

39/2103

SECTORALARM LIMITED

REPORT AND ACCOUNTS

For the year ended

30 SEPTEMBER 2001



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SECTORALARM LIMITED

CONTENTS	Pages
Directors and advisers	2
Directors' report	3
Statement of directors' responsibilities in respect of the accounts	4
Auditors' report	5
Profit and loss account	6
Balance sheet	7
Notes to the accounts	8-14
Detailed profit and loss account	16

SECTORALARM LIMITED

DIRECTORS AND ADVISERS

DIRECTORS

David Marks
Bernard Myers
David Sullivan

SECRETARY

EPS Secretaries Ltd
Lacon House
1 Theobald's Road
London
WC1X 8SA

REGISTERED OFFICE

No. 1 Riding House Street
London
W1A 3AS

BANKERS

Barclays Bank plc
50 Pall Mall
PO Box 15161
London
SW1A 1QA

AUDITORS

Smith & Williamson
Chartered Accountants
No 1 Riding House Street
London W1A 3AS

SOLICITORS

Nabarro Nathanson
Lacon House
1 Theobald's Road
London
WC1X 8SA

COMPANY'S REGISTERED NUMBER

3912103

SECTORALARM LIMITED

DIRECTORS' REPORT

The directors present their report and the accounts for the year ended 30 September 2001.

Activities

The principal activity of the company is the provision and maintenance of alarm systems.

Review of business

The business is at an early stage but turnover during the financial year developed satisfactorily. *Acquisitions were slower than anticipated during the financial year and gross margin was therefore insufficient to cover overheads. Steps have been taken to reduce overheads.*

Results for the year and dividends

The loss for the year after taxation was £212,171 (2000: loss £50,989). The directors do not recommend the payment of a dividend (2000: nil).

Directors and their interests

The directors of the company at 30 September 2001, all of whom served throughout the year, and their interests in the share capital of the company were:

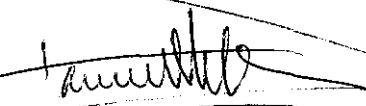
	30 September 2001	30 September 2000
D Marks	3,000	3,000
B Myers	667	667
D Sullivan	667	667

Details of options to acquire shares are given in note 17 to the accounts.

Auditors

A resolution to reappoint Smith & Williamson as auditors will be proposed at the next Annual General Meeting.

APPROVED BY THE BOARD OF DIRECTORS
AND SIGNED ON BEHALF OF THE BOARD



D Marks
DIRECTOR

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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.

Smith & Williamson

Independent auditors' report to the shareholders of Sectoralarm Limited

We have audited the accounts of Sectoralarm Limited for the year ended 30 September 2001 on pages 6 to 14. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 the information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report 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 United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 September 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Smith & Williamson
Smith & Williamson
Chartered Accountants
Registered Auditors

1 Riding House Street
London
W1A 3AS

29 April 2002

SECTORALARM LIMITED**PROFIT AND LOSS ACCOUNT for the year ended 30 SEPTEMBER 2001**

	Notes	Year ended 30 September 2001 £	8 months ended 30 September 2000 £
Turnover	2	1,029,240	148,028
Cost of sales		(811,676)	(89,973)
Gross profit		217,564	58,055
Administrative expenses		(423,233)	(120,010)
Operating loss		(205,669)	(61,955)
Interest receivable and similar income		7,069	11,014
Interest payable and similar charges	5	(13,571)	(48)
Loss on ordinary activities before taxation	6	(212,171)	(50,989)
Taxation	7	-	-
Loss on ordinary activities after taxation		(212,171)	(50,989)

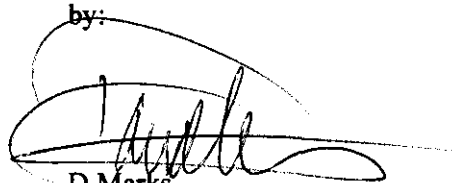
All of the company's operations are classed as continuing. There were no gains or losses in the year other than those included in the above profit and loss account.

SECTORALARM LIMITED

BALANCE SHEET as at 30 SEPTEMBER 2001

	Notes	30 September 2001 £	30 September 2000 £
Fixed assets			
Intangible assets	8	919,345	382,708
Tangible assets	9	103,672	42,846
		<hr/> 1,023,017	<hr/> 425,554
Current assets			
Stock	10	22,228	3,955
Debtors	11	188,520	117,296
Cash at bank and in hand		111,923	601,590
		<hr/> 322,671	<hr/> 722,841
Creditors: amounts falling due within one year	12	(288,846)	(182,384)
		<hr/>	<hr/>
Net current assets		33,825	540,457
		<hr/>	<hr/>
Total assets less current liabilities		1,056,842	966,011
Creditors: amounts falling due after more than one year	13	(213,352)	-
Provisions for liabilities and charges	16	(110,000)	(17,000)
		<hr/>	<hr/>
Net assets		733,490	949,011
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	17	10,000	10,000
Share premium	18	986,650	990,000
Profit and loss account	18	(263,160)	(50,989)
		<hr/>	<hr/>
Shareholders' funds	19	733,490	949,011
		<hr/>	<hr/>

The accounts were approved by the Board of Directors on 14.02.02 and were signed on its behalf by:


D Marks
DIRECTOR

SECTORALARM LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 SEPTEMBER 2001

1. Accounting policies

A summary of the more important accounting policies adopted are described below.

Basis of accounting

The accounts have been prepared under the historical cost convention and on the going concern basis.

Pension costs

Contributions to defined contribution schemes are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Tangible fixed assets

Depreciation is provided on cost or revalued amounts in equal annual instalments over the estimated useful lives of the assets concerned. The following annual rates are used.

Fixtures and fittings	-	20% straight line
Motor vehicles	-	25% straight line

Goodwill

Goodwill arises on the acquisition of business assets and represents the excess of the fair value of consideration over the fair value of identifiable net assets acquired. Goodwill is capitalised and written off over 20 years on a straight line basis.

Stocks

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

Deferred taxation

Deferred taxation is provided for on a full provision basis on all timing differences that have arisen but not reversed at the balance sheet date. A deferred tax asset is not recognised to the extent that the transfer of economic benefit in future is uncertain. Any assets and liabilities recognised have not been discounted.

Leases

Assets held under finance leases are included in fixed assets and the capital element of the related lease commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit over the period of the lease.

2. Turnover

Turnover represents amounts receivable for services net of VAT and trade discounts.

SECTORALARM LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 SEPTEMBER 2001 (continued)

	Year ended 30 September 2001 £	8 months ended 20 September 2000 £
3. Directors' remuneration		
Aggregate emoluments	63,058	25,256
Company pension contributions to money purchase scheme.	6,825	2,100

Retirement benefits are accruing to one (2000: one) director under a money purchase defined benefit scheme.

4. Employee information

The average number of persons, including directors, employed by the company during the year was:

	Number 2001	Number 2000
Operations – Engineers	6	3
Administration	6	5
	12	8

	Year ended 30 September 2001 £	8 months ended 30 September 2000 £
Staff costs for the above persons were:		
Wages and salaries	349,198	66,669
Social security costs	33,903	5,653
Pension costs	9,465	2,100
Other staff costs	75	785
	392,641	75,207

5. Interest payable and similar charges

	£	£
Bank loans and overdrafts	13,393	48
On finance leases	178	-
	13,571	48

SECTORALARM LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 SEPTEMBER 2001 (continued)

	Year ended 30 September 2001 £	8 months ended 30 September 2000 £
6. Loss on ordinary activities before taxation is stated after charging:		
Depreciation	24,232	2,088
Amortisation	33,810	3,613
Auditors' remuneration	4,500	3,000
	<hr/>	<hr/>

7. **Taxation**

There was no provision for corporation tax during the year due to the losses incurred (2000:nil).

A deferred tax asset of £52,690 exists but has not been recognised in the accounts. This principally relates to trading losses, which can be recovered against future profits.

8. Intangible fixed assets	Goodwill £
Cost	
As at 1 October 2000	386,321
Additions	570,447
	<hr/>
As at 30 September 2001	956,768
	<hr/>
Amortisation	
As at 1 October 2000	3,613
Charge for the year	33,810
	<hr/>
As at 30 September 2001	37,423
	<hr/>
Net book value	
At 30 September 2001	919,345
	<hr/>
At 30 September 2000	382,708
	<hr/>

SECTORALARM LIMITED
NOTES TO THE ACCOUNTS for the year ended 30 SEPTEMBER 2001 (continued)

9. Tangible fixed assets	Fixtures & Fittings £	Motor Vehicles £	Total £
Cost			
At 1 October 2000	26,794	18,140	44,934
Additions	22,555	62,503	85,058
	<hr/>	<hr/>	<hr/>
30 September 2001	49,349	80,643	129,992
	<hr/>	<hr/>	<hr/>
Depreciation			
At 1 October 2000	1,114	974	2,088
Charge for the year	7,758	16,474	24,232
	<hr/>	<hr/>	<hr/>
30 September 2001	8,872	17,448	26,320
	<hr/>	<hr/>	<hr/>
Net book value			
At 30 September 2001	40,477	63,195	103,672
	<hr/>	<hr/>	<hr/>
At 30 September 2000	25,680	17,166	42,846
	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £19,729 (2000: £nil) in respect of assets held under hire purchase.

10. Stocks	Year ended 30 September 2001 £	8 months ended 30 September 2000 £
Parts	22,228	-
Work in progress	-	3,955
	<hr/>	<hr/>
	22,228	3,955
	<hr/>	<hr/>
 11. Debtors	 £	 £
Trade debtors	135,040	111,556
Other debtors	40	309
Prepayments	53,440	5,431
	<hr/>	<hr/>
	188,520	117,296
	<hr/>	<hr/>

SECTORALARM LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 SEPTEMBER 2001 (continued)

12. Creditors: amounts falling due within one year	Year ended 30 September 2001 £	8 months ended 30 September 2000 £
Bank loans and overdrafts	9,044	23,519
Obligations under finance leases	8,837	-
Trade creditors	105,669	57,530
Other taxation and social security	24,377	15,275
Other creditors	133,969	48,210
Accruals	6,950	37,850
	<hr/> 288,846 <hr/>	<hr/> 182,384 <hr/>

Included within other creditors are directors loans of £100,000. During the year B Myers and D Sullivan each lent the company £50,000. No interest is due on these loans and no repayment date has been set.

13. Creditors: amounts falling due after more than one year	£	£
Bank loans (note 14)	200,000	-
Obligations under finance leases	13,552	-
	<hr/> 213,352 <hr/>	<hr/> - <hr/>

14. Borrowings	£	£
Falling due within one year		
Treasury loan	59,044	-
Falling due after more than one year		
Treasury loan	150,000	-
	<hr/> 209,044 <hr/>	<hr/> - <hr/>

The loan is repayable in equal quarterly instalments at a fixed and variable rate, and is secured by a debenture on Sectoralarm Limited and Keyman Life Assurance on the the life of David Marks.

SECTORALARM LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 SEPTEMBER 2001 (continued)

15. Finance leases

Year ended 30 September 2001 £	8 months ended 30 September 2000 £
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The net finance lease obligations to which the company is committed are:

In one year or less	8,837	-
Between one and two years	8,837	-
Between two and five years	4,517	-
	<hr/>	<hr/>
	22,191	-
	<hr/>	<hr/>

16. Provisions for liabilities and charges

Deferred consideration £

As at 1 October 2000	17,000
Paid during the year	(17,000)
Provision for deferred consideration on the purchase of contracts	110,000
	<hr/>
As at 30 September 2001	110,000
	<hr/>

This is potentially payable within the next 12 months. The provision is based on the best estimate of the likely results.

17. Called up share capital

Year ended 30 September 2001 £	8 months ended 30 September 2000 £
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Authorised		
1,500,000 ordinary shares of £1 each	1,500,000	1,500,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
10,000 ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>

SECTORALARM LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 SEPTEMBER 2001 (continued)

Dr Morton's Trust, the beneficiaries of which are the children of D Marks, holds an option to subscribe for 500 ordinary shares at a fixed price of £150 per share exercisable at any time within 10 years of the issue date.

B Myers and D Sullivan hold options to subscribe for 250 ordinary shares each at a fixed price of £150 per share exercisable at any time within 10 years of the issue date. At 30 September 2001 B Myers held 64 options and D Sullivan held 66 options.

SECTORALARM LIMITED

NOTES TO THE ACCOUNTS for the year ended 30 SEPTEMBER 2001 (continued)

18. Reserves

	Share premium account £	Profit and loss account £
As at 1 October 2000	990,000	(50,989)
Retained loss for the year	-	(212,171)
Write off of preliminary expenses	(3,350)	-
	<hr/>	<hr/>
As at 30 September 2001	986,650	(263,160)
	<hr/>	<hr/>

19. Reconciliation of movements in shareholders' funds

	Year ended 30 September 2001 £	8 months ended 30 September 2000 £
Loss for the financial year	(212,171)	(50,989)
Shares issued in the year	-	1,000,000
Write off of preliminary expenses	(3,350)	-
	<hr/>	<hr/>
	(215,521)	949,011
Opening shareholders' funds	949,011	-
	<hr/>	<hr/>
Closing shareholders' funds	733,490	949,011
	<hr/>	<hr/>

20. Related party transactions

During the year secretarial and administration services were provided by David Marks & Co Limited at cost of £8,250 (2000: nil). The balance owing at the year end was £11,513 (2000: £nil). David Marks is a director of David Marks & Co.

During the year consultancy services were provided by D Sullivan at a cost of £5,000 (2000: £1,667). The balance owing at the year end was nil (2000:£nil).

During the year consultancy services were provided by B Myers at a cost of £5,000 (2000: £1,667). The balance owing at the year end was nil (2000:£nil).

During the year training and financial support services were provided by Sectorguard Limited at a cost of £24,569. At the year end Sectoralarm Limited owed £33,968 (2000: £46,665) to Sectorguard Limited, a company of which David Marks, Bernard Myers and David Sullivan are also directors.

All transactions are on an arm's length basis.

SECTORALARM LIMITED

DETAILED PROFIT AND LOSS ACCOUNT for the year ended 30 September 2001

	Year ended 30 September 2001 £	8 months ended 30 September 2000 £
Turnover	1,029,240	148,028
Cost of sales	(811,676)	(89,973)
	<hr/>	<hr/>
Gross profit	217,564	58,055
Administrative expenses		
Salary costs	280,803	75,967
Entertaining	1,446	661
Depreciation	24,232	2,088
Amortisation	33,810	3,613
Professional services	8,772	3,000
Postage, printing and stationery	12,999	4,429
Telephones	10,895	3,561
Motor expenses	1,498	2,519
Rent and rates	22,527	14,582
Other running costs	26,251	9,590
	<hr/>	<hr/>
	(423,233)	(120,010)
	<hr/>	<hr/>
Operating loss	(205,669)	(61,955)
Interest receivable and similar income	7,069	11,014
Interest payable and similar charges	(13,571)	(48)
	<hr/>	<hr/>
Loss on ordinary activities before taxation	(212,171)	(50,989)
	<hr/>	<hr/>