

# Securicor Group Limited

## FINANCIAL STATEMENTS

for the year ended  
30 September 2003



# Securicor Group Limited

## DIRECTORS AND OFFICERS

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### DIRECTORS

IG Bridges  
NP Buckles  
ILE Cowden  
TL Dighton  
NE Griffiths  
RG Hawkins

### SECRETARY

LK Gateson

### REGISTERED OFFICE

Sutton Park House  
15 Carshalton Road  
Sutton  
Surrey SM1 4LD

### AUDITORS

Baker Tilly  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

# Securicor Group Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Securicor Group Limited for the year ended 30 September 2003.

### PRINCIPAL ACTIVITIES

The company's principal activity during the year was that of an operating management company.

### DIVIDENDS

The directors do not recommend the payment of a final dividend.

### REVIEW OF THE BUSINESS

The directors consider that the state of the company's affairs at 30 September 2003 and its result for the year were satisfactory.

### CHARITABLE DONATIONS

The aggregate total of charitable donations paid in the year was £16,950.

### DIRECTORS

The following directors held office during the year:

IG Bridges  
NP Buckles  
ILE Cowden  
TL Dighton  
NE Griffiths  
RG Hawkins (appointed 6 January 2003)

### DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

None of the directors had an interest in the shares of the company.

The following directors, who are not holding company directors, have interests, including family interests, in the share capital of the parent company, Securicor plc, (a) at the start of the year or date of appointment if later, and (b) at the end of the year.

	(b)	(a)
	30.9.03	1.10.02/ 6.1.03
IG Bridges	14,856	17,478
RG Hawkins	99,180	116,684

# Securicor Group Limited

## DIRECTORS' REPORT

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### DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS (*continued*)

The following shares were conditionally awarded during the period to the directors, who are not also holding company directors, under the Securicor Performance Share Plan (for further details see the Annual Report and Accounts of Securicor plc).

	Number of shares conditionally awarded
IG Bridges	124,300
RG Hawkins	115,400

### POLICY ON PAYMENT OF CREDITORS

It is the company's policy to pay suppliers in accordance with the payment terms negotiated with them. Thus, prompt payment is normally made to these suppliers meeting their obligations. The company does not follow any formal code or standard on payment practice.

At 30 September 2003 the company's trade creditors represented 30 days of annual purchases.

### 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, Chartered Accountants, are deemed to be re-appointed for the succeeding financial year.

By order of the board



LK Gateson  
Secretary

4 December 2003

# Securicor Group Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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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 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 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 SECURICOR GROUP LIMITED

We have audited the financial statements on pages 6 to 16.

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 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 United Kingdom Auditing Standards.

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 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 with the company is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### **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 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 30 September 2003 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

4 December 2003

**Securicor Group Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 30 September 2003

	<i>Notes</i>	2003 £000	2002 £000
TURNOVER	1	12,068	27,844
Administrative expenses		(23,714)	(27,997)
Other operating costs		6,658	(2,916)
OPERATING LOSS		(4,988)	(3,069)
Exceptional items:	2		
Profit on disposal of joint venture interests		105,619	-
Loss on disposal of investments in subsidiary undertakings		(10,880)	(70,611)
Loss on disposal of fixed assets		-	(706)
Provision against fixed asset investments		(1,617)	-
Investment income	3	29,598	24,815
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE		117,732	(49,571)
Interest payable and similar charges	4	(986)	(1,947)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	116,746	(51,518)
Taxation	7	5,604	(1,097)
RETAINED PROFIT/(LOSS) FOR THE YEAR	14	122,350	(52,615)

The operating loss is derived 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 Group Limited

## BALANCE SHEET

30 September 2003

	Notes	2003 £000	2002 £000
<b>FIXED ASSETS</b>			
Tangible assets	8	4,882	2,447
Investments	9	100,135	106,190
		<u>105,017</u>	<u>108,637</u>
<b>CURRENT ASSETS</b>			
Debtors (including debtors due after more than one year £118,275,000 (2002: £149,575,000) )	10	369,409	532,946
Cash at bank and in hand		13,228	9,073
		<u>382,637</u>	<u>542,019</u>
<b>CREDITORS: Amounts falling due within one year</b>			
Bank overdrafts and short term loans		-	527
Other	11	80,684	416,848
		<u>80,684</u>	<u>417,375</u>
<b>NET CURRENT ASSETS</b>		<u>301,953</u>	<u>124,644</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>406,970</u>	<u>233,281</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	12	(1,339)	-
<b>NET ASSETS</b>		<u>405,631</u>	<u>233,281</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	13	27,529	27,504
Share premium account	14	298,256	248,281
Capital redemption reserve	14	100	100
Profit and loss account	14	79,746	(42,604)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	15	<u>405,631</u>	<u>233,281</u>

Approved by the board on 4 December 2003



Director

Director



# Securicor Group 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.

### BASIS OF CONSOLIDATION

Group accounts are not prepared in view of the fact that the company is a wholly owned subsidiary of Securicor plc, which itself prepares consolidated accounts.

### INVESTMENTS

Long term investments in subsidiary and associated undertakings are classified as fixed assets and are stated at cost.

Provision is made for any permanent diminution in the value of fixed asset investments.

### 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:

Leasehold interests are depreciated annually over the lease term.

Equipment and vehicles are depreciated annually over 2 to 10 years.

### FOREIGN CURRENCIES

Profits and losses and assets and liabilities denominated in foreign currencies have been translated into sterling at the rates of exchange ruling at the balance sheet date. Foreign exchange adjustments have been taken to the profit and loss account.

### TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of services provided.

### 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.

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.

### PENSIONS

The company is included in the Group defined benefit pension scheme and defined contribution 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.

# Securicor Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2003

1	TURNOVER	2003 £000	2002 £000
	Turnover	11,782	27,455
	Rent receivable	286	389
		<u>12,068</u>	<u>27,844</u>

All turnover was derived from the company's principal business in the UK.

2	EXCEPTIONAL ITEMS	2003 £000	2002 £000
	Profit on disposal of joint venture interests	105,619	-
	Loss on disposal of investments in subsidiary undertakings	(10,880)	(70,611)
	Loss on disposal of fixed assets	-	(706)
	Provision against fixed asset investments	(1,617)	-
		<u>93,122</u>	<u>(71,317)</u>

The profit on disposal of joint venture interests relates to the disposal of Securicor Omega Holdings Limited.

The loss on disposal of investments in subsidiary undertakings relates to the write down in 2002 of the carrying value of Securicor Information Systems Ltd to its Net Asset value and its subsequent disposal in 2003.

3	INVESTMENT INCOME	2003 £000	2002 £000
	Dividends from subsidiary companies	20,841	15,000
	Other interest receivable and similar income	8,757	9,815
		<u>29,598</u>	<u>24,815</u>

4	INTEREST PAYABLE	2003 £000	2002 £000
	On bank loans, overdrafts and other loans repayable within 5 years:		
	Other loans	986	1,947
		<u>986</u>	<u>1,947</u>

5	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2003 £000	2002 £000
	Profit/(loss) on ordinary activities before taxation is stated after charging:		
	Depreciation and amounts written off tangible fixed assets:		
	charge for the year:		
	owned assets	539	254
	Operating lease rentals:		
	Plant and machinery	420	444
	Land and buildings	874	401
	Auditors' remuneration	20	13
		<u>1,853</u>	<u>1,112</u>

# Securicor Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2003

6	EMPLOYEES	2003 No.	2002 No.
	The average weekly number of persons (including directors) employed by the company during the year was:		
	Management	39	28
	Administration	78	91
		<u>117</u>	<u>119</u>
		2003 £000	2002 £000
	Staff costs for the above employees are:		
	Wages and salaries	9,021	10,222
	Social security	1,227	975
	Other pension costs	959	627
		<u>11,207</u>	<u>11,824</u>
	DIRECTORS' REMUNERATION	2003 £000	2002 £000
	Aggregate emoluments	<u>1,571</u>	<u>3,147</u>
	Directors' fees and other emoluments include amounts paid to the highest paid director:	2003 £000	2002 £000
	Emoluments	425	995
	Accrued pension	<u>12</u>	<u>12</u>

Full details of the directors emoluments from the group are disclosed in the group financial statements of Securicor plc, the amounts disclosed above relate to services provided to all group companies.

### PENSIONS

The company's share of the costs of the group's defined benefit pensions schemes amounted to £959,591 (2002: £627,427).

The pension costs are assessed on the advice of independent qualified actuaries using the projected unit credit method. The most recent actuarial valuation was 5 April 2003. 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 Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 September 2003**

7	<b>TAXATION</b>	<b>2003</b>	<b>2002</b>
		<b>£'000</b>	<b>£'000</b>
	Current tax:		
	UK corporation tax on profits of the period	(1,031)	1,373
	Adjustments in respect of previous periods	(2,879)	-
	<b>Total current tax</b>	<b>(3,910)</b>	<b>1,373</b>
	Deferred taxation:		
	Origination and reversal of timing differences	(1,694)	(276)
	<b>Total deferred tax</b>	<b>(1,694)</b>	<b>(276)</b>
	<b>Tax on profit on ordinary activities</b>	<b>(5,604)</b>	<b>1,097</b>
	<b>Factors affecting tax charge for period:</b>	<b>2003</b>	<b>2002</b>
		<b>£'000</b>	<b>£'000</b>
	The tax assessed for the period is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:		
	Profit on ordinary activities before tax	116,746	(51,518)
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2002: 30%)	35,024	(15,455)
	Effects of:		
	Expenses not deductible for tax purposes	56	21,378
	Timing differences in the recognition of profits and losses	(2,163)	(50)
	Non taxable income	(33,948)	(4,500)
	Adjustment to tax charge in respect of previous periods	(2,879)	-
	<b>Tax charge for period</b>	<b>(3,910)</b>	<b>1,373</b>

**Securicor Group Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 30 September 2003

8	TANGIBLE FIXED ASSETS	<i>Land and Buildings</i>	<i>Equipment &amp; vehicles</i>	<i>Total</i>
		<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
	Cost			
	1 October 2002	800	2,989	3,789
	Additions	-	3,135	3,135
	Disposals	(124)	(145)	(269)
	30 September 2003	676	5,979	6,655
	Depreciation:			
	1 October 2002	430	912	1,342
	Charged in the year	21	518	539
	Disposals	(15)	(93)	(108)
	30 September 2003	436	1,337	1,773
	Net book value:			
	30 September 2003	240	4,642	4,882
	30 September 2002	370	2,077	2,447
	Land and buildings at net book value comprise:		2003 £000	2002 £000
	Long leaseholds		86	197
	Short leaseholds		154	173
			240	370

# Securicor Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

### for the year ended 30 September 2003

9	FIXED ASSET INVESTMENTS	<i>Joint venture £000</i>	<i>Subsidiary undertakings £000</i>	<i>Associated undertakings £000</i>	<i>Total £000</i>
	Cost or valuation:				
	1 October 2002	44,793	167,108	-	211,901
	Additions	-	23,068	18,171	41,239
	Disposals	(44,793)	(70,612)	-	(115,405)
	30 September 2003	-	119,564	18,171	137,735
	Amounts written off:				
	1 October 2002	-	105,711	-	105,711
	Charged in the year	-	2,500	-	2,500
	Eliminated on disposal	-	(70,611)	-	(70,611)
	30 September 2003	-	37,600	-	37,600
	Net book value:				
	30 September 2003	-	81,964	18,171	100,135
	30 September 2002	44,793	61,397	-	106,190

The company holds more than 10% of the equity of the following principal undertakings:

Subsidiary undertakings	Country of registration/ incorporation	Class of holding	Proportion held	Nature of business
Securicor International Ltd	England	Ordinary	100%	Holding company
Securicor Security Services Ltd	England	Ordinary	100%	Holding company
Securicor Cash Services Ltd	England	Ordinary	100%	Security
Securicor Justice Services Ltd	England	Ordinary	100%	Custody
Securicor Aviation Ltd	England	Ordinary	100%	Guarding
Securicor Cash Centres Ltd	England	Ordinary	100%	Security
Securicor Security Ltd	England	Ordinary	100%	Guarding
Securicor International Holding AG	Germany	Ordinary	100%	Holding company

All shareholdings are directly held apart from Securicor International Holding AG which is held in the following proportions: 26.19% directly and 73.81% indirectly.

All the above companies have co-terminus year ends.

The accounts present information about the company as an individual undertaking, and not about its group, as the company has taken advantage of the exemption provided by section 228 of the Companies Act 1985 since it is a subsidiary undertaking of Securicor plc, a company registered in England and Wales, and is included in that company's consolidated accounts.

# Securicor Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2003

10	DEBTORS	2003 £000	2002 £000
	Trade debtors	766	515
	Amounts owed by group undertakings	364,469	528,494
	Amounts owed by related parties	-	983
	Other debtors	4,174	2,954
		<u>369,409</u>	<u>532,946</u>

Included in amounts owed by group undertakings is £118,275,000 (2002: £149,575,000) representing loan accounts due after more than one year.

Included in other debtors is £1,970 (2002: £276,000) with regard to deferred tax, see note 12.

11	CREDITORS: Amounts falling due within one year	2003 £000	2002 £000
	Trade creditors	811	2,277
	Amounts owed to group undertakings	58,650	406,226
	Amounts owed to related parties	-	50
	Corporation tax	13,167	5,639
	Other tax and social security	410	755
	Other creditors	6,712	346
	Accruals and deferred income	934	1,555
		<u>80,684</u>	<u>416,848</u>

## 12 PROVISIONS FOR LIABILITIES AND CHARGES

The provision with regard to onerous leases has been recognised for the expected shortfall in rent receivable against rent payable on various leased properties.

	Onerous leases £000
At 1 October 2002	-
Transferred from group companies	1,339
At 30 September 2003	<u>1,339</u>

# Securicor Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2003

### 12 PROVISIONS FOR LIABILITIES AND CHARGES

The undiscounted deferred tax asset is comprised as follows:

		Deferred tax £000
At 1 October 2002		(276)
Transfer to profit and loss account		(1,694)
At 30 September 2003 (note 10 above)		<u>(1,970)</u>
		<u><u>          </u></u>
	2003 £000	2002 £000
Accelerated capital allowances	20	231
Other timing differences	1,950	45
Undiscounted deferred tax asset	<u>1,970</u>	<u>276</u>

	2003		2002	
	Authorised £	Issued and fully paid £	Authorised £	Issued and fully paid £
'X' ordinary shares of 25p each	14,007,309	14,007,309	14,007,309	14,007,309
'Y' ordinary shares of 25p each	15,992,691	13,521,669	15,992,691	13,496,669
	30,000,000	27,528,978	30,000,000	27,503,978

The 'X' ordinary shares and 'Y' ordinary shares rank pari passu in all respects save that the directors of the company shall be entitled to declare a dividend or otherwise make distributions (including any distributions in kind) with respect to the 'X' ordinary shares to the exclusion of the 'Y' ordinary shares, and vice versa.

On 15 October 2002, the company issued 100,000 'Y' ordinary shares which were issued with a nominal value of 25p each for £500 each.

### 14 RESERVES

	Profit and loss account £000	Capital redemption reserve £000	Share premium £000	Total £000
1 October 2002	(42,604)	100	248,281	205,777
Profit for the year	122,350	-	-	122,350
Premium on allotment during the year	-	-	49,975	49,975
30 September 2003	79,746	100	298,256	378,102



# Securicor Group Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2003

15	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	2003 £000	2002 £000
	Retained profit/(loss) for the year	122,350	(52,615)
	Issue of share capital	50,000	200,000
	Net increase in shareholders' funds	172,350	147,385
	Opening equity shareholders' funds	233,281	85,896
	Closing equity shareholders' funds	405,631	233,281

### 16 COMMITMENTS UNDER OPERATING LEASES

At 30 September 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003 £'000	2002 £'000
Land and buildings		
within one year	24	-
between 2 to 5 years	-	95
after 5 years	779	306
	803	401
Plant and equipment		
within one year	151	26
between 1 and 2 years	117	230
between 2 to 5 years	76	187
	344	443

### 17 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 company, together with certain other group companies, is jointly and severally liable under the terms of a guarantee provided in respect of a revolving credit loan facility granted to Securicor plc.

### 18 ULTIMATE PARENT COMPANY

The ultimate holding company of Securicor Group Limited is Securicor plc, a company registered in England and Wales. Copies of the group accounts of Securicor plc can be obtained from Sutton Park House, 15 Carshalton Road, Sutton, Surrey SM1 4LD.

### 19 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.