Capitol Security Services Limited

Annual report and financial statements for the year ended 31 March 1999

Registered No. 2654100

Capitol Security Services Limited

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Capitol Security Services Limited

Company information

Registered office

19-21 Catherine Place
London
SW1E 6DX

Directors

P J Coleman
P Elliot
P J Fox
C P Harvey
S Jones
B R Marchant
P J Ryan

Company secretary

D I Pennington

Auditors

PricewaterhouseCoopers
1 Embankment Place
London
WC2N 6NN

Report of the directors for the year ended 31 March 1999

The directors present their report and the audited financial statements of the company for the year ended 31 March 1999.

Review of the business and future developments

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

Both the level of business and year end financial position were satisfactory. The directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The retained profit for the financial year amounted to £1,199,000 (1998: £346,000) which has been transferred to reserves. The directors do not recommend the payment of a dividend. The comparative figures at 31 March 1998 and for the year then ended have been restated to reflect a change in accounting policy as detailed in note 1(b) on page 9.

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 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.

Report of the directors
for the year ended 31 March 1999 (continued)

Directors

The following have served as directors during the year:

P J Coleman	(appointed 26 April 1999)
P Elliott	
P J Fox	(appointed 26 April 1999)
C P Harvey	
S Jones	
B R Marchant	
P J Ryan	
C J Cavender	(appointed 16 October 1998; resigned 31 March 1999)
K P Dulieu	(resigned 19 March 1999)
R N Gatenby	(resigned 26 April 1999)
R C Guthrie	(appointed 1 June 1998; resigned 23 April 1999)

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.

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 period and of the profit or loss 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;
- 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 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 1999 (continued)

Year 2000

The directors have considered the potential impact and extent of the Year 2000 issue on the business and operations of the company and consider that:-

- The risk and uncertainties associated with the Year 2000 issue do not currently present a major threat to the company.
- The nature of the company's relationship with its customers, suppliers and other relevant parties is such that the company is not unduly dependent on the treatment by these entities of the Year 2000 issue.

The directors consider that they have taken adequate action and will continue to review the position as the Year 2000 approaches.

Auditors

During the year, Morgan, Brown & Spofforth resigned as auditors and the directors appointed PricewaterhouseCoopers to fill a casual vacancy.

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the re-appointment of PricewaterhouseCoopers as auditors will be put to the annual general meeting.

By order of the board

D I Remington
Secretary
28 October 1999

Report of the auditors to the members of Capitol Security Services Limited

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including as described on page 3 of the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
London
28 October 1999

Profit and loss account for the year ended 31 March 1999

	Notes	1999 £'000	1998 £'000 restated
Turnover		**30,857**	23,548
Cost of sales		**(26,034)**	(20,044)
Gross profit		**4,823**	3,504
Administrative expenses		**(2,260)**	(2,744)
Exceptional items – restructuring costs	2	**(574)**	-
Operating profit	3	**1,989**	760
Interest receivable and similar income		**7**	-
Interest payable and similar charges	6	**(9)**	(1)
Profit on ordinary activities before taxation		**1,987**	759
Tax on profit on ordinary activities	7	**(788)**	(413)
Retained profit for the financial year	14	**1,199**	346

The comparative figures have been restated to reflect a change in accounting policy as detailed in note 1(b) on page 9.

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 1999

	Notes	1999 £'000	1998 £'000 restated
Fixed assets			
Tangible assets	8	**297**	477
Investments	9	**320**	20
		617	497
Current assets			
Debtors	10	**4,931**	4,185
Cash at bank and in hand		**542**	1,977
		5,473	6,162
Creditors: amounts falling due within one year	11	**(5,856)**	(7,624)
Net current liabilities		**(383)**	(1,462)
Total assets less current liabilities		**234**	(965)
Provisions for liabilities and charges	12	**(208)**	(208)
		26	(1,173)
Capital and reserves			
Called up share capital	13	**21**	21
Profit and loss account	14	**5**	(1,194)
Equity shareholders' funds (deficit)	15	**26**	(1,173)

The comparative figures have been restated to reflect a change in accounting policy as detailed in note 1(b) on page 9.

The financial statements on pages 6 to 15 were approved by the board of directors on 28 October 1999 and were signed on its behalf by:

S Jones - Director

Notes to the financial statements for the year ended 31 March 1999

1 (a) 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.

The company is exempt under Section 229 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it is included in the consolidated financial statements of Carlisle Holdings Limited.

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
Computer equipment	33 per cent per annum
Office equipment and fixtures	20 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.

Finance and operating leases

Tangible fixed assets held under finance lease contracts are capitalised and depreciated at the annual rates referred to above. Leasing costs are allocated to accounting periods so as to produce a constant rate of charge on the remaining balance of the leasing obligation.

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 at current rates of tax using the liability method to take account of all timing differences between the recognition of income and expenditure for taxation and accounting purposes, only to the extent that they are reasonably expected to reverse in the foreseeable future without being replaced.

Turnover

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

Notes to the financial statements for the year ended 31 March 1999 (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 period 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 period as it is a wholly owned subsidiary of Carlisle Holdings Limited, who publishes consolidated financial statements which include a consolidated cash flow statement.

1 (b) Changes in accounting policy – work in progress and uniform costs

Following the acquisition of the group by Carlisle Holdings Limited, the accounting policy for work in progress and uniform costs were amended in order to align the accounting policy with that of the new parent company.

Work in progress represented the costs of procuring, negotiating and retaining sales contracts which were amortised evenly over the length of the said contracts. These costs are now written off as incurred.

The costs of uniforms purchased which had been issued to staff were deferred and amortised over a nine month period. These costs are now written off when the uniforms are purchased.

As a result, the comparative figures at 31 March 1998 and for the year then ended have been adjusted and restated as follows:

	Profit for the financial year £'000	Net assets £'000
As previously reported	1,220	(299)
Effect of change in accounting policy		
- Work in progress	(694)	(694)
- Uniform costs	(180)	(180)
As restated	346	(1,173)

Current year profit before tax has increased by approximately £63,000 as a result of the change in accounting policy.

Notes to the financial statements for the year ended 31 March 1999 (continued)

2 Exceptional items

	1999 £'000	1998 £'000
Property costs	49	-
Impairment in asset values	525	-
	574	-

3 Operating profit

	1999 £'000	1998 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets		
- owned assets	259	95
- leased assets	-	1
Operating lease rentals		
- plant and equipment	510	258

Auditors' remuneration has been borne by Capitol Group plc.

4 Staff costs and numbers

Staff costs during the year were:

	1999 £'000	1998 £'000
Wages and salaries	22,515	16,883
Social security costs	2,014	1,455
Other pension costs	47	18
	24,576	18,356

The average number of employees during the year was:

	1999 Number	1998 Number
Operational	2,242	1,646
Management and administration	87	32
	2,329	1,678

Notes to the financial statements for the year ended 31 March 1999 (continued)

5 Directors' emoluments and related transactions

	1999 £'000	1998 £'000
Remuneration (including benefits in kind)	**565**	286
Pension contributions	**32**	18
	597	304

The emoluments of the highest paid director were £275,000 (1998: £87,000), plus pension contributions towards a defined contribution pension scheme of £13,000 (1998: £3,000).

The number of directors for whom contributions were made towards defined contribution pension schemes was 6 (1998: 5).

During the year ended 31 March 1997, the Capitol group lent £13,000 to Mr C.P.Harvey, which was outstanding at 31 March 1998. During the year this loan was repaid in full. At 31 March 1998, a loan of £44,000 was outstanding from Mr B.R.Marchant. At 31 March 1999, the balance outstanding was £33,000 and the maximum owed at any point during the year was £44,000. The loan is interest bearing at the rate of 2 per cent per annum above base rate and is secured.

6 Interest payable and similar charges

	1999 £'000	1998 £'000
Hire purchase interest	**9**	1

7 Tax on profit on ordinary activities

	1999 £'000	1998 £'000
UK corporation tax at 31 per cent (1998: 31 per cent)	**212**	205
Group relief payable	**576**	-
Deferred tax	**-**	208
	788	413

Notes to the financial statements for the year ended 31 March 1999 (continued)

8 Tangible fixed assets

	Short leasehold land and buildings £'000	Equipment, fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost				
At 1 April 1998	148	507	68	723
Additions at cost	13	206	-	219
Disposals	(155)	(35)	-	(190)
At 31 March 1999	6	678	68	752
Depreciation				
At 1 April 1998	16	194	36	246
Charge for the year	16	217	26	259
Disposals	(32)	(18)	-	(50)
At 31 March 1999	-	393	62	455
Net book values				
At 31 March 1999	**6**	**285**	**6**	**297**
At 31 March 1998	132	313	32	477

Included in the total net book value are assets acquired under finance lease agreements:

	1999 £'000	1998 £'000
Cost	**27**	27
Depreciation	**(23)**	(10)
Net book values	**4**	17

Notes to the financial statements for the year ended 31 March 1999 (continued)

9 Fixed asset investments

	1999	1998
	£'000	£'000
Interest in group undertakings	**320**	20

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

Bourne Security Limited
Guard Group Limited
Retail Protection Services Limited

All subsidiary undertakings are incorporated and operating in Great Britain and registered in England and Wales. The company holds 100% of the issued share capital, in each case comprising ordinary shares of £1 each. The principal activity of each subsidiary is the provision of security services.

During the year, the company acquired the entire issued share capital of Guard Group Limited for an aggregate consideration of £300,000.

10 Debtors

	1999	1998
	£'000	£'000
Amounts falling due within one year		
Trade debtors	**2,671**	2,247
Amounts owed by group undertakings	**771**	627
Other debtors	**69**	88
Prepayments and accrued income	**1,420**	1,223
	4,931	4,185

11 Creditors: amounts falling due within one year

	1999	1998
	£'000	£'000
Bank loans and overdrafts	-	1,238
Trade creditors	**241**	31
Amounts owed to group undertakings	**1,006**	1,763
Corporation tax	**278**	206
Social security and other taxes	**2,289**	1,631
Other creditors	**1,383**	1,290
Accruals and deferred income	**659**	1,465
	5,856	7,624

Notes to the financial statements for the year ended 31 March 1999 (continued)

12 Provisions for liabilities and charges

	1999 £'000	1998 £'000
Deferred taxation:		
Difference between capital allowances and accumulated depreciation	19	19
Other timing differences	189	189
	208	208

13 Called up share capital

	1999 £'000	1998 £'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 Profit and loss account

	£'000
At 31 March 1998 - as previously reported	(320)
Prior year adjustment (note 1(b))	(874)
As restated	(1,194)
Retained profit for the financial year	1,199
At 31 March 1999	5

15 Statement of movements in equity shareholders' funds

	1999 £'000	1998 £'000
Profit for the financial year	1,199	346
Goodwill written off	-	(340)
Net movement in shareholders' funds	1,199	6
Shareholders' deficit at beginning of year	(1,173)	(1,179)
Shareholders' funds at end of year	26	(1,173)

Notes to the financial statements for the year ended 31 March 1999 (continued)

16 Financial commitments

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

	1999	1998
	£'000	£'000
Land and buildings		
- expiring within one year	8	-
- expiring between two and five years	40	-
- expiring after five years	148	70
	196	70
Plant and equipment		
- expiring within one year	41	58
- expiring between two and five year	304	117
	345	175
	541	245

17 Related party transactions

The company is a wholly owned subsidiary of Carlisle Holdings Limited. On this basis, no disclosure of transactions between group companies has been made, as permitted by FRS 8.

18 Ultimate parent undertaking

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

As at 31 March 1999, the company's ultimate parent undertaking was Carlisle Holdings Limited, a company registered in Guernsey. Portland Holdings Limited, a company incorporated in Belize and wholly owned by Mr M.A. Ashcroft, owned 60.34 percent of Carlisle Holdings Limited.

Copies of the consolidated financial statements of Carlisle Holdings Limited can be obtained from its registered office at 1 Le Marchant Street, St Peter Port, Guernsey, GY1 4HP, Channel Islands.