Carlisle Security Services Limited

Report and financial statements for the year ended 31 March 2007

Registered No 2654100

Carlisle Security Services Limited

Report and financial statements for the year ended 31 March 2007

Carlisle Security Services Limited

Company information

Registered office

Buckland House
Watersıde Dnve
Langley Busıness Park
Slough
Berkshıre
SL3 6EZ

Directors

R J Bradford
J W Coates
D I Pennıngton

Company secretary

D I Pennıngton

Auditors

PncewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Report of the directors for the year ended 31 March 2007

The directors present their report and the audited financial statements of the company for the year ended 31 March 2007

Review of the business and performance in the year

The principal activity of the company is the provision of security services in the United Kingdom

The retained loss for the financial year amounted to £4,578,000 (2006 £3,913,000) which has been transferred from reserves The directors do not recommend the payment of a dividend

In accordance with the company's accounting policies (see note 1 to the financial statements), an annual goodwill impairment review is undertaken 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 As a result of that review, a goodwill impairment charge of £4,510,000 (2006 - £3,000,000) has been charged to the profit and loss account (see note 6 to the financial statements)

The company's balance sheet as at 31 March 2007 is in a net liability position The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future, having adequate funds available to it to meet its obligations as they fall due The company's ultimate parent undertaking, Carlisle Group Limited, has provided a written letter of support confirming to the directors its intention to provide the company with all such financial support as is required to enable it to fulfil all of its obligations and other commitments falling due for the foreseeable future It is therefore on this basis that the directors have, accordingly, prepared the financial statements on the going concern basis

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

The management of the business and the execution of the company's strategy are subject to a number of risks The key business risks and uncertainties affecting the company are considered to relate to employee retention and legislative change Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the group's annual report which does not form part of this report The company is a wholly owned subsidiary of Carlisle Group Limited ("CGL") (see note 20 to the financial statements)

Report of the directors
for the year ended 31 March 2007 (continued)

The directors of CGL manage the group's operations on a divisional basis For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of Carlisle Security Services Limited. The development, performance and position of CGL's Support Services division, which includes the company, is discussed in the group's annual report which does not form part of this report

Directors

The following have served as directors during the year

R J Bradford
J W Coates
D I Pennington

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

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 2007 was approximately 35 days

Report of the directors
for the year ended 31 March 2007 (continued)

Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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) 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 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,
- state whether applicable UK Accounting Standards have been followed, 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, in which case there should be supporting assumptions or qualifications as necessary

The directors confirm that they have complied with the above requirements in preparing the financial statements

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

The directors are responsible for the maintenance and integrity of the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Directors' declaration in relation to relevant audit information

Each of the directors confirm that, to the best of their knowledge and belief, (a) there is no relevant audit information of which the company's auditors are unaware, and (b) they have taken all steps that might reasonably be expected to have taken in order to make themselves aware of relevant audit information and to establish that the company's auditors are aware of that information

Report of the directors for the year ended 31 March 2007 (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

J W Coates
Director

25 January 2008

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

We have audited the financial statements of Carlisle Security Services Limited for the year ended 31 March 2007 which comprise the profit and loss account, the balance sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom 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) 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 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 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

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

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the basis of preparation The financial statements have been prepared on the going concern basis and the validity of this depends on the continuing financial support from group undertakings In view of the significance of this matter we consider that it should be drawn to your attention but our opinion is not qualified in this respect

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 at 31 March 2007 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

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

25 January 2008

Profit and loss account for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Turnover		**21,602**	20,381
Cost of sales		**(18,989)**	(18,339)
Gross profit		**2,613**	2,042
Administrative expenses		**(2,741)**	(2,864)
Goodwill impairment	6	**(4,510)**	(3,000)
Operating (loss)	2	**(4,638)**	(3,822)
Provision against investment in subsidiary undertaking	8	**(534)**	-
Waiver of amounts owed to group undertakings		**553**	-
(Loss) on ordinary activities before taxation		**(4,619)**	(3,822)
Tax on (loss) on ordinary activities	5	**41**	(91)
Retained (loss) for the financial year	15	**(4,578)**	(3,913)
Retained (loss) brought forward		**(4,463)**	(550)
Retained (loss) carried forward		**(9,041)**	(4,463)

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 2007

	Notes	2007 £'000	2006 £'000
Fixed assets			
Intangible assets	6	-	4,510
Tangible assets	7	**106**	160
Investments	8	-	534
		106	5,204
Current assets			
Debtors	9	**4,787**	5,423
Cash at bank and in hand		-	1
		4,787	5,424
Creditors amounts falling due within one year	10	**(6,433)**	(7,590)
Net current liabilities		**(1,646)**	(2,166)
Total assets less current liabilities		**(1,540)**	3,038
Creditors amounts falling due after more than one year	11	-	(3,866)
Net (liabilities)		**(1,540)**	(828)
Capital and reserves			
Called up share capital	13	**21**	21
Other reserves	14	**7,480**	3,614
Profit and loss account - (deficit)	15	**(9,041)**	(4,463)
Equity shareholders' (deficit)	16	**(1,540)**	(828)

The financial statements on pages 8 to 18 were approved by the board of directors on 25 January 2008 and were signed on its behalf by

J W Coates
Director

Notes to the financial statements for the year ended 31 March 2007

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 financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future, having adequate funds available to it to meet its obligations as they fall due The company's ultimate parent undertaking, Carlisle Group Limited, has provided a written letter of support, confirming to the directors its intention to provide the company with all such financial support as is required to enable it to fulfil all of its obligations and other commitments falling due for the foreseeable future It is therefore on this basis that the directors have, accordingly, prepared the financial statements on the going concern basis

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 Group Limited

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 underlying markets in which the company operates 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

Notes to the financial statements for the year ended 31 March 2007 (continued)

ınseparable part of the total value of the relevant busınesses The dırectors belıeve that each busıness has a proven abılıty to at least maıntaın ıts market posıtıon over a long penod and wıll adapt successfully to any foreseeable technologıcal or customer-led changes, such that the goodwıll wıll prove to be durable

Amortısıng the goodwıll over a fınıte penod, as requıred by the Companıes Act, would not gıve a true and faır vıew because the durabılıty of the busıness ıs such that the dırectors consıder that the value of the busıness and the goodwıll wıll not reduce over tıme Accordıngly, the goodwıll ıs not amortısed as permıtted by FRS 10 Instead an annual ımpaırment test ıs undertaken and any ımpaırment that ıs ıdentıfied wıll be charged to the profit and loss account It ıs not possıble to quantıfy the effect of the departure from the Companıes Act, because no fınıte lıfe for the goodwıll can be ıdentıfied

Tangible fixed assets

Tangıble fixed assets are stated at cost less accumulated depreciatıon Depreciatıon ıs provıded so as to wnte off the cost less the estımated resıdual value of each asset on a straıght lıne basıs over ıts estımated useful lıfe, as follows

Leasehold ımprovements	Over the length of the lease
Fıxtures, fittıngs and equıpment	15 per cent to 33 per cent per annum
Motor vehıcles	25 per cent per annum

Fixed asset investments

Fıxed assets ınvestments are stated at cost less any provısıon requıred for any ımpaırment ın value

Operating leases

Rentals under operatıng leases are charged to the profit and loss account on a straıght lıne basıs over the lease term

Deferred taxation

Deferred taxatıon ıs provıded on all tımıng dıfferences, subject to certaın exceptıons, where the transactıon or events that gıve nse to an oblıgatıon to pay addıtıonal tax ın the future, or a nght to pay less tax ın the future, have occurred at the balance sheet date Deferred tax assets are recognısed when ıt ıs consıdered more lıkely than not that they wıll be recovered ın the future Deferred tax ıs measured usıng rates of tax that have been enacted at the balance sheet date

Turnover

Turnover compnses the ınvoıced value of servıces provıded and goods supplıed, net of value added tax The nature of the company's actıvıtıes ıs such that revenue ıs recognısed when a wntten agreement, terms and condıtıons or an approved customer order ıs ın place and the servıces have been fully rendered At that tıme, pncıng ıs then fixed and determınable The company's procedures requıre revıew of a customer's abılıty to pay pnor to a servıce provısıon, at the tıme of such provısıon, and at the tıme of bıllıng, such that collectıbılıty ıs reasonably assured

Notes to the financial statements for the year ended 31 March 2007 (continued)

Pension payments

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 Group Limited, who publishes consolidated financial statements which include a consolidated cash flow statement.

2 Operating (loss)

	2007 £'000	2006 £'000
Operating (loss) is stated after charging		
Depreciation of tangible fixed assets	79	125
Operating lease rentals		
- land and buildings	108	273
- plant and equipment	171	198
Auditors' remuneration	30	29

3 Staff costs and numbers

Staff costs during the year were

	2007 £'000	2006 £'000
Wages and salaries	18,077	17,317
Social security costs	1,538	1,481
Other pension costs	53	59
	19,668	18,857

The average number of employees during the year was

	2007 Number	2006 Number
Operational	997	998
Management and administration	79	72
	1,076	1,070

Notes to the financial statements for the year ended 31 March 2007 (continued)

4 Directors' emoluments

No dırectors receıved any remuneratıon from the company durıng the current or prıor perıod

5 Tax on (loss) on ordinary activities

	2007 £'000	2006 £'000
Group relıef receıvable ın respect of current year	(41)	-
Deferred taxatıon	-	91
	(41)	91

	2007 £'000	2006 £'000
(Loss) on ordınary actıvıties multıplıed by the standard rate of corporatıon tax ın the UK of 30%	(1,386)	(1,147)
Effects of		
Expenses not deductıble for tax purposes	15	8
Capıtal allowances for the year ın excess of depreciatıon and other tımıng dıfferences	(17)	(5)
Goodwıll ımpaırment not deductıble for tax purposes	1,353	900
Provısıon agaınst ınvestments not deductıble for tax purposes	160	-
Waıver of amounts owed to group undertakıngs not subject to tax	(166)	
Losses not recognısed as deferred tax asset	-	244
	(41)	-

Notes to the financial statements for the year ended 31 March 2007 (continued)

6 Intangible fixed assets

	Goodwill £'000
Cost	
At 1 April 2006 and 31 March 2007	7,510
Provision for impairment	
At 1 April 2006	3,000
Charge for the year	4,510
At 31 March 2007	7,510
Net book values	
At 31 March 2007	-
At 31 March 2006	7,510

In accordance with the company's accounting policies (note 1), an annual goodwill impairment review is undertaken 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 As a result of that review, a goodwill impairment charge of £4,510,000 (2006 - £3,000,000) has been charged to the profit and loss account

7 Tangible fixed assets

	Leasehold improvements £'000	Fixtures and equipment £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 2006	28	819	5	852
Additions at cost	-	25	-	25
Disposals	-	-	(5)	(5)
At 31 March 2007	28	844	-	872
Depreciation				
At 1 April 2006	14	673	5	692
Charge for the year	4	75	-	79
Disposals	-	-	(5)	(5)
At 31 March 2007	18	748	-	766
Net book values				
At 31 March 2007	10	96	-	106
At 31 March 2006	14	146	-	160

Notes to the financial statements for the year ended 31 March 2007 (continued)

8 Fixed asset investments

Interest in group undertakings

	£'000
Cost	
At 1 April 2006 and 31 March 2007	534
Provision for impairment	
At 1 April 2006	-
Charge for the year	534
At 31 March 2007	534
Net book values	
At 31 March 2007	-
At 31 March 2006	534

At 31 March 2007, the company determined that a provision of £534,000 was required for an impairment in the value of its interest in group undertakings

The following were subsidiary undertakings at the end of the year

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

All subsidiary undertakings are incorporated and operating in Great Britain and registered in England and Wales, with the exception of Ecosse Northern Securities Limited which is registered in Scotland 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

9 Debtors

	2007	2006
	£'000	£'000
Amounts falling due within one year		
Trade debtors	2,245	2,230
Amounts owed by group undertakings	1,010	1,561
Prepayments and accrued income	1,532	1,632
	4,787	5,423

Amounts owed by group undertakings are unsecured, interest free and payable on demand

Notes to the financial statements for the year ended 31 March 2007 (continued)

10 Creditors: amounts falling due within one year

	2007	2006
	£'000	£'000
Bank overdraft (secured)	**1,477**	3,651
Trade creditors	**177**	129
Amounts owed to group undertakings	**1,302**	650
Other creditors including tax and social security	**2,488**	943
Accruals and deferred income	**989**	2,217
	6,433	7,590

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

11 Creditors: amounts falling due after more than one year

	2007	2006
	£'000	£'000
Amounts owed to group undertakings	**-**	3,866

During the year, the company's immediate parent undertaking, Capitol Group plc, made a capital contribution of £3,866,000, effected by means of a reduction in the entire intercompany account (see note 14)

12 Deferred tax asset

	Provided		**Unprovided**	
	2007	2006	**2007**	2006
	£'000	£'000	**£'000**	£'000
Accelerated capital allowances	**-**	-	**125**	161
Losses not recognised	**-**	-	**-**	244
	-	-	**125**	405

There are no provided or unprovided deferred taxation liabilities at the balance sheet date Unprovided deferred tax assets of approximately £125,000 in respect of capital allowances and other timing differences have not been recognised due to the uncertainty over their recoverable economic value

Notes to the financial statements for the year ended 31 March 2007 (continued)

13 Called up share capital

	2007 £'000	2006 £'000
Authorised		
100,000 ordinary shares of £1 each	**100**	100
Allotted, called up and fully paid		
21,100 ordinary shares of £1 each	**21**	21

14 Other reserves

	£'000
At 1 April 2006	3,614
Capital contribution (note 11)	3,866
At 31 March 2007	7,480

Other reserves are unrealised and not available for distribution

15 Profit and loss account

	£'000
At 1 April 2006	(4,463)
Retained loss for the financial year	(4,578)
At 31 March 2007	(9,041)

16 Reconciliation of movements in equity shareholders' (deficit)

	2007 £'000	2006 £'000
(Loss) for the financial year	**(4,578)**	(3,913)
Capital contribution	**3,866**	-
Shareholders' (deficit) funds at beginning of year	**(828)**	3,085
Shareholders' (deficit) at end of year	**(1,540)**	(828)

Notes to the financial statements for the year ended 31 March 2007 (continued)

17 Financial commitments

Annual commitments under non-cancellable operating leases are as follows	**2007**	2006
	£'000	£'000
Land and buildings		
- expiring between two and five years	**112**	71
- expiring after five years	**-**	28
	112	99
Plant and equipment		
- expiring within one year	**13**	86
- expiring between two and five years	**120**	124
- expiring after five years	**5**	-
	138	210
	250	309

18 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

19 Related party transactions

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

20 Ultimate parent undertaking

The company's immediate parent undertaking is Capitol Group plc, a company incorporated in Great Britain and registered in England and Wales

As at 31 March 2007, the company's ultimate parent undertaking was Carlisle Group Limited, a company registered in Belize Lord Ashcroft, KCMG was interested in and controlled 74.5 percent of Carlisle Group Limited Copies of the consolidated financial statements of Carlisle Group Limited can be obtained from its registered office at 60 Market Square, Belize City, Belize, Central America