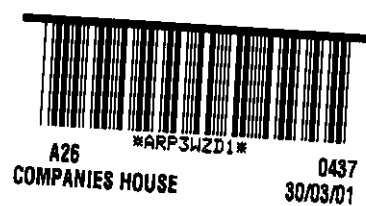


Security Services plc

FINANCIAL STATEMENTS

for the year ended

30 September 2000



Security Services plc

DIRECTORS AND OFFICERS

DIRECTORS

RSWH Wiggs
CC Shirtcliffe
PD Howes
NE Griffiths

SECRETARY

NE Griffiths

REGISTERED OFFICE

Sutton Park House
15 Carshalton Road
Sutton
Surrey SM1 4LD

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Security Services plc

DIRECTORS' REPORT

The directors submit their report and the financial statements of Security Services plc for the year ended 30 September 2000.

PRINCIPAL ACTIVITIES

The company's principal activity during the year was that of a holding company.

DIVIDENDS

The directors do not recommend a dividend (1999 : £3,150,000).

REVIEW OF THE BUSINESS

The directors consider that the state of the company's affairs at 30 September 2000 was satisfactory and that future results will be of a similar nature.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of properties is not less than the amount at which they are shown in the accounts.

DIRECTORS

The following directors held office during the year:

RSWH Wiggs
CC Shirtcliffe
PD Howes
NE Griffiths

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

None of the directors had a material interest in any contract significant to the company during the financial year.

The directors have no direct interest in the share capital at 30 September 2000.

All the directors are also directors of the parent company Securicor plc. Details of their shareholdings and share options in Securicor plc are disclosed in the consolidated financial statements of that company.

AUDITORS

A resolution to re-appoint Baker Tilly, Chartered Accountants, as auditors to the company will be put to the Annual General Meeting.

By order of the board



NE Griffiths
Secretary

8 December 2000

Security Services plc

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.

AUDITORS' REPORT TO THE MEMBERS OF SECURITY SERVICES PLC

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 3 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 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 2000 and of its result 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

8 December 2000

Security Services plc
PROFIT AND LOSS ACCOUNT
for the year ended 30 September 2000

	<i>Notes</i>	2000 £000	1999 £000
Administrative expenses		(736)	1
Other operating income		-	51
OPERATING (LOSS)/PROFIT		<u>(736)</u>	<u>52</u>
Investment income	1	18,628	174,090
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		<u>17,892</u>	<u>174,142</u>
Interest payable and similar charges	2	(1,263)	(7,867)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>16,629</u>	<u>166,275</u>
Taxation	5	(3,303)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>13,326</u>	<u>166,275</u>
Dividends	6	-	(3,150,000)
RETAINED PROFIT/(LOSS) FOR THE YEAR	14	<u>13,326</u>	<u>(2,983,725)</u>

The operating loss is derived from the company's continuing operations.

The retained profit for the year represents the company's historical cost profit.

Security Services plc

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 September 2000

	2000 £'000	1999 £'000
Profit on ordinary activities after taxation	13,326	166,275
Revaluation of investment	-	3,146,000
Foreign currency translation differences	-	(674)
Total recognised gains and losses relating to the year	<u>13,326</u>	<u>3,311,601</u>


Security Services plc


BALANCE SHEET

30 September 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	7	3,451	3,897
Investments	8	99,822	90,956
		<u>103,273</u>	<u>94,853</u>
CURRENT ASSETS			
Debtors (including debtors due after more than one year £204,415,175 (1999: £156,813,892))	9	347,100	309,104
Investments	10	11	3,150,011
Cash at bank and in hand		10,902	2,884
		<u>358,013</u>	<u>3,461,999</u>
CREDITORS: Amounts falling due within one year			
Bank overdrafts and short term loans		-	6,190
Other	11	208,765	3,273,457
		<u>208,765</u>	<u>3,279,647</u>
NET CURRENT ASSETS		<u>149,248</u>	<u>182,352</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>252,521</u>	<u>277,205</u>
CREDITORS: Amounts falling due after more than one year			
	12	-	38,010
		<u>252,521</u>	<u>239,195</u>
CAPITAL AND RESERVES			
Called up share capital	13	27,404	27,404
Share premium account	14	48,381	48,381
Capital redemption reserve	14	100	100
Profit and loss account	14	176,636	163,310
EQUITY SHAREHOLDERS' FUNDS	15	<u>252,521</u>	<u>239,195</u>

Approved by the board on 8 December 2000


Director


Director

Security Services plc

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. The company's investment in Cellnet Group Limited has been revalued to 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 other than freehold property 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

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 transferred to reserves.

Security Services plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2000

1	INVESTMENT INCOME	2000 £000	1999 £000
	Dividends from subsidiary companies	10,250	162,267
	Other interest receivable and similar income	8,378	11,823
		<u>18,628</u>	<u>174,090</u>
2	INTEREST PAYABLE	2000 £000	1999 £000
	On bank loans, overdrafts and other loans repayable within 5 years:		
	Bank loans	493	7,867
	Other loans	770	-
		<u>1,263</u>	<u>7,867</u>
3	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2000 £000	1999 £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	29	30
	Auditors' remuneration	7	7
		<u></u>	<u></u>
4	EMPLOYEES		
	The only employees of the company during the year were its directors who received no remuneration from the company. Full details of the directors emoluments from the group are disclosed in the group financial statements of Securicor plc.		
5	TAXATION	2000 £000	1999 £000
	Based on the result for the year:		
	UK corporation tax - charge for year	2,653	-
	- underprovision in prior year	650	-
		<u>3,303</u>	<u>-</u>
6	DIVIDENDS	2000 £000	1999 £000
	Ordinary:		
	Interim proposed dividend in specie of £Nil (1999:£28.7376p) per share	-	3,150,000
		<u></u>	<u></u>

Security Services plc
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 2000

7	TANGIBLE FIXED ASSETS	<i>Land and Buildings £ 000</i>		
	Cost			
	1 October 1999		4,249	
	Disposal		(417)	
	30 September 2000		<u>3,832</u>	
	Depreciation:			
	1 October 1999		352	
	Charged in the year		29	
	30 September 2000		<u>381</u>	
	Net book value:			
	30 September 2000		<u>3,451</u>	
	30 September 1999		<u>3,897</u>	
		2000	1999	
		£000	£000	
	Land and buildings at net book value comprise:			
	Freeholds	3,031	3,449	
	Long leaseholds	202	203	
	Short leaseholds	218	245	
		<u>3,451</u>	<u>3,897</u>	
8	FIXED ASSET INVESTMENTS	<i>Joint venture £000</i>	<i>Subsidiary undertakings £000</i>	<i>Total £000</i>
	Cost or valuation			
	1 October 1999	37,927	53,029	90,956
	Addition	6,866	2,000	8,866
	30 September 2000	<u>44,793</u>	<u>55,029</u>	<u>99,822</u>

Security Services plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2000

8 FIXED ASSET INVESTMENTS (continued)

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

Subsidiary 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%	Management company
Securicor e Solutions Ltd	England	Ordinary	100%	Trading
Joint Ventures				
Securicor Omega Holdings Ltd	England	Ordinary	50%	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.

9 DEBTORS	2000 £000	1999 £000
Amounts owed by group undertakings	345,121	290,165
Amounts owed by related parties	-	16,138
Other debtors	1,979	2,779
Prepayments and accrued income	-	22
	<u>347,100</u>	<u>309,104</u>

Included in amounts owed by group undertakings is £204,415,175 (1999: £156,813,892) representing loan accounts due after more than one year.

10 CURRENT ASSET INVESTMENTS	2000 £000	1999 £000
At cost - listed	11	11
At market value - unlisted	-	3,150,000
	<u>11</u>	<u>3,150,011</u>

The market value of the listed investments shown at cost are £93,000.

Security Services plc

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2000

11	CREDITORS: Amounts falling due within one year	2000 £000	1999 £000
	Amounts owed to group undertakings	204,451	121,334
	Proposed dividend in specie to group undertaking	-	3,150,000
	Amount due to related party	-	1,442
	Corporation tax	4,235	610
	Other creditors	79	71
		<u>208,765</u>	<u>3,273,457</u>
12	CREDITORS: Amounts falling due after more than one year	2000 £000	1999 £000
	Deferred tax	-	10
	Bank loans - unsecured	-	38,000
		<u>-</u>	<u>38,010</u>
	Analysis of debt maturity:		
	Loans:		
	Repayable between two to five years	-	38,000
		<u>-</u>	<u>38,000</u>

The loans represented a £38 million drawdown on a series of bilateral revolving credit facilities. These facilities are in the aggregate sum of £80 million. The facilities expire in 2002 or earlier at the option of the borrower.

13	SHARE CAPITAL	2000		1999	
		Authorised £	Issued and fully paid £	Authorised £	Issued and fully paid £
	X Ordinary shares of 25p each	13,907,309	13,907,309	13,907,309	13,907,309
	Ordinary shares (non-voting) of 25p each	2,496,022	-	2,496,022	-
	Y Ordinary shares of 25p each	13,496,669	13,496,669	13,496,669	13,496,669
		<u>29,900,000</u>	<u>27,403,978</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.

Security Services plc

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2000

14 RESERVES

	Profit and loss account £000	Capital redemption reserve £000	Share premium £000	Total £000
1 October 1999	163,310	100	48,381	211,791
Profit for the year	13,326	-	-	13,326
30 September 2000	176,636	100	48,381	225,117

15 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	2000 £000	1999 £000
Profit after taxation	13,326	166,275
Dividends	-	(3,150,000)
Revaluation of investments	-	3,146,000
Foreign currency differences	-	(674)
Net increase in shareholders' funds	13,326	161,601
Opening equity shareholders' funds	239,195	77,594
Closing equity shareholders' funds	252,521	239,195

16 ULTIMATE PARENT COMPANY

The ultimate holding company of Security Services plc 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.

17 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.