	2	4,590,677	4,406,799
Cost of Sales		4,106,022	3,782,440
GROSS PROFIT		484,655	624,359
Administrative Expenses		1,055,177	859,323
OPERATING LOSS	4	(570,522)	(234,964)
Interest Receivable	5	17	-
		(570,505)	(234,964)
Interest Payable and Similar Charges	6	36,420	8,183
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(606,925)	(243,147)
Tax on Loss on Ordinary Activities	7	5,095	-
LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		(612,020)	(243,147)
Deficit brought forward		(243,147)	-
DEFICIT CARRIED FORWARD		£(855,167)	£(243,147)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous period.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the losses for the current year or previous period.

CAPITAL SECURITY SERVICES LIMITED

BALANCE SHEET
As at 31 March 1994

	Notes	1994		1993	
		£	£	£	£
FIXED ASSETS:					
Tangible Assets	8		52,291		43,872
CURRENT ASSETS:					
Debtors	9	776,160		682,255	
Cash at Bank and In Hand		139,360		5,300	
		915,520		687,555	
CREDITORS: Amounts falling due within one year	10	1,796,978		948,574	
NET CURRENT LIABILITIES:			(881,458)		(261,019)
TOTAL ASSETS LESS CURRENT LIABILITIES:			£(829,167)		£(217,147)
CAPITAL AND RESERVES:					
Called Up Share Capital	13		26,000		26,000
Profit & Loss Account			(855,167)		(243,147)
Shareholders' Funds	16		£(829,167)		£(217,147)

ON BEHALF OF THE BOARD:

C P Harvey - DIRECTOR

Approved by the Board on 24 June 1994



CAPITAL SECURITY SERVICES LIMITED

CASH FLOW STATEMENT
for the Year Ended 31 March 1994

	1994		1993	
	£	£	£	£
Net Cash Inflow/(Outflow) from Operating Activities		366,869		(208,281)
Returns on Investments and Servicing of Finance				
Interest Received	17		-	
Interest Paid	(36,420)		(8,183)	
Net Cash Outflow from Returns on Investments and Servicing of Finance		(36,403)		(8,183)
Taxation				
Corporation Tax Paid	-		-	
Tax Paid		-		-
Investing Activities				
Purchase of Tangible Fixed Assets	(26,682)		(77,074)	
Sale of Tangible Fixed Assets	-		5,625	
Net Cash Outflow from Investing Activities		(26,682)		(71,449)
Net Cash Inflow/(Outflow) before Financing		303,784		(287,913)
Financing				
Shares Issued	-		26,000	
Net Cash Inflow from Financing		-		26,000
Increase/(Decrease) in Cash and Cash Equivalents		£303,784		£(261,913)

The notes form part of these financial statements

CAPITAL SECURITY SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 March 1994

1.	RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	1994 £	1993 £
	Operating Loss	(570,522)	(234,964)
	Depreciation Charges	18,263	18,750
	Loss on Sale of Fixed Assets	-	8,827
	Increase in Debtors	(93,905)	(682,255)
	Increase in Creditors	1,013,033	681,361
	Net Cash Inflow/(Outflow) from Operating Activities	<u>366,869</u>	<u>(208,281)</u>

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR/PERIOD

Year Ended 31 March 1994

	£
Balance at 1 April 1993	(261,913)
Net Cash Inflow	<u>303,784</u>
Balance at 31 March 1994	<u>41,871</u>

Period Ended 31 March 1993

	£
Net Cash Outflow	<u>(261,913)</u>
Balance at 31 March 1993	<u>(261,913)</u>

3. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN
THE BALANCE SHEET

Year Ended 31 March 1994

	31. 3.94	1. 4.93	Change in Year
	£	£	£
Cash at Bank and In Hand	139,360	5,300	134,060
Bank Overdrafts	<u>(97,489)</u>	<u>(267,213)</u>	<u>169,724</u>
	<u>41,871</u>	<u>(261,913)</u>	<u>303,784</u>

The notes form part of these financial statements

CAPITAL SECURITY SERVICES LIMITED

NOTES TO THE CASH FLOW STATEMENT for the Year Ended 31 March 1994

Period Ended 31 March 1993

	31. 3.93	Change in Period
	£	£
Cash at Bank and In Hand	5,300	5,300
Bank Overdrafts	(267,213)	(267,213)
	<u>(261,913)</u>	<u>(261,913)</u>

4. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR/PERIOD

There were no changes in financing during the year ended 31 March 1994.

Period Ended 31 March 1993

	Shares £
Ordinary Issued	<u>26,000</u>
Balance at 31 March 1993	<u>26,000</u>

The notes form part of these financial statements

CAPITAL SECURITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1994

1. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

Tangible Fixed Assets

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

Equipment & Fixtures	- 20% on cost
Motor Vehicles	- 25% on reducing balance

Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire Purchase and Leasing Commitments

Rentals paid under operating leases are charged to income as incurred.

Pension Costs

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The company's contributions are accounted for in the calculation of the profit on ordinary activities before taxation in the year in which they are made.

2. TURNOVER

The turnover and loss before taxation are attributable to the one principal activity of the company.

3. STAFF COSTS

	1994	1993
	£	£
Wages and Salaries	3,794,988	3,438,370
Social Security Cost	355,331	338,043
Other Pension Costs	39,885	23,616
	<u>4,190,204</u>	<u>3,800,029</u>

CAPITAL SECURITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1994

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

	1994	1993
Administrative	13	15
Direct Cost	284	218
	—	—
	297	233
	<u> </u>	<u> </u>

4. OPERATING LOSS

The operating loss is stated after charging:

	1994	1993
	£	£
Rent	40,808	55,348
Hire of Plant and Machinery	7,832	3,275
Vehicle Hire	124,403	123,513
Depreciation - Owned Assets	18,263	18,750
(Profit)/Loss on Disposal of Fixed Assets	—	8,827
Auditors' Remuneration	12,306	11,865
	<u> </u>	<u> </u>
Directors' Emoluments (see below)	234,530	60,755
	<u> </u>	<u> </u>

Details of individual emoluments, excluding pension contributions, were as follows:

	1994	1993
	£	£
Chairman	66,041	19,484
Highest Paid Director	71,150	*

(* not applicable)

These emoluments are included in the information which follows.

The directors' emoluments, excluding pension contributions, fell within the following ranges:

	1994	1993
£15,001 - £20,000	—	2
£20,001 - £25,000	1	—
£30,001 - £35,000	1	—
£65,001 - £70,000	1	—
£70,001 - £75,000	1	—

5. INTEREST RECEIVABLE

	1994	1993
	£	£
Deposit Account Interest	17	—
	<u> </u>	<u> </u>

CAPITAL SECURITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1994

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1994	1993
	£	£
Bank Loans, Overdrafts and Other Loans repayable within five years:		
otherwise than by instalments	36,420	8,183
	<u> </u>	<u> </u>

7. TAXATION

The tax charge on the loss on ordinary activities for the year was as follows:

	1994	1993
	£	£
Based on the adjusted results of the year:		
Irrecoverable ACT	5,095	-
	<u> </u>	<u> </u>

8. TANGIBLE FIXED ASSETS

	Equipment & Fixtures	Motor Vehicles	Totals
	£	£	£
COST:			
As at 1 April 1993	51,617	11,005	62,622
Additions	11,186	15,496	26,682
	<u> </u>	<u> </u>	<u> </u>
As at 31 March 1994	62,803	26,501	89,304
	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION:			
As at 1 April 1993	15,053	3,697	18,750
Charge for Year	12,562	5,701	18,263
	<u> </u>	<u> </u>	<u> </u>
As at 31 March 1994	27,615	9,398	37,013
	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE:			
As at 31 March 1994	£35,188	£17,103	£52,291
	<u> </u>	<u> </u>	<u> </u>
As at 31 March 1993	£36,564	£7,308	£43,872
	<u> </u>	<u> </u>	<u> </u>

9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	1994	1993
	£	£
Trade Debtors	610,948	520,588
Other Debtors	21,483	70,681
Prepayments & Accrued Income	130,329	77,586
Called Up Share Capital Unpaid	13,400	13,400
	<u> </u>	<u> </u>
	776,160	682,255
	<u> </u>	<u> </u>

CAPITAL SECURITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1994

10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	1994	1993
	£	£
Bank Loans and Overdrafts (See Note 11)	97,489	267,213
Trade Creditors	6,430	1,900
Other Creditors	10,590	136,549
Other Taxes & Social Security	1,506,236	448,145
Taxation	5,095	—
Accruals & Deferred Income	171,138	94,767
	<u>1,796,978</u>	<u>948,574</u>

11. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	1994	1993
	£	£
Amounts falling due within one year or on demand:		
Bank Overdrafts	<u>97,489</u>	<u>267,213</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

The following payments are committed to be paid within one year:

	Operating Leases	
	1994	1993
	£	£
Expiring:		
Within one year	3,457	8,402
Between one and five years	62,444	70,745
	<u>65,901</u>	<u>79,147</u>

13. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal Value:	1994	1993
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

Allotted and issued:

Number:	Class:	Nominal Value:	1994	1993
			£	£
26,000	Share Capital	£1	<u>26,000</u>	<u>26,000</u>

The amount of called up share capital paid at 31 March 1994 was £12,600

CAPITAL SECURITY SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 1994

14. CONTINGENT LIABILITIES

There is a potential liability for penalties on late filing of Annual Returns, P11D's etc relating to the company's payroll. The extent of this liability cannot be quantified at present.

15. TRANSACTIONS WITH DIRECTORS

The directors loan accounts were overdrawn during the year as follows:-

	Balance at 31.3.1994	Maximum Overdrawn
	£	£
B A Walker	17550	17550
C P Harvey	nil	24763
W H Lee	nil	27829

The loan account of B A Walker is envisaged to be irrecoverable and provision has been made for this.

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Loss for the Financial Year	(612,020)	(243,147)
Shares Issued	-	26,000
NET REDUCTION OF SHAREHOLDERS' FUNDS	(612,020)	(217,147)
Opening Shareholders' Funds	(217,147)	-
CLOSING SHAREHOLDERS' FUNDS	(829,167)	(217,147)
Equity interests	(829,167)	(217,147)