

Carlisle Facilities Services Limited

Report and financial statements for the year ended 31 March 2005

Registered No. 2654100



Carlisle Facilities Services Limited

Report and financial statements for the year ended 31 March 2005

	Pages
Company information	1
Report of the directors	2 – 4
Independent auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 – 17

Company information

Registered office

St Florian House
Milton Road
Wokingham
Berkshire
RG40 1EN

Directors

R J Bradford
J W Coates
I G Robinson

Company secretary

I G Robinson

Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Report of the directors for the year ended 31 March 2005

The directors present their report and the audited financial statements of the company for the year ended 31 March 2005.

Review of the business

The principal activity of the company is the provision of security services.

Effective 31 March 2004, as part of a group reorganisation, the company acquired the trade (provision of security services) and assets of Carlisle Distribution Sector Services Limited, a subsidiary undertaking, at net book value.

Given current market conditions, the directors expect that the present level of business activity will be sustained for the foreseeable future.

Results and dividends

The retained profit for the financial year amounted to £64,000 (2004: £97,000) which has been transferred to reserves. The directors do not recommend the payment of a dividend.

Directors

The following have served as directors during the year:

R J Bradford

J W Coates (appointed 24 April 2004)

I G Robinson

S Lawrie (resigned 31 October 2004)

During the year under review no director had any beneficial interest in the share capital of the company.

Under Statutory Instrument No. 802 made under the authority of Section 324(3) of the Companies Act 1985, the directors' interests in the share capital of the ultimate parent undertaking need not be disclosed.

Report of the directors for the year ended 31 March 2005 (continued)

Employee involvement

The nature of the company's activities makes the employment of disabled persons particularly difficult. However, it is the company's policy, wherever practicable, to employ, train, develop and promote disabled persons and to find suitable employment within the company for persons who become disabled during their employment.

It is the company's policy to encourage the free exchange of information throughout all levels of management and staff. Regular meetings are held, designed to further this process.

Policy on payments to suppliers

The company's policy with regard to the payment of its suppliers is to:

- agree the terms of payment at the start of business with that supplier;
- ensure that the suppliers are made aware of the terms of payment; and
- pay in accordance with its contractual and legal obligations.

The company's average creditor payment period at 31 March 2005 was 30 days.

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 at the end of the financial year and of the profit or loss for that year. 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;
- follow applicable accounting standards, 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 maintenance of the company's website is the responsibility of the directors.

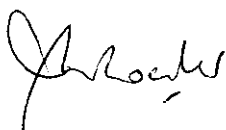
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Report of the directors
for the year ended 31 March 2005 (continued)**

Auditors

PricewaterhouseCoopers LLP continue in office as, in accordance with Section 386 of the Companies Act 1985, the company has made an elective resolution to dispense holding an annual general meeting.

By order of the board

A handwritten signature in black ink, appearing to read 'J W Coates', with a stylized flourish at the end.

J W Coates
Director

7 July 2005

Independent auditors' report to the members of Carlisle Facilities Services Limited

5

We have audited the financial statements on pages 6 to 17, which comprise the profit and loss account, balance sheet and related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities on page 3.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

London

7 July 2005

**Profit and loss account
for the year ended 31 March 2005**

		2005	2004
	Notes	£'000	£'000
Turnover		20,739	20,203
Cost of sales		<u>(17,802)</u>	<u>(17,163)</u>
Gross profit		2,937	3,040
Administrative expenses		<u>(2,835)</u>	<u>(3,302)</u>
Operating profit (loss)	2	102	(262)
Dividends received from subsidiary undertakings		-	167
Interest receivable and similar income	5	<u>2</u>	<u>6</u>
Profit (loss) on ordinary activities before taxation		104	(89)
Tax on profit (loss) on ordinary activities	6	<u>(40)</u>	<u>186</u>
Retained profit for the financial year	16	64	97

All amounts relate to continuing activities.

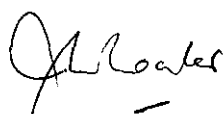
No statement of recognised gains and losses is required as there are no recognised gains or losses other than the results detailed above.

There is no difference between the results reported above and the equivalent results calculated on an unmodified historical cost basis.

Balance sheet as at 31 March 2005

	Notes	2005 £'000	2004 £'000
Fixed assets			
Intangible assets	7	7,510	7,510
Tangible assets	8	237	267
Investments	9	534	534
		<u>8,281</u>	<u>8,311</u>
Current assets			
Debtors	10	4,786	4,304
Cash at bank and in hand		530	2,084
		<u>5,316</u>	<u>6,388</u>
Creditors: amounts falling due within one year	11	<u>(6,646)</u>	<u>(15,292)</u>
Net current assets (liabilities)		<u>(1,330)</u>	<u>(8,904)</u>
Total assets less current liabilities		<u>6,951</u>	<u>(593)</u>
Creditors: amounts falling due after more than one year	12	<u>(3,866)</u>	<u>-</u>
Net assets (liabilities)		<u>3,085</u>	<u>(593)</u>
Capital and reserves			
Called up share capital	14	21	21
Other reserves	15	3,614	-
Profit and loss account - (deficit)	16	<u>(550)</u>	<u>(614)</u>
Equity shareholders' funds (deficit)	17	<u>3,085</u>	<u>(593)</u>

The financial statements on pages 6 to 17 were approved by the board of directors on 7 July 2005 and were signed on its behalf by:



J W Coates
Director

**Notes to the financial statements
for the year ended 31 March 2005****1 Principal accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom and the provisions of the Companies Act 1985, except for the requirements of legislation as explained in intangible fixed assets below, and on the basis of continuing financial support from group undertakings.

The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it is included in the consolidated financial statements of Carlisle Facilities Group (UK) plc.

Intangible fixed assets

Goodwill arising on acquisitions, representing the excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is stated at cost less amortisation.

Goodwill is capitalised and treated as an asset on the balance sheet. Goodwill that is regarded as having a limited estimated useful economic life is amortised through the profit and loss account by equal instalments over such useful economic life. Goodwill that is regarded as having an indefinite life is not amortised. The estimated useful economic life is regarded as indefinite where goodwill is capable of continued measurement and the durability of the acquired business can be demonstrated. In estimating the useful economic life of goodwill arising, account has been taken of the nature of the business acquired, the stability of the industry, the extent of continuing barriers to market entry and the expected future impact of competition. Where goodwill is not amortised an annual impairment review will be performed and any impairment will be charged to the profit and loss account in the period in which it arises. The impairment review involves a comparison of the book value of goodwill with its implied fair market value, by reference to present value techniques, comprising discounted cash flows, based on future revenue and margin projections and plans, with the discount rate based on a risk weighted average cost of capital.

The businesses' recent record has generally been one of consistent growth in both turnover and operating profit. The underlying markets have generally seen consistent growth over many years and the nature of and demand for the services offered by each business is likely to continue for the foreseeable future. The directors consider that the goodwill is an inseparable part of the total value of the relevant businesses. The directors believe that each business has a proven ability to at least maintain its market position over a long period and will adapt successfully to any foreseeable technological or customer-led changes, such that the goodwill will prove to be durable.

Amortising the goodwill over a finite period, as required by the Companies Act, would not give a true and fair view because the durability of the business is such that the directors consider that the value of the business and the goodwill will not reduce over time. Accordingly, the goodwill is not amortised as permitted by FRS 10. Instead an annual impairment test is undertaken and any impairment that is identified will be charged to the profit and loss account. It is not possible to quantify the effect of the departure from the Companies Act, because no finite life for the goodwill can be identified.

**Notes to the financial statements
for the year ended 31 March 2005 (continued)****Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided so as to write off the cost less the estimated residual value of each asset on a straight line basis over its estimated useful life, as follows:

Leasehold properties and improvements	Over length of lease
Fixtures, fittings and equipment	20 per cent to 33 per cent per annum
Motor vehicles	25 per cent per annum

Fixed asset investments

Fixed assets investments are stated at cost less any provision required for any impairment in value.

Operating leases

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

Deferred taxation

Deferred taxation is provided on all timing differences, subject to certain exceptions, where the transaction or events that give rise to an obligation to pay additional tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Deferred tax assets are recognised when it is considered more likely than not that they will be recovered in the future. Deferred tax is measured using rates of tax that have been enacted at the balance sheet date.

Turnover

Turnover comprises the invoiced value of services provided and goods supplied, net of value added tax.

Pension contributions

Contributions payable to defined contribution pension schemes and to employees' pension schemes are charged to the profit and loss account in the year to which they relate.

Cash flow statement

In accordance with FRS 1 (Revised) the company has not prepared a statement of cash flows for the current year as it was a wholly owned subsidiary of Carlisle Holdings Limited, who publishes consolidated financial statements which include a consolidated cash flow statement.

**Notes to the financial statements
for the year ended 31 March 2005 (continued)**

2 Operating profit (loss)

	2005	2004
	£'000	£'000
Operating profit (loss) is stated after charging:		
Depreciation of tangible fixed assets	133	136
Operating lease rentals		
- land and buildings	206	239
- plant and equipment	280	244
Auditors' remuneration	35	33
	<u>35</u>	<u>33</u>

3 Staff costs and numbers

Staff costs during the year were:

	2005	2004
	£'000	£'000
Wages and salaries	15,850	16,928
Social security costs	1,564	1,494
Other pension costs	68	30
	<u>17,482</u>	<u>18,452</u>

The average number of employees during the year was:

	2005	2004
	Number	Number
Operational	1,036	1,070
Management and administration	80	71
	<u>1,116</u>	<u>1,141</u>

**Notes to the financial statements
for the year ended 31 March 2005 (continued)****4 Directors' emoluments**

	2005 £'000	2004 £'000
Remuneration (including benefits in kind)	71	121
Compensation for loss of office	17	-
Pension contributions	6	11
	<u>94</u>	<u>132</u>

The emoluments of the highest paid director (excluding compensation for loss of office) were £71,000 (2004: £121,000), plus pension contributions towards a defined contribution pension scheme of £6,000 (2004: £11,000).

The number of directors for whom contributions were made towards defined contribution pension schemes was 1 (2004: 1).

5 Interest receivable and similar income

	2005 £'000	2004 £'000
Other interest receivable	<u>2</u>	<u>6</u>

**Notes to the financial statements
for the year ended 31 March 2005 (continued)**

6 Tax on profit (loss) on ordinary activities

	2005 £'000	2004 £'000
Group relief receivable in respect of current year	-	(66)
Group relief payable in respect of prior years	-	5
	-	(61)
Deferred taxation	40	(125)
	40	(186)

	2005 £'000	2004 £'000
Profit (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	31	(27)
Effects of:		
Expenses not deductible for tax purposes	8	13
UK dividends received not subject to tax	-	(50)
Capital allowances for the year in excess of depreciation and other timing differences	(20)	(2)
Utilisation of brought forward losses	(19)	-
Adjustment to tax charge in previous periods - net	-	5
	-	(61)

7 Intangible fixed assets

	Goodwill £'000
Cost	
At 31 March 2004 and 31 March 2005	7,510

**Notes to the financial statements
for the year ended 31 March 2005 (continued)**

8 Tangible fixed assets

	Short leasehold land and buildings £'000	Fixtures, fittings and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 2004	28	668	24	720
Additions at cost	-	103	-	103
Disposals	-	-	(9)	(9)
At 31 March 2005	28	771	15	814
Depreciation				
At 1 April 2004	5	424	24	453
Charge for the year	5	128	-	133
Disposals	-	-	(9)	(9)
At 31 March 2005	10	552	15	577
Net book values				
At 31 March 2005	18	219	-	237
At 31 March 2004	23	244	-	267

9 Fixed asset investments

	Interest in group undertakings £'000
At 31 March 2004 and 31 March 2005	534

**Notes to the financial statements
for the year ended 31 March 2005 (continued)****9 Fixed asset investments (continued)**

The following were subsidiary undertakings at the end of the year:

Akita Security Limited
Bourne Security Limited
Capitol Security Services Limited
Carlisle Distribution Sector Services Limited
Ecosse Northern Securities Limited
Guard Group Limited
Retail Protection Services Limited
Solo Security Services Limited

All subsidiary undertakings are incorporated and operating in Great Britain and registered in England and Wales. The company holds 100 percent of the issued share capital, in each case comprising ordinary shares of £1 each. All subsidiary undertakings are non-trading.

10 Debtors

	2005	2004
	£'000	£'000
Amounts falling due within one year		
Trade debtors	1,759	2,797
Amounts owed by group undertakings	1,472	65
Prepayments and accrued income	1,464	1,311
Deferred taxation (note 13)	91	131
	<u>4,786</u>	<u>4,304</u>

11 Creditors: amounts falling due within one year

	2005	2004
	£'000	£'000
Trade creditors	260	312
Amounts owed to group undertakings	3,390	11,523
Social security and other taxes	1,002	1,597
Accruals and deferred income	1,994	1,860
	<u>6,646</u>	<u>15,292</u>

**Notes to the financial statements
for the year ended 31 March 2005 (continued)**

12 Creditors: amounts falling due after more than one year

	2005 £'000	2004 £'000
Amounts owed to group undertakings	<u>3,866</u>	<u>-</u>

13 Deferred tax asset

	2005 £'000	2004 £'000
Accelerated capital allowances	91	95
Other timing differences	-	36
	<u>91</u>	<u>131</u>

All deferred tax assets have been recognised.

14 Called up share capital

	2005 £'000	2004 £'000
Authorised		
100,000 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
21,100 ordinary shares of £1 each	<u>21</u>	<u>21</u>

15 Other reserves

	£'000
At 1 April 2004	-
Capital contribution	3,614
At 31 March 2005	<u>3,614</u>

In November 2004, as part of a group restructuring, the company's immediate parent undertaking, Capitol Group plc ('CG'), made a capital contribution to the company of £3,614,000, effected by means of a reduction in the inter-company amount owed by the company to CG. Other reserves are unrealised and are not available for distribution.

**Notes to the financial statements
for the year ended 31 March 2005 (continued)**

16 Profit and loss account

	£'000
At 1 April 2004	(614)
Retained profit for the financial year	64
At 31 March 2005	<u>(550)</u>

17 Reconciliation of movements in equity shareholders' funds (deficit)

	2005 £'000	2004 £'000
Profit for the financial year	64	97
Capital contribution (note 15)	<u>3,614</u>	<u>-</u>
Net movement in shareholders' funds (deficit)	3,678	97
Shareholders' deficit at beginning of year	<u>(593)</u>	<u>(690)</u>
Shareholders' funds (deficit) at end of year	<u>3,085</u>	<u>(593)</u>

18 Financial commitments

Annual commitments under non-cancellable operating leases are as follows:

	2005 £'000	2004 £'000
Land and buildings		
- expiring within one year	1	5
- expiring between two and five years	25	60
- expiring after five years	<u>170</u>	<u>170</u>
	<u>196</u>	<u>235</u>
Plant and equipment		
- expiring within one year	21	129
- expiring between two and five years	<u>209</u>	<u>110</u>
	<u>230</u>	<u>239</u>
	<u>426</u>	<u>474</u>

**Notes to the financial statements
for the year ended 31 March 2005 (continued)****19 Contingencies**

An unlimited composite banking guarantee exists between the company and various fellow group undertakings in respect of banking facilities provided to the group in the UK.

At 31 March 2005, under the company's standard banking arrangements, certain bonds, guarantees and indemnities, in the ordinary course of business, have been issued by the banks on behalf of the company to the value of approximately £60,000.

20 Related party transactions

The company has taken advantage of the exemption within Financial Reporting Standard 8 not to disclose transactions with other group companies.

21 Ultimate parent undertaking

The company's immediate parent undertaking is Capitol Group plc.

As at 31 March 2005, the smallest group in which the company is consolidated was Carlisle Facilities Group (UK) plc, a company incorporated in Great Britain and registered in England and Wales. Copies of the consolidated financial statements of Carlisle Facilities Group (UK) plc can be obtained from its registered office at St Florian House, Milton Road, Wokingham, Berkshire RG40 1EN.

As at 31 March 2005, the company's ultimate parent undertaking was Carlisle Holdings Limited, a company registered in Belize. Lord Ashcroft, KCMG beneficially owned and controlled 70.5 percent of Carlisle Holdings Limited. Copies of the consolidated financial statements of Carlisle Holdings Limited can be obtained from its registered office at 60 Market Square, Belize City, Belize, Central America.