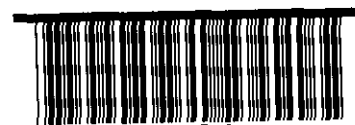


# Security Services plc

## FINANCIAL STATEMENTS

for the year ended

30 September 1999



A25  
COMPANIES HOUSE

\*ANFMWPN6\*

0093  
14/04/00

Company Registration No. 0057379

# 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 1999.

### PRINCIPAL ACTIVITIES

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

### DIVIDENDS

An interim dividend of £3,150,000,000 is proposed, representing £28.7367p per share.

It is proposed that the dividend will be a dividend in specie of the company's beneficial interest in 4,000,000 ordinary shares of £1 each in the capital of Cellnet Group Limited.

### REVIEW OF THE BUSINESS

The directors consider that the state of the company's affairs at 30 September 1999 was satisfactory.

### INVESTMENTS

The company's investment in Cellnet Group Limited has been revalued to a market value of £3,150 million. As a result of the dividend shown above this investment has been transferred from fixed to current assets.

### 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  
H McKay (resigned 6 April 1999)  
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 1999.

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.

### CHARITABLE DONATION

During the year, the company made donations of £Nil (1998: £NIL).

# Security Services plc

## DIRECTORS' REPORT

---

### YEAR 2000

A centrally managed programme is being undertaken to address the impact on the business of the year 2000. Many of the group's systems are already compliant, and the directors anticipate that the programme will be completed by the end of 1999.

### INTRODUCTION OF THE EURO

All relevant parts of the Group will be able to handle euro transactions when required.

### 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

# 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 6 to 14.

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

As described on page 4 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 1999 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

9 November 1999

**Security Services plc**  
**PROFIT AND LOSS ACCOUNT**  
**for the year ended 30 September 1999**

---

	<i>Notes</i>	1999 £000	1998 £000
Administrative expenses		1	(191)
Other operating income		51	-
OPERATING PROFIT/(LOSS)		<u>52</u>	<u>(191)</u>
Write off of amount due from subsidiary undertaking		-	(270)
Investment income	1	174,090	15,635
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		<u>174,142</u>	<u>15,174</u>
Interest payable and similar charges	2	(7,867)	(21,156)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>166,275</u>	<u>(5,982)</u>
Taxation	5	-	(2,252)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>166,275</u>	<u>(8,234)</u>
Dividends	6	(3,150,000)	(21,923)
RETAINED LOSS FOR THE YEAR	14	<u>(2,983,725)</u>	<u>(30,157)</u>

The operating profit/(loss) is derived from the company's continuing operations.

# Security Services plc

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 30 September 1999

---

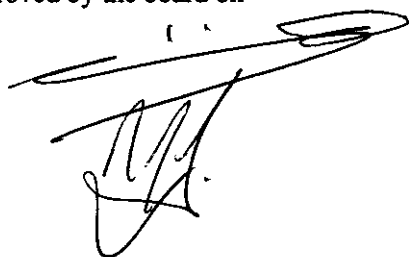
	1999 £'000	1998 £'000
Profit/(loss) on ordinary activities after taxation	166,275	(8,234)
Revaluation of investment	3,146,000	-
Foreign currency translation differences	(674)	-
Total recognised gains and losses relating to the year	<u>3,311,601</u>	<u>(8,234)</u>



Security Services plc  
BALANCE SHEET  
30 September 1999

	Notes	1999 £000	1998 £000
<b>FIXED ASSETS</b>			
Tangible assets	7	3,897	3,927
Investments	8	90,956	53,194
		<u>94,853</u>	<u>57,121</u>
<b>CURRENT ASSETS</b>			
Debtors (including debtors due after more than one year £156,813,892 (1998: £178,416,132))	9	309,104	354,251
Investments	10	3,150,011	-
Cash at bank and in hand		2,884	13
		<u>3,461,999</u>	<u>354,264</u>
<b>CREDITORS: Amounts falling due within one year</b>			
Bank overdrafts and short term loans		6,190	1,425
Other	11	3,273,457	134,366
		<u>3,279,647</u>	<u>135,791</u>
<b>NET CURRENT ASSETS</b>		<u>182,352</u>	<u>218,473</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>277,205</u>	<u>275,594</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	12	38,010	198,000
		<u>239,195</u>	<u>77,594</u>
<b>CAPITAL AND RESERVES</b>			
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	163,310	1,709
<b>EQUITY SHAREHOLDERS' FUNDS</b>	15	<u>239,195</u>	<u>77,594</u>

Approved by the board on 9 November 1999



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 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 1999

	1999 £000	1998 £000
<b>1 INVESTMENT INCOME</b>		
Dividends from subsidiary companies	162,267	-
Other interest receivable and similar income	11,823	15,635
	<u>174,090</u>	<u>15,635</u>
	1999 £000	1998 £000
<b>2 INTEREST PAYABLE</b>		
On bank loans, overdrafts and other loans repayable within 5 years:		
Bank loans	7,867	21,156
	<u>7,867</u>	<u>21,156</u>
<b>3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	1999 £000	1998 £000
Profit on ordinary activities before taxation is stated after crediting:		
Exchange gains	-	1,065
	<u>-</u>	<u>1,065</u>
and after charging:		
Depreciation and amounts written off tangible fixed assets:		
charge for the year:		
owned assets	30	30
Auditors' remuneration	7	6
	<u>37</u>	<u>36</u>
<b>4 EMPLOYEES</b>		
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.		
	1999 £000	1998 £000
<b>5 TAXATION</b>		
Based on the result for the year:		
UK corporation tax - group relief	-	-
- charge for year	-	2,252
	<u>-</u>	<u>2,252</u>
	1999 £000	1998 £000
<b>6 DIVIDENDS</b>		
Ordinary:		
Interim proposed Nil (1998 - 20.0p)	-	21,923
Interim proposed dividend in specie of £28.7376p per share	3,150,000	-
	<u>3,150,000</u>	<u>-</u>

**Security Services plc**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 September 1999**

7	TANGIBLE FIXED ASSETS		<i>Land and Buildings £ 000</i>	
	Cost			
	1 October 1998 and 30 September 1999		4,249	
	Depreciation:			
	1 October 1998		322	
	Charged in the year		30	
	30 September 1999		352	
	Net book value:			
	30 September 1999		3,897	
	30 September 1998		3,927	
		1999 £000	1998 £000	
	Land and buildings at net book value comprise:			
	Freeholds	3,449	3,449	
	Long leaseholds	203	205	
	Short leaseholds	245	273	
		3,897	3,927	
8	FIXED ASSET INVESTMENTS	<i>Subsidiary undertakings Shares £000</i>	<i>Associated undertakings Shares £000</i>	<i>Total £ 000</i>
	Cost or valuation			
	1 October 1998	50,527	2,667	53,194
	Additions	2,502	39,260	41,762
	Revaluation to market value	-	3,146,000	3,146,000
	Transfer to current assets	-	(3,150,000)	(3,150,000)
	30 September 1999	53,029	37,927	90,956

# Security Services plc

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

### 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 Security Services Ltd	England	Ordinary	100%	Holding company
Securicor Distribution Services Ltd	England	Ordinary	100%	Holding company
Securicor Communications Ltd	England	Ordinary	100%	Holding company
Securicor Business Services Ltd	England	Ordinary	100%	Holding company
Securicor Management Services Ltd	England	Ordinary	100%	Management company
Associated undertakings				
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.

	1999 £000	1998 £000
9 DEBTORS		
Amounts owed by group undertakings	290,165	353,670
Amounts owed by related parties	16,138	-
Other debtors	2,779	19
Prepayments and accrued income	22	562
	<u>309,104</u>	<u>354,251</u>

Included in amounts owed by group undertakings is £156,813,892 (1998: £178,416,132) representing loan accounts due after more than one year.

	1999 £000	1998 £000
10 CURRENT ASSET INVESTMENTS		
At cost - listed	11	-
At market value - unlisted	3,150,000	-
	<u>3,150,011</u>	<u>-</u>

The market value of the listed investments shown at cost are £417,000.

The unlisted investment consists of 40% of the issued ordinary share capital of Cellnet Group Limited a mobile telephone network company registered in England.

# Security Services plc

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

	1999 £000	1998 £000
11 CREDITORS: Amounts falling due within one year		
Amounts owed to group undertakings	121,334	130,342
Proposed dividend in specie to group undertaking	3,150,000	-
Amount due to related party	1,442	-
Corporation tax	610	3,789
Other creditors	71	235
	<u>3,273,457</u>	<u>134,366</u>
12 CREDITORS: Amounts falling due after more than one year	1999 £000	1998 £000
Deferred tax	10	-
Bank loans - unsecured	38,000	198,000
	<u>38,010</u>	<u>198,000</u>
Analysis of debt maturity:		
Loans:		
Repayable between two to five years	<u>38,000</u>	<u>198,000</u>

The loans represent 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 borrower.

	1999		1998	
13 SHARE CAPITAL	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 1999

14	RESERVES	Capital			Share premium £000	Total £000
		Profit and loss account £000	redemption reserve £000	Revaluation reserve £000		
	1 October 1998	1,709	100	-	48,381	50,190
	Loss for the year	(2,983,725)	-	-	-	(2,983,725)
	Revaluation	-	-	3,146,000	-	3,146,000
	Foreign currency differences	(674)	-	-	-	(674)
	Transfer to profit and loss account	3,146,000	-	(3,146,000)	-	-
	30 September 1999	163,310	100	-	48,381	211,791

15	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	1999	1998
		£000	£000
	Profit/(loss) after taxation	166,275	(8,234)
	Dividends	(3,150,000)	(21,923)
	Revaluation of investments	3,146,000	-
	Foreign currency differences	(674)	-
	Net increase in shareholders' funds	161,601	(30,157)
	Opening equity shareholders' funds	77,594	107,751
	Closing equity shareholders' funds	239,195	77,594

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.