

G4S Aviation Security (UK) Limited

FINANCIAL STATEMENTS

for the year ended
31 December 2007



Company Registration No 2837136

G4S Aviation Security (UK) Limited

DIRECTORS AND OFFICERS

DIRECTORS

MR Aggar
J Darnton

SECRETARY

N Richards

REGISTERED OFFICE

Sutton Park House
15 Carshalton Road
Sutton
Surrey SM1 4LD

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

G4S Aviation Security (UK) Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of G4S Aviation Security (UK) Limited for the year ended 31 December 2007

PRINCIPAL ACTIVITIES

The company's principal activity is the provision of specialised security and support services for the aviation sector in the United Kingdom and Jersey

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company continues to work with the airlines and airports to deliver quality solutions against the background of an ever increasing focus on security, particularly in the aviation industry. Although we had a number of challenges in 2007, commercial activity has been high with a range of opportunities being pursued, including a number of PRM contracts across UK airports, which puts the business in a strong position for the next year.

G4S Aviation Security (UK) Ltd continues to develop and promote the values of quality, reliability and integrity associated with the G4S brand. This has seen us forge true partnerships with our customers, who recognising the value that we bring to their business have remained extremely loyal.

Our commitment is as always to increase shareholder value through our guiding principles of excellence in customer service, committed employees, the delivery of innovative products and services, sound commercial decisions and by fostering a climate of continuous improvement.

PRINCIPAL RISKS AND UNCERTAINTIES

All businesses are subject to risk and many individual risks are macro-economic or social and common across many businesses. The key risks are those which could materially damage the company's strategy, reputation, business, profitability or assets and these risks are listed below. This list is in no particular order and is not an exhaustive list of all potential risks. Some risks may be unknown and it may transpire that others currently considered immaterial become material.

Price competition

The security industry in the UK is fragmented with relatively low economic barriers to entry and there are a wide variety of operators of varying sizes. Actions taken by our competitors may place pressure on our pricing, margins and profitability.

In-sourcing by customers

If the trend towards outsourcing manned security were for any reason to be reversed, the company's revenue and profitability may be adversely affected.

Deterioration in labour relations

The company's most significant asset is its large and committed workforce. Were the current good relationships between the group and its employees to become strained the company's operational performance and reputation may be adversely affected.

Terrorist attacks

The company operates in an industry which is sometimes involved in seeking to protect its customers against acts of terrorism. Were terrorist incidents in the future to involve premises or events for which the company is contracted to provide security they could result in brand and reputational damage and so affect earnings and profitability.

G4S Aviation Security (UK) Limited

DIRECTORS' REPORT

IT systems

The company makes widespread use of IT systems both in its operations and for financial management. Failure in these systems, including failure in business continuity procedures in the event of physical damage to or inaccessibility of normal systems, could result in reputational damage and the loss of revenue and profitability.

Regulatory requirements

Security can be a high profile industry. There is a wide and ever changing variety of regulations applicable to our business across the UK. Changes in such regulations may adversely affect the company's revenues and profitability. G4S Security Aviation Ltd complies with all the requirements of the Department of Transport.

The potential impact of these risks is mitigated through the company's performance management procedures, operational standards and policy of proactive engagement with customers, industry associations, government regulators and employee representatives.

KEY PERFORMANCE INDICATORS

Due to the nature of our business, the majority of our KPI's are contract specific and monitored internally on a contract by contract basis. When aggregated, these are not meaningful apart from staff turnover which was on average 18% for the period and contract turnover which was on average 15% for the period. Due to the sensitivity of the business, contract specific KPI's are not disclosed.

DIVIDENDS

The directors do not recommend the payment of a dividend (2006 £Nil).

DIRECTORS

The following directors have held office since 1 January 2007

GN Grosso	(resigned 28 September 2007)
J Darnton	(appointed 28 September 2007)
MR Aggar	(appointed 11 July 2006)

EMPLOYEE INVOLVEMENT

The company has continued its practice of keeping employees informed on a regular basis of current activities, progress and general matters of interest by various methods. These include regular team briefings, the circulation of the in-house magazine 'The Link', and the availability to employees of a comprehensive Intranet site. Policy developments include the use of focus groups to identify employee views.

EMPLOYMENT OF DISABLED PERSONS

The company's policy and practice is to encourage the recruitment and subsequent training, career development and promotion of disabled persons on the basis of their aptitudes and abilities, and the retention and retraining of employees who become disabled.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political and no charitable donations during the year.

G4S Aviation Security (UK) Limited

DIRECTORS' REPORT

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

By order of the board



J Darnton
Director
30th May 2008

G4S Aviation Security (UK) Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d 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 requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF G4S AVIATION SECURITY (UK) LIMITED

We have audited the financial statements on pages 7 to 15

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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 opinion we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and 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).

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 Directors' Report 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 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 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.

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 December 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Registered Auditor

Chartered Accountants

2 Bloomsbury Street

London WC1B 3ST

30 May 2008

G4S Aviation Security (UK) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2007

	<i>Notes</i>	2007 £000	2006 £000
TURNOVER	1	70,212	72,294
Cost of sales		(60,997)	(61,492)
GROSS PROFIT		<u>9,215</u>	<u>10,802</u>
Administrative expenses		(6,612)	(9,116)
OPERATING PROFIT		<u>2,603</u>	<u>1,686</u>
Interest receivable	4	233	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>2,836</u>	<u>1,686</u>
Taxation	6	(808)	(404)
PROFIT FOR THE YEAR	11	<u><u>2,028</u></u>	<u><u>1,282</u></u>

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

G4S Aviation Security (UK) Limited


BALANCE SHEET

31 December 2007

	<i>Notes</i>	2007 £000	2006 £000
FIXED ASSETS			
Tangible assets	7	173	65
		<u>173</u>	<u>65</u>
CURRENT ASSETS			
Debtors	8	47,532	36,968
Cash at bank and in hand		306	1,701
		<u>47,838</u>	<u>38,669</u>
CREDITORS Amounts falling due within one year	9	(36,727)	(29,478)
NET CURRENT ASSETS		<u>11,111</u>	<u>9,191</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>11,284</u>	<u>9,256</u>
CAPITAL AND RESERVES			
Called up share capital	10	219	219
Profit and loss account	11	11,065	9,037
SHAREHOLDERS' FUNDS	12	<u>11,284</u>	<u>9,256</u>

The financial statements were approved by the board of directors and authorised for issue on 30th May 2008 and are signed on its behalf by

J Darnton
Director



G4S Aviation Security (UK) Limited

ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards

Under FRS 1 the Company is exempt from the requirements to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

As the Company is a wholly owned subsidiary of G4S plc, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements, of G4S plc, within which this Company is included, can be obtained from G4S plc, Manor Royal, The Manor, Crawley, West Sussex, RH10 9UN

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows

Computer equipment	-	over 5 years
Motor vehicles	-	over 5 years
Office and commercial equipment	-	over 5 years
Ground technical equipment	-	over 5 years

DEFERRED TAX

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. 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 at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

POST RETIREMENT BENEFITS

The Company participates in the Group's defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The amounts charged to the profit and loss account represents the contributions payable to the scheme in respect of the financial year

The Company also participates in a group wide defined benefit pension scheme. The assets of the scheme are held separately from those of the Company. The Company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period

LEASED ASSETS AND OBLIGATIONS

All leases are "operating leases" and the annual rentals are charged to the profit and loss on a straight-line basis over the lease term

TURNOVER

Turnover is recognised at the fair value of the consideration received or receivable for the sale of goods and/or services in the ordinary nature of the business. Turnover is presented net of VAT

G4S Aviation Security (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit on ordinary activities before taxation were derived from the provision of ground handling services in the United Kingdom

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2007	2006
	£000	£000

Profit on ordinary activities before taxation is stated after charging
Depreciation and amounts written off tangible fixed assets

Charge for the year

Owned assets

Operating lease rentals

land and buildings

equipment and vehicles

Auditors' remuneration – statutory audit

48 34

342 353

411 358

32 20

3 EMPLOYEES

2007	2006
No	No

The average weekly number of persons (including directors) employed
by the company during the period was

Management and administration

Operational

171 20

2,427 2,698

2,598 2,718

2007	2006
£000	£000

Staff costs for the above employees

Wages and salaries

Social security costs

Other pension costs

56,364 56,366

4,821 4,861

273 271

61,458 61,498

DIRECTORS' REMUNERATION

2007	2006
£000	£000

Emoluments

120 115

The number of directors to whom retirement benefits are accruing under defined benefit schemes was
3(2006 4)

The directors are also directors of a fellow group undertaking. It is not practicable to allocate their remuneration between their services across the group.

None of the directors exercised share options in the ultimate parent undertaking during the year

G4S Aviation Security (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

4	INTEREST RECEIVABLE	2007 £000	2006 £000
	Receivable from group undertakings	233	-

5 PENSION ARRANGEMENTS

The company participates in two group operated pension schemes

The defined benefit pension scheme for employees in the United Kingdom is called the Securicor Group Pension Scheme ("the principal scheme") G4S Aviation Security (UK) Limited is unable to identify its share of the underlying assets and liabilities of the scheme and has therefore taken advantage of the exemption available in FRS17 to account for contributions to the scheme as if it were a defined contribution scheme Full details of the scheme can be found in the accounts of G4S plc

The company also participates in the group defined contribution scheme G4S Group Personal Pension Plan

Contributions paid by the company during the period to the pension schemes amounted to £272,673 (2006 £271,000)

6	TAXATION	2007 £000	2006 £000
	Current tax		
	UK corporation tax on profits of the period	851	404
	Overprovision in respect of previous years	(38)	-
	Total current tax	813	404
	Deferred taxation		
	Origination and reversal of timing differences	(5)	-
	Total deferred tax	(5)	-
	Tax on profit on ordinary activities	808	404

G4S Aviation Security (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2007

Factors affecting tax charge for period	2007 £000	2006 £000
The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%) The differences are explained below		
Profit on ordinary activities before tax	2,836	1,686
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2006 30%)	851	506
Effects of		
Expenses not deductible for tax purposes	-	(121)
Timing differences	(5)	19
Adjustment in respect of previous years	(38)	-
Current tax charge for period	808	404

7 TANGIBLE FIXED ASSETS

	Motor Vehicles £000	Ground technical equipment £000	Office and commercial equipment £000	Total £000
Cost				
1 January 2007	40	103	54	197
Additions	-	133	-	133
Intergroup transfer	-	68	-	68
31 December 2007	40	304	54	398
Depreciation				
1 January 2007	17	83	32	132
Charge for the year	8	33	7	48
Intergroup transfer	-	45	-	45
31 December 2007	25	161	39	225
Net book value				
31 December 2007	15	143	15	173
31 December 2006	23	20	22	65

8 DEBTORS

	2007 £000	2006 £000
Trade debtors	7,845	9,545
Amounts owed by group undertakings	38,697	26,729
Other debtors	895	50
Prepayments and accrued income	95	644
	47,532	36,968

G4S Aviation Security (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

9	CREDITORS Amounts falling due within one year	2007 £000	2006 £000
	Trade creditors	550	377
	Amounts owed to group undertakings	25,177	20,392
	Corporation tax	806	412
	Other taxation and social security costs	6,540	4,003
	Other creditors	2,740	2,843
	Accruals and deferred income	914	1,451
		<u>36,727</u>	<u>29,478</u>

G4S Aviation Security (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

10	SHARE CAPITAL	2006 £000	2006 £000
	Authorised 250,000 ordinary shares of £1 each	250	250
	Allotted, issued and fully paid 218,707 ordinary shares of £1 each	219	219

Information in respect of FRS 20 "Share-based payments" received by the directors of this company is disclosed within the Annual Report and Financial Statements of G4S plc, the ultimate holding company and the company in which such awards are received by the directors. Further, note that none of the directors of this company are directors of G4S plc

11	PROFIT AND LOSS ACCOUNT	2007 £000	2006 £000
	1 January 2007	9,037	7,755
	Profit for the financial period	2,028	1,282
	31 December 2007	11,065	9,037

12	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2007 £000	2006 £000
	Profit for the financial period	2,028	1,282
	Opening shareholders' funds	9,256	7,974
	Closing shareholders' funds	11,284	9,256

13 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2007 the company had annual commitments under non-cancellable operating leases as follows

	2007 £000	2006 £000
Land and buildings expiring after the fifth year	265	265
	265	265
Other		
expiring within one year	68	251
expiring between 1 and 2 years	107	210
expiring between 2 to 5 years	125	152
	300	613

14 CONTINGENT LIABILITIES

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' unpaid debts in this connection. The liability of the UK group registration at 31 December 2007 totalled £18,214,691 (2006 £18,759,658)

G4S Aviation Security (UK) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

15 ULTIMATE PARENT COMPANY

The ultimate holding company of G4S Securicor Aviation Limited is G4S plc, a company registered in England and Wales. Copies of the group accounts of G4S plc can be obtained from The Manor, Manor Royal, Crawley, West Sussex, RH10 9UN.

16 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS8 that transactions do not need to be disclosed with companies 90% or more of whose voting rights are controlled within the group. All transactions with related parties are in the normal course of business.