

# Securicor Vehicle Services Limited

## FINANCIAL STATEMENTS

for the year ended

30 September 1997



Company Registration No. 1117740

# Securicor Vehicle Services Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

A R Hines  
A P Bristow  
K J Chatterton  
D G Cowden  
J L Rogers  
R C Casling  
P D Howes

### SECRETARY

A P Munson

### COMPANY NUMBER

1117740 (England and Wales)

### REGISTERED OFFICE

Sutton Park House  
15 Carshalton Road  
Sutton  
Surrey SM1 4LD

### AUDITORS

Baker Tilly  
Chartered Accountants  
2 Bloomsbury Street  
London  
WC1B 3ST

# Securicor Vehicle Services Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Securicor Vehicle Services Limited for the year ended 30 September 1997.

### PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the provision of a total transport management service to the operating companies within the Securicor Group involving the supply and maintenance of over 9,000 vehicles. In addition, vehicle maintenance and fleet management expertise is provided to third parties

### REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company continued to take advantage of the depressed state of the market for commercial vehicles by increasing the rate of renewal of its fleet, thereby improving the quality of its customer's vehicles at market competitive rates. This has been assisted by balancing internal and external funding, provided through strong credit lines with premier finance houses.

The car and commercial fleet grew by over 11% this year due to Securicor's success in the distribution and logistics market combined with further acquisitions by the group.

The company continues to maintain the high level of support for its customers whilst reducing its costs to maintain its competitive advantage by offering reduced rates to its customers. Operational rationalisation continued throughout the year.

### RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £175,000. The directors do not recommend the payment of a dividend.

The directors consider that the company's state of affairs are satisfactory.

### DIRECTORS

The following directors have held office since 1 October 1996:-

C C Shirtcliffe	(Resigned 30 June 1997)
A R Hines	
A L Bennett	(Resigned 30 June 1997)
A P Bristow	
K J Chatterton	
D G Cowden	
T L Dighton	(Resigned 30 June 1997)
B C Finch	(Resigned 30 June 1997)
J L Rogers	
R C Casling	(Appointed 1 July 1997)
P D Howes	(Appointed 1 July 1997)

# Securicor Vehicle Services Limited

## DIRECTORS' REPORT

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### DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director who is not a holding company director had any interest in the share capital of the company, or its parent company Securicor plc, except as follows:

	<i>Securicor plc 5p Ordinary Stock 1997</i>	<i>Securicor plc 5p Ordinary Stock 1996</i>
D G Cowden	120	120

The following options were granted to directors, who are not holding company directors, over ordinary shares in Securicor plc during the year:

	<i>Number of Shares 1997</i>
A R Hines	24,600
A P Bristow	9,120
K J Chatterton	11,331
D G Cowden	27,250
J L Rogers	7,370
R C Casling	22,180

### FIXED ASSETS

Capital expenditure during the year amounted to £13,005,000 (1996: £24,576,000) of which £12,631,000 (1996: 23,487,000) related to vehicles. The movement of tangible fixed assets during the year is shown in note 7 to the financial statements.

### MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the aggregate value of properties at 30 September 1997 is not less than the amount at which they are shown in the financial statements.

### 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 including the circulation on an individual basis of the in-house magazine, the 'Securicor News', conferences and regular area meetings.

### 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.

### PAYMENT OF SUPPLIERS

It is the group's policy to pay suppliers in accordance with the payment terms negotiated with them. Thus prompt payment is normally made to those suppliers meeting their obligations.

# Securicor Vehicle Services Limited

## DIRECTORS' REPORT

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### TAX STATUS

The directors consider that the company is not a 'close company' as defined by the Income and Corporation Taxes Act 1988.

### SHARE CAPITAL

The authorised and issued share capital of the company at 30 September 1997 is shown in note 13 to the financial statements.

### POST BALANCE SHEET EVENTS

After the year end the fleet of armoured vehicles was transferred to Securicor Cash Services Limited for £24m at net book value.

### AUDITORS

In accordance with Section 386, Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. Accordingly, Baker Tilly, Registered Auditors, are deemed to be reappointed for the forthcoming year.

By order of the board



A P MUNSON  
Secretary

9 January 1998

# Securicor Vehicle Services Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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Company law requires directors to prepare financial statements 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 financial statements, 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. 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.

## AUDITORS' REPORT TO THE MEMBERS OF SECURICOR VEHICLE SERVICES LIMITED

We have audited the financial statements on pages 7 to 17.

### **Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

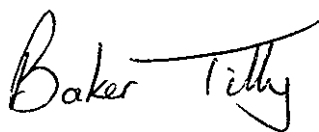
### **Basis of opinion**

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 of 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 30 September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London  
WC1B 3ST

9 January 1998

# Securicor Vehicle Services Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1997

	<i>Notes</i>	1997 £000's	1996 £000
TURNOVER	1	74,268	80,143
Cost of Sales		67,895	65,872
Gross profit		6,373	14,271
Other operating expenses (net)	2	3,480	7,894
OPERATING PROFIT		2,893	6,377
Interest payable	3	3,449	4,546
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(556)	1,831
Taxation	6	(731)	1,346
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	175	485

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.



# Securicor Vehicle Services Limited

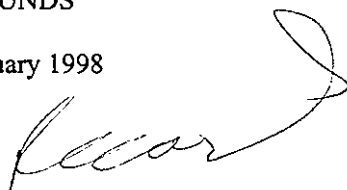
## BALANCE SHEET

30 September 1997

	<i>Notes</i>	1997 £000's	1996 £000's
<b>FIXED ASSETS</b>			
Tangible assets	7	50,152	63,037
Investments	8	700	700
		<hr/>	<hr/>
		50,852	63,737
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Stocks	9	613	613
Debtors	10	15,925	12,202
		<hr/>	<hr/>
		16,538	12,815
		<hr/>	<hr/>
CREDITORS: Amounts falling due within one year	11	59,695	16,303
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(43,157)	(3,488)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,695	60,249
		<hr/>	<hr/>
CREDITORS: Amounts falling due after more than one year	12	309	53,038
		<hr/>	<hr/>
		7,386	7,211
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	3,000	3,000
Profit and loss account	15	4,386	4,211
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	16	7,386	7,211
		<hr/>	<hr/>

Approved by the board on 9 January 1998

Director



# Securicor Vehicle Services Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

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

The company has taken advantage of the exemption conferred by Financial Reporting Standard No 1 had has not produced a cash flow statement.

### TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

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

Freehold properties	over 50 years
Long term leasehold buildings	over 50 years
Short term leasehold buildings	over the period of the lease
Equipment	10 years
Motor vehicles	2 - 10 years
Computer equipment	5 years

### STOCKS

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

### DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

### LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

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

### PENSIONS CONTRIBUTIONS

The company is included in the Group defined benefit pension scheme. The contributions to the schemes are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the employees' working lives with the Group.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

### CONTRACT HIRE INCOME

Contract hire income is credited to the profit and loss account so that the income and expenditure are matched over the duration of the related contracts.

# Securicor Vehicle Services Limited

## ACCOUNTING POLICIES

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### MAINTENANCE OF CONTRACT VEHICLES

Income received in respect of maintenance is deferred and subsequently credited to the profit and loss account so that it matches expenditure to be incurred over the duration of the related contracts.

# Securicor Vehicle Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

### 1. TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and (loss)/profit before taxation were all derived from its principal activity. Sales were all made in the UK.

2.	OTHER OPERATING EXPENSES (NET)	1997 £000	1996 £000
	Administration expenses	6,853	11,024
	Other operating income	(3,373)	(3,130)
		<hr/>	<hr/>
		3,480	7,894
		<hr/>	<hr/>
3.	INTEREST PAYABLE	1997 £000	1996 £000
	Interest receivable from group undertakings	(21)	-
	Other interest receivable	(45)	(15)
	Interest paid to group undertakings	3,258	3,941
	Finance leases and hire purchase interest	71	326
	Interest on bank loans and overdrafts	186	294
		<hr/>	<hr/>
		3,449	4,546
		<hr/>	<hr/>
4.	(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1997 £000	1996 £000
	(Loss)/Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Aggregate rentals receivable under operating leases	(57,964)	(58,037)
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year:		
	owned assets	19,067	17,362
	Profit on disposals	(3,373)	(2,644)
	Operating lease rentals:		
	Vehicles, plant and machinery	17,865	10,455
	Land and buildings	1,179	1,094
	Auditors' remuneration	33	33
		<hr/>	<hr/>

# Securicor Vehicle Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

5. EMPLOYEES	1997 No.	1996 No.
The average monthly number of persons (including directors) employed by the company during the year was:		
Management	31	32
Administration	110	113
Operational	370	492
	—	—
	511	637
	—	—
	1997 £000	1996 £000
Staff costs for the above persons:		
Wages and salaries	9,695	12,143
Social security costs	753	824
Other pension costs	563	713
	—	—
	11,011	13,680
	—	—
DIRECTORS' REMUNERATION	1997 £000	1996 £000
Fees	-	-
Other emoluments (including pension contributions and benefits in kind)	438,159	494,112
Compensation for loss of office	60,000	-
	—	—
	498,159	494,112
	—	—
Highest paid director		
Aggregate emoluments	117,638	120,263
	—	—
Accrued pension at end of year	16,555	10,625
	—	—
The number of directors to whom relevant benefits are accruing under defined benefit pension schemes was:	6	7
	—	—

The company's share of the costs of the Group's defined benefit pensions schemes amounted to £563,000 (1996: £713,000).

The pension costs are assessed on the advice of independent qualified actuaries using the projected unit credit method. The most recent actuarial valuation was 6 April 1996. The assets of the schemes are held in separate trustee administered funds.

Full particulars of the pension scheme are disclosed in the published accounts of Securicor plc.

# Securicor Vehicle Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

6.	TAXATION	1997 £000	1996 £000
	Based on the profit for the year:		
	Group relief receivable	(731)	1,547
	Adjustment for previous years	-	(201)
		<hr/> (731) <hr/>	<hr/> 1,346 <hr/>

## 7. TANGIBLE FIXED ASSETS

	<i>Freehold Properties</i>	<i>Leasehold Long term</i>	<i>Properties Short term</i>	<i>Vehicles held for use in Operating Leases</i>	<i>Furniture fixtures &amp; equipment</i>	<i>Total</i>
	£000	£000	£000	£000	£000	£000
Cost or valuation						
1 October 1996	492	384	1,045	136,624	4,531	143,076
Additions	6	-	56	12,267	312	12,641
Reclassification	248	-	-	(248)	-	-
Transfers from						
Group companies	-	-	-	364	-	364
Disposals	-	-	(9)	(34,885)	(299)	(35,193)
Transfers to group companies	-	-	-	(8,538)	-	(8,538)
30 September 1997	<hr/> 746 <hr/>	<hr/> 384 <hr/>	<hr/> 1,092 <hr/>	<hr/> 105,584 <hr/>	<hr/> 4,544 <hr/>	<hr/> 112,350 <hr/>
Depreciation						
1 October 1996	62	62	512	76,933	2,470	80,039
Provision for year	32	5	58	18,138	834	19,067
Reclassification	108	-	-	(108)	-	-
Transfer to group companies	-	-	-	(4,893)	-	(4,893)
Disposals	-	-	(4)	(31,757)	(254)	(32,015)
30 September 1997	<hr/> 202 <hr/>	<hr/> 67 <hr/>	<hr/> 566 <hr/>	<hr/> 58,313 <hr/>	<hr/> 3,050 <hr/>	<hr/> 62,198 <hr/>
Net book value						
30 September 1997	<hr/> 544 <hr/>	<hr/> 317 <hr/>	<hr/> 526 <hr/>	<hr/> 47,271 <hr/>	<hr/> 1,494 <hr/>	<hr/> 50,152 <hr/>
30 September 1996	<hr/> 430 <hr/>	<hr/> 322 <hr/>	<hr/> 533 <hr/>	<hr/> 59,691 <hr/>	<hr/> 2,061 <hr/>	<hr/> 63,037 <hr/>

The Net Book Value of assets held under finance leases was £730,000 (1996: £1,529,000)

# Securicor Vehicle Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

8.	FIXED ASSETS INVESTMENTS	£000
	Associated undertakings	
	Shares at cost	
	At 1 October 1996	700
	Additions	-
		<hr/>
	At 30 September 1997	700
		<hr/>

Included in associated undertakings is the Company's investment in Eurotruck Contract Hire (ECL) totalling £700,000. 50:50 Joint venture with Iveco. The Company is incorporated in England and Wales. The loss for the year of ECL was £718,100 and the retained losses were £1,156,800.

9.	STOCKS	1997 £000	1996 £000
	Raw materials, components and consumables	613	613
		<hr/>	<hr/>
10.	DEBTORS	1997 £000	1996 £000
	Due within one year		
	Trade debtors	837	2,249
	Amounts owed by parent undertaking and fellow subsidiary undertakings	10,956	5,494
	Other debtors	1,454	2,488
	Prepayments and accrued income	1,947	1,971
	Corporation tax repayment	731	-
		<hr/>	<hr/>
		15,925	12,202
		<hr/>	<hr/>

Included in amounts owed by parent undertaking and fellow subsidiary undertakings is amounts due after one year of £5,837,000.

11.	CREDITORS: Amounts falling due within one year	1997 £000	1996 £000
	Bank loans and overdrafts	1,812	3,033
	Trade creditors	1,458	3,604
	Amounts owed to parent undertaking and fellow subsidiary undertakings	47,572	1,696
	Social security and taxation	223	261
	Corporation tax	-	1,341
	Other creditors	972	1,892
	Accruals and deferred income	7,255	3,971
	Amounts due under finance leases	403	505
		<hr/>	<hr/>
		59,695	16,303
		<hr/>	<hr/>

# Securicor Vehicle Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

12.	CREDITORS: Amounts falling due in more than one year	1997 £000	1996 £000
	Amount owed to parent undertaking	-	52,290
	Amounts due under finance leases:		
	in the first to second year	69	-
	in the second to fifth years	-	668
	Deferred income	240	80
		<hr/>	<hr/>
		309	53,038
		<hr/>	<hr/>
13.	PROVISIONS FOR LIABILITIES AND CHARGES		
	No provision has been made in the financial statements for deferred taxation.		
	The amount of deferred taxation in respect of accelerated capital allowances and other timing differences calculated by the liability method for which no provision has been made is £2,034,000 (1996: £964,000).		
14.	SHARE CAPITAL	1997 £000	1996 £000
	Authorised		
	5,000,000 ordinary shares of £1 each	5,000	5,000
		<hr/>	<hr/>
	Allotted, issued and fully paid		
	3,000,000 ordinary shares of £1 each	3,000	3,000
		<hr/>	<hr/>
15.	PROFIT AND LOSS ACCOUNT	1997 £000	1996 £000
	1 October 1996	4,211	3,726
	Retained profit for the year	175	485
		<hr/>	<hr/>
	30 September 1997	4,386	4,211
		<hr/>	<hr/>



# Securicor Vehicle Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

16.	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1997 £000	1996 £000
	Profit after taxation	175	485
	Dividends	-	-
	Net addition to shareholders' funds	175	485
	Opening shareholders' funds	7,211	6,726
	Closing shareholders' funds	7,386	7,211

17.	CAPITAL COMMITMENTS	1997 £000	1996 £000
	Capital expenditure contracted for but not provided in the financial statements	32	226
	Capital expenditure authorised by the directors but not contracted	300	300

### 18. COMMITMENTS UNDER OPERATING LEASES

At 30 September 1997 the company had annual commitments under non-cancellable operating leases as follows:

	1997 £000	1996 £000
Land and buildings		
expiring within 1 year	15	3
expiring between 2 and 5 years	146	38
expiring after five years	1,018	1,053
	1,179	1,094
Other:		
expiring within 1 year	2,160	-
expiring between 2 and 5 years	15,636	-
expiring after 5 years	360	-
	18,156	-

### 19. CONTINGENT LIABILITIES

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group company's unpaid debts in this connection.

The company together with certain other companies is jointly and severally liable under the terms of a guarantee provided in respect of a revolving credit loan facility granted to Security Services Plc, a fellow subsidiary of Securicor Services Plc.

# Securicor Vehicle Services Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1997

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### 20. ULTIMATE HOLDING COMPANY

The Company's ultimate parent company is Securicor Plc, which is registered in England and Wales. Copies of the financial statements of Securicor Plc can be obtained from Sutton Park House, 15 Carshalton Road, Sutton, Surrey, SM1 4LD.

### 21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 in not disclosing balances with other Securicor Group companies.

### 22. POST BALANCE SHEET EVENTS

After the year end the fleet of armoured vehicles was transferred to Securicor Cash Services Limited for £24m at net book value.