

Securicor Group Limited
(formerly Security Services plc)

FINANCIAL STATEMENTS

for the year ended
30 September 2002



Securicor Group Limited

DIRECTORS AND OFFICERS

DIRECTORS

IG Bridges
NP Buckles
ILE Cowden
TL Dighton
NE Griffiths

SECRETARY

AP Munson

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

The directors submit their report and the financial statements of Securicor Group Limited for the year ended 30 September 2002.

PRINCIPAL ACTIVITIES

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

CHANGE OF NAME

On 11 January 2002 the company re-registered from a public limited company to a private limited company and changed its name from Security Services plc to Securicor Group Limited.

DIVIDENDS

The directors are precluded from the payment of a dividend.

REVIEW OF THE BUSINESS

The directors consider that the state of the company's affairs at 30 September 2002 and its result for the year were satisfactory.

CHARITABLE DONATIONS

The aggregate total of charitable donations paid in the year was £13,000.

DIRECTORS

The following directors held office during the year:

IG Bridges	(appointed 26 April 2002)
NP Buckles	
ILE Cowden	(appointed 26 April 2002)
TL Dighton	(appointed 18 February 2002)
NE Griffiths	
CC Shirtcliffe	(resigned 31 May 2002)
RSWH Wiggs	(resigned 7 January 2002)

DIRECTORS' INTERESTS IN SHARES AND SHARE OPTIONS

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

The following director, who is not a holding company director, has interests, including family interests, in the share capital of the parent company, Securicor plc.

		Date of Appointment
	30.9.02	26.4.02
IG Bridges	17,478	-

Securicor Group Limited

DIRECTORS' REPORT

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

The following options were granted to the director, who is not a holding company director:

	Number of options granted
IG Bridges	251,826

POST BALANCE SHEET EVENTS

On 15 October 2002, the authorised and issued ordinary share capital was increased by 100,000 shares which were issued with a nominal value of 25p for £500 each.

POLICY ON PAYMENT OF CREDITORS

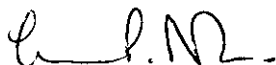
It is the company's policy to pay suppliers in accordance with the payment terms negotiated with them. Thus, prompt payment is normally made to these suppliers meeting their obligations. The company does not follow any formal code or standard on payment practice.

At 30 September 2002 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



AP Munson
Secretary

10 December 2002

Securicor Group Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 17.

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 2002 and of its loss 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

10 December 2002

Securicor Group Limited
 PROFIT AND LOSS ACCOUNT
 for the year ended 30 September 2002

	<i>Notes</i>	2002 £000	2001 £000
TURNOVER	1	27,844	-
Administrative expenses		(27,997)	(339)
Other operating costs		(2,916)	-
OPERATING LOSS		(3,069)	(339)
Exceptional items	2	(71,317)	(215,000)
Investment income	3	24,815	56,444
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE		(49,571)	(158,895)
Interest payable and similar charges	4	(1,947)	(8,561)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(51,518)	(167,456)
Taxation	7	(1,097)	831
RETAINED LOSS FOR THE YEAR	15	(52,615)	(166,625)

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 2002

	Notes	2002 £000	2001 £000
FIXED ASSETS			
Tangible assets	8	2,447	3,430
Investments	9	106,190	64,722
		<u>108,637</u>	<u>68,152</u>
CURRENT ASSETS			
Debtors (including debtors due after more than one year £149,575,000 (2001: £243,281,000))	10	532,946	373,496
Investments	12	-	9
Cash at bank and in hand		9,073	357
		<u>542,019</u>	<u>373,862</u>
CREDITORS: Amounts falling due within one year			
Bank overdrafts and short term loans		527	4,169
Other	13	416,848	351,949
		<u>417,375</u>	<u>356,118</u>
NET CURRENT ASSETS		<u>124,644</u>	<u>17,744</u>
NET ASSETS		<u>233,281</u>	<u>85,896</u>
CAPITAL AND RESERVES			
Called up share capital	14	27,504	27,404
Share premium account	15	248,281	48,381
Capital redemption reserve	15	100	100
Profit and loss account	15	(42,604)	10,011
EQUITY SHAREHOLDERS' FUNDS	16	<u>233,281</u>	<u>85,896</u>

Approved by the board on 10 December 2002

Director



Director

Securicor Group Limited

ACCOUNTING POLICIES

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 and joint ventures are classified as fixed assets. Short term investments are classified as current assets.

Long term investments are stated at cost. Other investments listed on a recognised stock exchange are valued at the lower of cost and mid-market value at the balance sheet date.

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:

Freehold property are depreciated annually at 2% of cost.

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 2002

1	TURNOVER	2002 £000	2001 £000
	Turnover	27,455	-
	Rent receivable	389	-
		<u>27,844</u>	<u>-</u>

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

2	EXCEPTIONAL ITEMS	2002 £000	2001 £000
	Write off of investment in subsidiary undertaking	70,611	-
	Loss on disposal of fixed assets	706	-
	Provision against loans & investment in subsidiary undertakings	-	215,000
		<u>71,317</u>	<u>215,000</u>

The write off of the investment in subsidiary relates to the write down of the carrying value of Securicor Information Systems Ltd to its Net Asset value. The provision against loans and investment in subsidiaries in the year ended 30 September 2001 related to the discontinuing of activities in the communications division of the group.

3	INVESTMENT INCOME	2002 £000	2001 £000
	Dividends from subsidiary companies	15,000	45,980
	Other interest receivable and similar income	9,815	10,464
		<u>24,815</u>	<u>56,444</u>

4	INTEREST PAYABLE	2002 £000	2001 £000
	On bank loans, overdrafts and other loans repayable within 5 years:		
	Other loans	<u>1,947</u>	<u>8,561</u>

5	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2002 £000	2001 £000
	Loss on ordinary activities before taxation is stated after charging:		
	Depreciation and amounts written off tangible fixed assets:		
	charge for the year:		
	owned assets	254	21
	Auditors' remuneration	<u>13</u>	<u>7</u>

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2002

6	EMPLOYEES	2002 No.	2001 No.
	The average weekly number of persons (including directors) employed by the company during the year was:		
	Management	28	4
	Administration	91	-
		<u>119</u>	<u>4</u>
		2002 £000	2001 £000
	Staff costs for the above employees are:		
	Wages and salaries	10,222	-
	Social security	975	-
	Other pension costs	627	-
		<u>11,824</u>	<u>-</u>
	DIRECTORS' REMUNERATION	2002 £000	2001 £000
	Aggregate emoluments	<u>3,147</u>	<u>-</u>
	Directors' fees and other emoluments include amounts paid to the highest paid director:	2002 £000	2001 £000
	Emoluments	995	-
	Accrued pension	12	-

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 £627,427 (2001: £NIL).

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 2001. 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 2002

7	TAXATION	2002 £'000	2001 £'000
	Current tax:		
	UK corporation tax on profits of the period	1,373	-
	Adjustments in respect of previous periods	-	(831)
	Total current tax	<u>1,373</u>	<u>(831)</u>
	Deferred taxation:		
	Origination and reversal of timing differences	(276)	-
	Total deferred tax	<u>(276)</u>	<u>-</u>
	Tax on profit on ordinary activities	<u>1,097</u>	<u>(831)</u>
	Factors affecting tax charge for period:	2002 £'000	2001 £'000
	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	(51,518)	(167,456)
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2001: 30%)	<u>(15,455)</u>	<u>(50,237)</u>
	Effects of:		
	Expenses not deductible for tax purposes	21,378	63,946
	Timing differences in the recognition of profits and losses	(50)	85
	Non taxable income	(4,500)	(13,794)
	Adjustment to tax charge in respect of previous periods	-	(831)
	Tax charge for period	<u>1,373</u>	<u>(831)</u>

Securicor Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2002

8	TANGIBLE FIXED ASSETS	<i>Land and Buildings £ 000</i>	<i>Equipment & vehicles £ 000</i>	<i>Total £ 000</i>
	Cost			
	1 October 2001	3,832	-	3,832
	Additions	-	1,402	1,402
	Disposals	(3,032)	(2,209)	(5,241)
	Inter-company transfers	-	3,796	3,796
	30 September 2002	800	2,989	3,789
	Depreciation:			
	1 October 2001	402	-	402
	Charged in the year	28	226	254
	Disposals	-	(2,199)	(2,199)
	Inter-company transfers	-	2,885	2,885
	30 September 2002	430	912	1,342
	Net book value:			
	30 September 2002	370	2,077	2,447
	30 September 2001	3,430	-	3,430
	Land and buildings at net book value comprise:		2002 £000	2001 £000
	Freeholds		-	3,031
	Long leaseholds		197	202
	Short leaseholds		173	197
			370	3,430

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2002

9	FIXED ASSET INVESTMENTS	<i>Joint venture £000</i>	<i>Subsidiary undertakings £000</i>	<i>Total £000</i>
	Cost or valuation:			
	1 October 2001	44,793	55,029	99,822
	Additions	-	112,079	112,079
	30 September 2002	44,793	167,108	211,901
	Amounts written off:			
	1 October 2001	-	35,100	35,100
	Charged in the year	-	70,611	70,611
	30 September 2002	-	105,711	105,711
	Net book value:			
	30 September 2002	44,793	61,397	106,190
	30 September 2001	44,793	19,929	64,722

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

	Country of registration/ incorporation	Class of holding	Proportion directly held	Nature of business
Securicor International Ltd	England	Ordinary	100%	Holding company
Securicor Communications Ltd	England	Ordinary	100%	Holding company
Securicor Security Services Ltd	England	Ordinary	100%	Holding company
Securicor Management Services Ltd	England	Ordinary	100%	Non Trading
Securicor eSolutions Ltd	England	Ordinary	100%	Non Trading
Securicor Distribution Services Ltd	England	Ordinary	100%	Dormant
Securicor Hotels Ltd	England	Ordinary	100%	Non Trading
Securicor Cash Services Ltd	England	Ordinary	100%	Security
Securicor CIT Ltd	England	Ordinary	100%	Security
Securicor Custodial Services Ltd	England	Ordinary	100%	Custody
Securicor ADI Group Ltd	England	Ordinary	100%	Guarding
Securicor Aviation Ltd	England	Ordinary	100%	Dormant
Securicor Electronics Ltd	England	Ordinary	100%	Non Trading
Securicor Technology Investments Ltd	England	Ordinary	100%	Dormant
Securicor Projects Ltd	England	Ordinary	100%	Dormant
Securicor Cash Centres Ltd	England	Ordinary	100%	Security
Securicor Information Systems Ltd	England	Ordinary	100%	IT development
Securicor Security Ltd	England	Ordinary	100%	Security
Securicor Crosskeys (Pty) Ltd	Gibraltar	Ordinary	100%	Holding
Securicor Omega Holdings Ltd	England	Ordinary	50%	Holding company
Securicor International Holding AG	Germany	Ordinary	26.19%	Holding company

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 2002

10	DEBTORS	2002 £000	2001 £000
	Trade debtors	515	-
	Amounts owed by group undertakings	528,494	373,153
	Amounts owed by related parties	983	141
	Other debtors	2,954	202
		<u>532,946</u>	<u>373,496</u>
	Included in amounts owed by group undertakings is £149,575,000 (2001: £243,481,000) representing loan accounts due after more than one year.		
11	DEFERRED TAX	2002 £000	2001 £000
	Balance at 1 October 2001	-	-
	Transfer to/(from) profit and loss account	276	-
	Balance at 30 September 2002	<u>276</u>	<u>-</u>
	Asset for deferred tax has been made as follows:		
	Accelerated capital allowances	231	-
	Other timing differences	45	-
	Undiscounted deferred tax asset	<u>276</u>	<u>-</u>
12	CURRENT ASSET INVESTMENTS	2002 £000	2001 £000
	At cost – listed	-	9
13	CREDITORS: Amounts falling due within one year	2002 £000	2001 £000
	Trade creditors	2,277	-
	Amounts owed to group undertakings	406,226	349,106
	Amounts owed to related parties	50	-
	Corporation tax	5,639	2,740
	Other tax and social security	755	10
	Other creditors	346	93
	Accruals and deferred income	1,555	-
		<u>416,848</u>	<u>351,949</u>

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2002

14	SHARE CAPITAL	2002		2001	
		Authorised £	Issued and fully paid £	Authorised £	Issued and fully paid £
	X Ordinary shares of 25p each	14,007,309	14,007,309	13,907,309	13,907,309
	Y Ordinary shares of 25p each	15,992,691	13,496,669	15,992,691	13,496,669
		<u>30,000,000</u>	<u>27,503,978</u>	<u>29,900,000</u>	<u>27,403,978</u>

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 19 September 2002 the company authorised and issued a further 400,000 25p 'X' ordinary shares at £500 per share. The issue was fully paid through the capitalisation of the inter company loans with Securicor (1996) plc. The issue was made to improve the capital base of the company.

On 15 October 2002, the authorised 'Y' ordinary share capital was increased by 100,000 shares which were issued with a nominal value of 25p each for £500 each.

15	RESERVES	Profit and loss account £000	Capital redemption reserve £000	Share premium £000	Total £000
	1 October 2001	10,011	100	48,381	58,492
	Loss for the year	(52,615)	-	-	(52,615)
	Premium on allotment during the year	-	-	199,900	199,900
	30 September 2002	<u>(42,604)</u>	<u>100</u>	<u>248,281</u>	<u>205,777</u>

16	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	2002 £000	2001 £000
	Loss after taxation	(52,615)	(166,625)
	Issue of share capital	200,000	-
	Net increase/(decrease) in shareholders' funds	<u>147,385</u>	<u>(166,625)</u>
	Opening equity shareholders' funds	85,896	252,521
	Closing equity shareholders' funds	<u>233,281</u>	<u>85,896</u>

Securicor Group Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2002

17 COMMITMENTS UNDER OPERATING LEASES

At 30 September 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 £'000	2001 £'000
Land and buildings		
within one year	-	-
between 2 to 5 years	95	-
after 5 years	306	-
	<u>401</u>	<u>-</u>

18 CONTINGENT LIABILITIES

- a) 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.
- b) 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.

19 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.

20 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.

Securicor plc has a joint venture interest of 50% in Securicor Omega Holdings Limited. The subsidiaries noted below are all 100% owned by Securicor Omega Holdings Limited.

Securicor Omega Express Limited
 Securicor Omega Container Logistics Limited
 Securicor Omega Logistics Limited
 Securicor Vehicle Services Limited
 Securicor Fuelserv Limited
 Securicor Vehicle Management Limited
 Securicor Omega Express Ireland Limited

Securicor Group Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2002

20 RELATED PARTY TRANSACTIONS (*continued*)

Details of transactions and balances with these companies:

	2002 £'000
Transaction:	
Turnover	8,609
Cost of sales	554
Balances:	
Debtor	956
Creditor	50

All transactions with related parties are in the normal course of business.