

Report of the Directors and
Audited Financial Statements for the Year Ended 30th June 2012
for
Vigilant Security (Scotland) Limited
Company Registration SC212151

SATURDAY



S24SB3D6

SCT

23/03/2013

#122

COMPANIES HOUSE

Vigilant Security (Scotland) Limited

Contents of the Financial Statements
for the Year Ended 30th June 2012

	Page
Company Information	1
Report of the Directors	2 to 3
Report of the Independent Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7 to 14

Vigilant Security (Scotland) Limited

Company Information
for the Year Ended 30th June 2012

DIRECTORS:

P Williamson
S Morley
J W E Percy

SECRETARY:

R Juett

REGISTERED OFFICE:

Security House
23 Loganbarns Road
Dumfries
DG1 4BZ

REGISTERED NUMBER:

SC212151

**INDEPENDENT STATUTORY
AUDITORS:**

Grant Thornton UK LLP
1-4 Atholl Crescent
Edinburgh
EH3 8LQ

SOLICITORS:

Shepherd & Wedderburn LLP
1 Exchange Crescent
Conference Square
Edinburgh
EH3 8UL

BANKERS:

Lloyds Banking Group plc
110 St Vincent Street
Glasgow
G2 5ER
Scotland

Vigilant Security (Scotland) Limited

Report of the Directors **for the Year Ended 30th June 2012**

The directors present their annual report with the financial statements of the company for the year ended 30th June 2012.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of security personnel and services.

REVIEW OF BUSINESS AND FUTURE PROSPECTS

As in shown on page 5, the company declared a loss before tax of £88,744 (2011: £157,098). Turnover increased 11% to £8,598,902 (2011: £7,751,330). The directors are satisfied with this performance.

The Company has won significant new orders for manned guarding which will each increase in value throughout the next 12 months and the Directors have indicated that they expect a further increase in turnover for the year ending 30 June 2013.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st July 2011 to the date of this report.

P Williamson
S Morley
J W E Percy

Other changes in directors holding office are as follows:

J Dunion – resigned 26th June 2012

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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;
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006. 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.

PRINCIPAL RISKS AND UNCERTAINTIES

- Financial Risk Management - The directors keep the Company's risk management as an agenda item and the Company's policies are constantly under review.
- Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.
- The policies set out by the board of directors are implemented by the company's finance department.

KEY PERFORMANCE INDICATORS (KPIs)

The directors monitor contracts and margins on these contracts on an ongoing basis.

POLICY ON DISABLED PERSONS

The Company is an equal opportunities employer and the Directors review the recruitment policy of the Company to ensure there is no discrimination in the selection process.

Vigilant Security (Scotland) Limited

Report of the Directors
for the Year Ended 30th June 2012 (continued)

EMPLOYEE INFORMATION

The Company ensures that all employees are appropriately briefed on the Company's performance and policies on a regular basis. Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitude and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue.

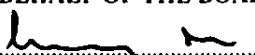
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

A resolution proposing the re-appointment of Grant Thornton UK LLP will be put to the shareholders at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:


.....
S Morley - Director
Date: 6th December 2012

Vigilant Security (Scotland) Limited

Independent auditor's report to the members of Vigilant Security (Scotland) Limited

We have audited the financial statements of Vigilant Security (Scotland) Limited for the year ended 30th June 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities Statement set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30th June 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Sandra W Rodger
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Chartered Accountants and Statutory Auditor
Edinburgh
6th December 2012

Vigilant Security (Scotland) Limited

Profit and Loss Account
for the Year Ended 30th June 2012

	Notes	2012 £	2011 £
TURNOVER	2	8,598,902	7,751,330
Cost of sales		<u>(7,430,840)</u>	<u>(6,677,798)</u>
GROSS PROFIT		1,168,062	1,073,532
Administrative expenses		<u>(1,233,059)</u>	<u>(1,164,111)</u>
 OPERATING (LOSS)	4	 (64,997)	 (90,579)
Interest payable and similar charges	5	<u>(23,747)</u>	<u>(66,519)</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(88,744)	(157,098)
Tax on (loss) on ordinary activities	6	<u>29,303</u>	<u>(24,336)</u>
(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION	14, 17	<u><u>(59,441)</u></u>	<u><u>(181,434)</u></u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

The notes form part of these financial statements

Vigilant Security (Scotland) Limited**Balance Sheet****30th June 2012**

	Notes	2012 £	2011 £
FIXED ASSETS			
Tangible assets	7	<u>147,602</u>	<u>171,081</u>
CURRENT ASSETS			
Debtors	8	1,942,503	1,719,574
Cash at bank and in hand		<u>11,956</u>	<u>-</u>
		1,954,459	1,719,574
CREDITORS			
Amounts falling due within one year	9	<u>(1,773,562)</u>	<u>(1,500,966)</u>
NET CURRENT ASSETS		<u>180,897</u>	<u>218,608</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		328,499	389,689
CREDITORS			
Amounts falling due after more than one year	10	(32,300)	(26,826)
Provisions for liabilities and charges	12	<u>-</u>	<u>(7,223)</u>
		<u>296,199</u>	<u>355,640</u>
CAPITAL AND RESERVES			
Called up share capital	13	40,000	40,000
Profit and loss account	14	<u>256,199</u>	<u>315,640</u>
SHAREHOLDER'S FUNDS	17	<u>296,199</u>	<u>355,640</u>

The financial statements were approved and authorised for issue by the Board of Directors on 6th December 2012 and were signed on its behalf by:



.....
S Morley – Director
Company Number SC212151

The notes form part of these financial statements

Vigilant Security (Scotland) Limited
Notes to the Financial Statements
for the Year Ended 30th June 2012

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on a going concern basis. The Company's activities are funded by Croma Security Solutions Group PLC (the 'Group'), of which the company is a subsidiary, and the ongoing provision of its own finance arrangements to continue to operate as a going concern.

In the preparation of the financial statements, on a going concern basis, the directors have reviewed the cash flow forecasts and working capital requirements of the company for the 12 month period from the date of approval of these financial statements. The company is reliant on the financial support of its parent company, which has undertaken to provide such support for at least 12 months from the date of approval of these financial statements.

The Company and Group's activities are funded by a combination of long term equity capital, convertible loan notes, and short term invoice discounting. The day to day operations are funded by cash generated from trading and primarily invoice discounting facilities.

The Directors have considered a range of scenarios and are confident that they will be able to secure the necessary finance. From a trading perspective, whilst there are inevitable pressures from the current general economic climate, the Board remains positive about the retention and outlook of the Group's main trading operations. The invoice discounting and overdraft facilities fall due for review on 30 September 2013.

In consideration of the potential cash outflows associated with the convertible loan notes, the holders of the loan notes have the option to either convert their debt into equity in the Group or repayment in cash on the due dates. Given the current share price the Directors consider it is unlikely that the debt will be converted into shares. The redemption profile is as follows:

£45,000 on 20 December 2012

£200,000 on 29 January 2013

The Board maintains a close working relationship with the holders of these loans and expects to discuss maturity options with the loan note holders in the near future and have obtained indications of a willingness to enter into such negotiations from the note holders.

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings, and in accordance with the Companies Act 2006 and applicable accounting standards. These accounting policies have been applied consistently throughout.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of the financial instruments (including share capital) are equivalent to a similar debt instrument are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity are debited direct to equity.

Vigilant Security (Scotland) Limited
Notes to the Financial Statements - continued
for the Year Ended 30th June 2012

Financial Reporting Standard Number 1

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 "Cash Flow Statements (Revised 1996)" not to prepare a cashflow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Croma Group plc and the company is included in consolidated financial statements.

Turnover

The income of the Company is recognised from two main sources. Security personnel services are recognised in the month in which the work is carried out for the client. Keyholding income is recognised in equal instalments over the period of the contract. Amounts receivable for services are recognised net of VAT and trade discounts.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- 4% on cost
Plant and machinery	- 25% on cost
Fixtures & Fittings	- 33% on cost
Office Equipment	- 15% on cost
Motor vehicles	- 25% on cost

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Tax

UK corporation tax is provided at amounts expected to be paid or recovered using the applicable tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date only to the extent that, in the opinion of the directors, there is a reasonable possibility that a liability or asset will crystallise in the foreseeable future. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse.

Foreign currencies

Foreign currency transactions are translated at the rate ruling when they occur. Foreign currency assets and liabilities are translated at the year-end spot rate. Any differences are taken to the profit and loss account.

Hire purchase and leasing commitments

Where assets are financed by leasing agreements that give rights approximating to ownership, the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term and depreciated over the shorter of the assets useful economic life or the lease term, the corresponding lease commitments are shown as obligations to the lessor. Depreciation on the relevant assets and interest are charged to the profit and loss account. All other leases are operating leases and the annual rentals are charged to operating profit on a straight line basis over the lease term.

2. TURNOVER

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

Vigilant Security (Scotland) Limited

Notes to the Financial Statements - continued
for the Year Ended 30th June 2012

3. STAFF COSTS

	2012	2011
	£	£
Wages and salaries	7,163,269	6,430,135
Social security costs	<u>696,396</u>	<u>613,715</u>
	<u><u>7,859,665</u></u>	<u><u>7,043,850</u></u>

The average monthly number of employees (including directors) during the year was as follows:

	2012	2011
Direct employees	298	292
Management and administration	<u>12</u>	<u>12</u>
Employees (including directors)	<u><u>310</u></u>	<u><u>304</u></u>

	2012	2011
	£	£
Directors' remuneration	<u>227,379</u>	<u>253,355</u>
Highest paid director	<u><u>67,538</u></u>	<u><u>127,773</u></u>

4. OPERATING LOSS

The operating loss is stated after charging:

	2012	2011
	£	£
Hire of plant and machinery	4,824	9,121
Depreciation - owned assets	43,564	91,256
Depreciation - assets on hire purchase contracts	15,715	17,745
Loss on disposal of fixed assets	4,268	3,686
Auditor's remuneration for audit services	4,800	6,250
Auditor's remuneration for tax services.	<u>2,000</u>	<u>1,500</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
Bank interest	436	5,227
Debt factor interest	18,487	58,933
Hire purchase	<u>4,824</u>	<u>2,359</u>
	<u><u>23,747</u></u>	<u><u>66,519</u></u>

Vigilant Security (Scotland) Limited
Notes to the Financial Statements – continued
for the Year Ended 30th June 2012

6. TAXATION

	2012 £	2011 £
Domestic current year tax:		
UK corporation tax	-	-
Adjustment for prior periods	(16,512)	17,113
Deferred tax		
Capital allowances in excess of depreciation (note 12)	(12,791)	7,223
Current tax (credit)/charge	<u>(29,303)</u>	<u>24,336</u>

Factors affecting the tax charge

The tax assessed for the year is lower (2011: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	£	£
Factors affecting the tax charge for the year		
Loss before taxation	<u>(88,744)</u>	<u>(157,098)</u>
Loss multiplied by the standard rate of taxation of 25.5% (2011: 26.5%)	(22,630)	(43,202)
Effects of:		
Disallowed expenditure	10,660	12,584
Depreciation in excess of capital allowances	6,366	5,291
Losses Carried Back		5,763
Group relief surrendered	5,604	19,564
Adjustment to tax charge for previous periods	<u>(16,512)</u>	<u>17,113</u>
Total tax (credit)/charge	<u>(16,512)</u>	<u>17,113</u>

Factors affecting future tax charges

In the 2012 Budget, the Chancellor announced a reduction in the main rate of corporation tax to be phased over the coming years as follows:

- with effect 1 April 2011 – 26%
- with effect 1 April 2012 – 24%
- with effect 1 April 2013 – 23%
- with effect 1 April 2014 – 22%

The directors do not believe the effect of these changes will have a material effect on the Company's results for the period.

Vigilant Security (Scotland) Limited
Notes to the Financial Statements - continued
for the Year Ended 30th June 2012

7. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £
COST			
At 1st July 2011	56,035	96,327	9,708
Additions	-	16,398	-
At 30th June 2012	<u>56,035</u>	<u>112,725</u>	<u>9,708</u>
DEPRECIATION			
At 1st July 2011	24,651	51,280	5,270
Charge for year	2,241	25,963	1,513
Eliminated on disposal	-	-	-
At 30th June 2012	<u>26,892</u>	<u>77,243</u>	<u>6,783</u>
NET BOOK VALUE			
At 30th June 2012	<u>29,143</u>	<u>35,482</u>	<u>2,925</u>
At 30th June 2011	<u>31,384</u>	<u>45,047</u>	<u>4,438</u>
	Motor Vehicles £	Uniforms £	Totals £
COST			
At 1st July 2011	100,788	98,881	361,739
Additions	48,833		65,231
Disposals	-	(98,881)	(98,881)
At 30th June 2012	<u>149,621</u>	<u>-</u>	<u>328,089</u>
DEPRECIATION			
At 1st July 2011	40,007	69,450	190,658
Charge for year	29,562		59,279
Eliminated on disposal	-	(69,450)	(69,450)
At 30th June 2012	<u>69,569</u>	<u>-</u>	<u>180,487</u>
NET BOOK VALUE			
At 30th June 2012	<u>80,052</u>	<u>-</u>	<u>147,602</u>
At 30th June 2011	<u>60,781</u>	<u>29,431</u>	<u>171,081</u>

Vigilant Security (Scotland) Limited
Notes to the Financial Statements - continued
for the Year Ended 30th June 2012

7. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles £
COST	
At 1st July 2011	86,543
Additions	<u>31,687</u>
At 30th June 2012	<u>118,230</u>
DEPRECIATION	
At 1st July 2011	31,159
Charge for year	<u>15,715</u>
At 30th June 2012	<u>46,874</u>
NET BOOK VALUE	
At 30th June 2012	<u>71,356</u>
At 30th June 2011	<u>55,384</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade debtors	1,795,011	1,489,425
Amounts owed by group companies	-	162,641
Other debtors	40,968	37,320
Corporation Tax	20,913	4,401
Deferred Tax (note 12)	5,568	-
Prepayments	<u>80,043</u>	<u>25,787</u>
	<u>1,942,503</u>	<u>1,719,574</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Bank loans and overdrafts	531,849	881,822
Hire purchase contracts (see note 11)	27,961	20,547
Trade creditors	65,207	50,771
Amounts owed to group companies	493,221	34,938
Social security and other taxes	585,417	398,547
Deferred income	-	5,546
Accrued expenses	41,711	88,867
Other Creditors	<u>28,196</u>	<u>19,928</u>
	<u>1,773,562</u>	<u>1,500,966</u>

The company's bankers hold a charge over the assets of the company, by way of a bond and floating charge in respect of the overdraft facility, and also a charge against the debtors ledger in respect of the invoice discounting facility, the liability for which, £531,849 (2011: £797,998), is included in bank loans and overdrafts.

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £	2011 £
Hire purchase contracts (see note 11)	<u>32,300</u>	<u>26,826</u>

Vigilant Security (Scotland) Limited
Notes to the Financial Statements - continued
for the Year Ended 30th June 2012

11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2012 £	2011 £
Net obligations repayable:		
Within one year	27,961	20,547
Between one and five years	<u>32,300</u>	<u>26,826</u>
	<u>60,261</u>	<u>47,373</u>

The hire purchase contracts are secured on the assets to which they relate.

12. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred taxation:		
	2012 £	2011 £
Represented by:		
Accelerated capital allowances	<u>(5,568)</u>	<u>7,223</u>
Balance at 1 July 2011	7,223	-
(Credit) / Charge for the year (note 6)	<u>(12,791)</u>	<u>7,223</u>
Balance at 30 June 2012	<u>(5,568)</u>	<u>7,223</u>

The deferred tax debtor in the current year has been shown within debtors (note 8).

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2012 £	2011 £
40,000	Ordinary	£1	<u>40,000</u>	<u>40,000</u>

14. RESERVES

	Profit and loss account £
At 1st July 2011	315,640
Loss for the year	<u>(59,441)</u>
At 30th June 2012	<u>256,199</u>

15. ULTIMATE PARENT COMPANY

The ultimate parent company and controlling party is Croma Security Solutions Group PLC, a company registered in England and Wales.

Croma Security Solutions Group PLC prepares group financial statements and copies can be obtained from Croma Security Services Group PLC, Unit 6 Fulcrum 4, Solent Way, Whiteley, Hampshire, PO15 7FT.

Vigilant Security (Scotland) Limited
Notes to the Financial Statements - continued
for the Year Ended 30th June 2012

16. RELATED PARTY DISCLOSURES

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2012 £	2011 £
(Loss) for the financial year	(59,441)	(181,434)
Release of Revaluation Reserve	-	(20,000)
Net addition to shareholder's funds	<u>(59,441)</u>	<u>(201,434)</u>
Opening shareholder's funds	<u>355,640</u>	<u>557,074</u>
Closing shareholder's funds	<u>296,199</u>	<u>355,640</u>

18. COMMITMENTS UNDER OPERATING LEASES

The company had annual non-cancellable operating leases relating to plant & machinery as set out below

	2012 £	2011 £
Leases due within 1 year	-	-
Leases due 2- 5 years	-	<u>660</u>
Total	-	<u>660</u>