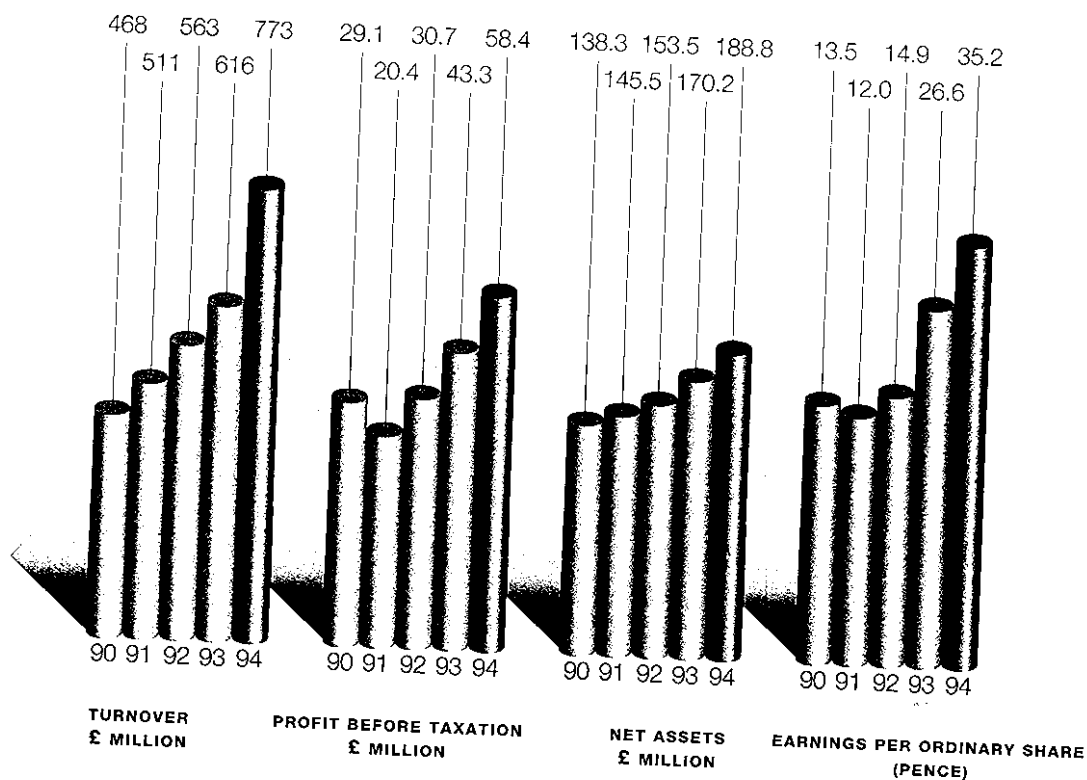


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Financial Highlights

(£ million)	1994	1993
Turnover	772.5	616.4
Profit before taxation	58.4	43.3
Net assets	188.8	170.2
Earnings per ordinary share (pence)	35.2	26.6



Security Services plc is a member of the Securicor group of companies.



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Business Statement



Securicor operates in the United Kingdom and overseas with a structured portfolio of complementary business to business services targeted to provide excellent value to customers and an attractive return on investment.

Chairman's Statement

Results Group profits for the year to 30 September 1994 amounted to £58.4m, an increase of 35% over the results for the previous year. The contribution from our continuing managed business operations increased from £12.8m to £21.4m, whilst that from our 27% share of the Cellnet profits increased from £30.8m to £37.3m.

Each of our four operating divisions improved its trading performance with good organic growth complemented by our continued programme of judicious acquisitions within the scope of our existing areas of expertise.

Dividends The directors will be recommending an increase of 15% in the dividend per ordinary share for the year to 30 September 1994. The final dividend would thus amount to 4.851p per share, an interim dividend of 1.686p per share having been paid in September.

Peter Towle It was with great sadness that, shortly before Christmas, we learned of the death of our esteemed colleague, Peter Towle, following a long illness bravely borne. Peter joined Securicor in 1976, initially as Special Services Director. Within a

short time he created and installed a modern trunking system for our freight and parcels service and established us as a major alarm installer with the acquisition of Granley Alarms. It was Peter who identified for us and then negotiated our entry into partnership with British Telecom in the establishment of Cellnet, which has proved such an outstanding success over the years. We extend our sincere sympathy and condolences to Peter's wife, Kay, and to the rest of his family. He will long be remembered by us all with gratitude and affection.

Chairmanship of the group It is now some 21 years since I was privileged to succeed the late Keith Erskine as Group Chairman; and, as I now approach my 75th birthday, I have agreed with my colleagues that I will retire from office following the conclusion of the forthcoming Annual General Meeting.

I am delighted that, with the unanimous support of my colleagues, Sir Neil Macfarlane has indicated his willingness to accept appointment as Chairman following my retirement. Since his appointment to the board in 1993 we have greatly benefited from

the broad experience and wisdom he derives from his many years as parliamentarian and businessman; and I am sure that no-one is better qualified to lead the group in the exciting and challenging years ahead. I wish him every success.

Future prospects On the evidence of our 1994 results, the general economic improvement has been maintained. We have a healthy presence in each of our chosen business sectors and I look forward to continued growth in the current year.

Special tributes

During the year, Securicor made 59 awards to staff in recognition of acts of outstanding courage displayed by our security officers in the performance of their duties. 11 employees received a Securicor Bravery Medal and eight the Meritorious Conduct Medal. In addition, 14 awards were made to members of the public who gave assistance to our staff. Bravery Medals were also presented posthumously to the families of Ronald Letts (Northampton) and Richard Louth (Dublin).



Peter Smith OBE Chairman

Chief Executive's Review

After a series of recessionary years, 1994 seemed particularly vibrant and I was delighted to see our pre-tax profits rise to £58.4m, over 36% of which was contributed by our managed businesses.

The year's highlights are summarised on the Review pages but I should like to draw your attention to just a few of the major features of our recent trading.

Within **Security Services**, we have now been operating the London Court Escorting Contract successfully for several months and we are bidding for the operation of two privatised prisons. Our **Parcels** courier company, Securicor Pony Express, opened its first franchised branch at the start of 1994 and has now granted a total of 12 individual franchises in the United Kingdom.

The **Communications** division has realised exciting opportunities in North America, both for its linear modulation and ISDN technologies, whilst our retail company, Securicor Cellular Services, has been adding subscribers to the Cellnet system at a truly phenomenal rate.

I am proud of the quality of management displayed within our operating subsidiaries and I am constantly impressed by the devotion and enthusiasm of our staff. I take this opportunity to thank them all.

As you will have seen from the Chairman's Statement, Peter Smith has announced his intention to retire from the board following the Annual General Meeting. As many of you will recall, Peter retired from executive duties in 1985 since when we have continued to benefit from his wise counsel and vast fund of experience. Much of our hard-won reputation today is entirely due to Peter's unrivalled business acumen and personal integrity and to the very high standards of recruitment and training within the group upon which he has always placed such importance.

On behalf of all the members of the board, I take this opportunity to thank Peter for his invaluable contribution to the group's wellbeing and to wish him a healthy and joyful retirement.

I finish by adding my own tribute to Peter Towle. Peter and I worked closely together for many years. He was a man of great courage, energy and vision. We all learnt from him. We all miss him. I am proud to have known him.



Roger Wiggs Chief Executive

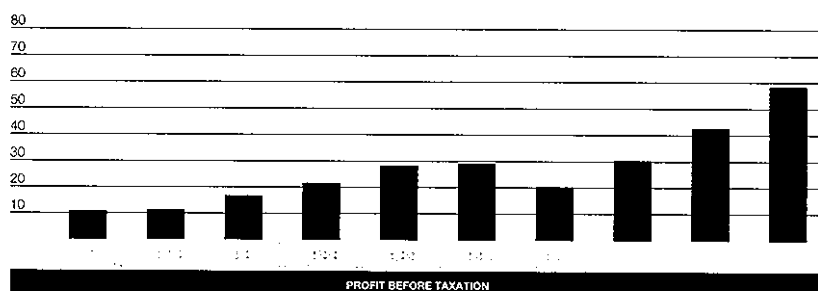
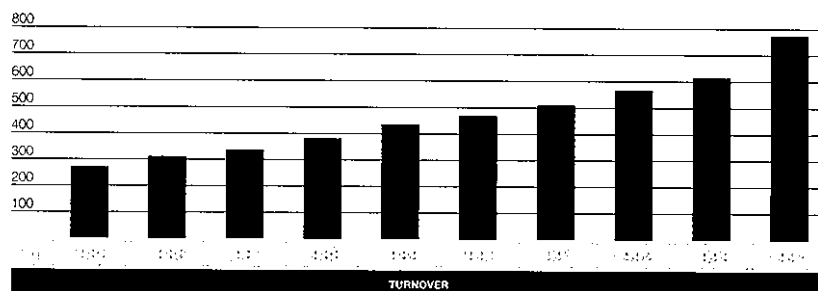
Financial Review

Turnover and profit before tax

The group's profit before tax has increased from £43.3m to £58.4m in the year, representing an increase of 35%, year on year. Profit before tax of continuing managed operations as a percentage of sales rose to 2.8% from 2.1% due to increased emphasis on cost control, efficiency and quality of earnings around the group.

Particular improvements to results have been made in the cash services and alarms operations of the Security Services division. The Parcels division has improved due both to the acquisition of Scottish Express International and to a general increase in parcel volumes. The Communications division (which excludes our 27% interest in Cellnet) continues to move towards profitability due to the build-up of cellular and Datatrak subscriber bases and contributions from acquisitions.

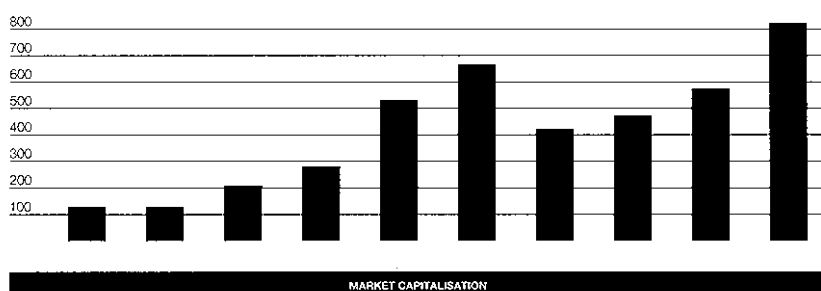
Over the last ten years, growth in turnover and profit before tax has been as follows:



Taxation The effective overall tax rate, before the impact of exceptional items, was 33.6% compared to 32.6% last year. The small percentage increase was a result of capital allowances reducing from 40% to 25%, the impact of which outweighed the increase in total capital expenditure. This increase includes Cellnet's capital expenditure on its digital network.

Share price and market

capitalisation Shareholder value has been enhanced in recent years by the growth in our managed businesses and by the success of our investment in Cellnet. Our market capitalisation over the last ten years has been as follows:



Cashflow Net borrowings increased by £7.8m during the year, reflecting both our growth through acquisition and the continuing investment in our existing businesses.

Net connection incentives paid to gain cellular contracts by Securicor Cellular Services are amortised over three years. This results in the cashflow of that company being disproportionate to its profits.

The cash inflow from operations at £52.7m was higher than the previous year and equivalent to 48.0 pence per share compared to 32.9 pence last year. Working capital (stocks, debtors and creditors) increased by 14.8% to £5.9m. Capital expenditure, excluding acquisitions, was 1.18 times the depreciation charge, compared with 1.05 times last year.

Exchange rates The group converts the results of its overseas subsidiary and associated companies using exchange rates ruling at the balance sheet date.

Dividends The dividend increase of 15% again substantially exceeds the percentage increase in the Retail Price Index, reflecting our cautious optimism for the future. Dividend cover remains conservative.

Financing and treasury activities

Net borrowings increased from £35.1m to £42.9m. The net interest charge of £5.4m was £0.6m up on last year, due to higher net borrowings. Interest is covered a strong 4.9 times by our managed businesses' profits (1993: 3.6 times).

At the year end, borrowings under our Revolving Multicurrency Credit facilities totalled £42m, compared with £25m in 1993. These facilities, which were negotiated with eight major international banks, total £95m. They are available until 1998 and are at variable rates linked to LIBOR.

Our gross debt to equity ratio is 27% and our net gearing less than 23%.

Group Treasury controls the funding of the group, monitors the group bank accounts and oversees both the internal and external borrowings of the group. It adopts minimum risk strategies.

Going concern In the opinion of the directors the company is a going concern.

Christopher Shirtcliffe Group Financial Director

International Locations

Americas/Caribbean

Barbados
Costa Rica
Guyana
Trinidad
United States of America
Venezuela

Europe/Middle East

Belgium
France
Germany
Guernsey
Holland
Hungary
Isle of Man
Ireland
Jersey
Kuwait
Luxembourg
Malta
Russia
Switzerland
Turkey
United Kingdom

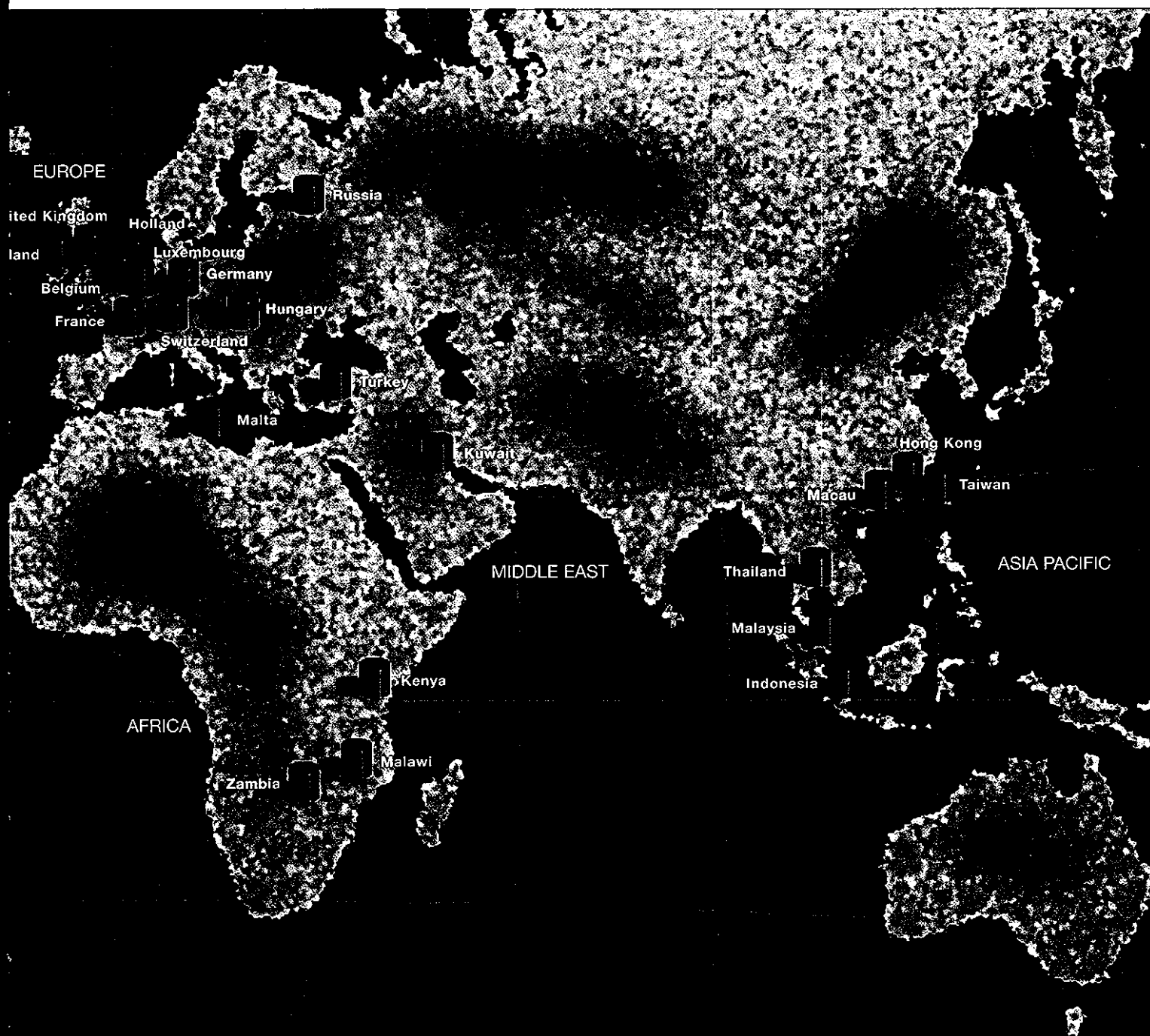
Asia Pacific

Hong Kong
Indonesia
Macau
Malaysia
Taiwan
Thailand

Africa

Kenya
Malawi
Zambia





Directors



Peter Smith, OBE, 74 Chairman.

Appointed to board 1968. Chairman and Chief Executive 1974. Retired from executive duties 1985. President of British Security Industry Association and member of Council of Royal Warrant Holders Association. Will retire from the board following the Annual General Meeting.

Roger Wiggs, 55

Group Chief Executive.

Appointed to board 1977.
Director of Cellnet Group Limited.
Non-executive director of BSM Group plc.

Christopher Shirtcliffe, FCA, 50

Group Financial Director.

Appointed to board 1985.
Director of Cellnet Group Limited.

Non-executive Directors

AV Alexander, CBE, 66 Appointed to board 1976. Honorary Vice-President of British Insurance and Investment Brokers' Association of which he was Chairman 1982-87. Formerly director of Sedgwick Group plc and member of the British Invisible Exports Council and the Securities and Investments Board.

Richard Graves, 66 Appointed to board 1986. Deputy Chairman 1988-93. Currently Chairman of Securicor Ireland Limited. Formerly Chairman and Chief Executive of Brickhouse Dudley plc and Chairman of Metal Closures Group plc. Retired from executive duties in 1991.

Sir Neil Macfarlane, 58 Appointed to board 1993. Member of Parliament for Sutton and Cheam 1974-92. Held posts of Junior Minister for Education and Science, Deputy Arts Minister and Junior Environment Minister with responsibility for Sport. Chairman of Associated Nursing Services plc and of Bradford and Bingley Bausparkasse (Hamburg) GmbH and non-executive director of RMC plc, Zettlers International Group plc, Bradford and Bingley Building Society and Carnegie Robertson Black Limited.

Directors



Henry McKay, 55
Chief Executive,
Security Services division.

Appointed to board 1984.

Pat Howes, 53
Chief Executive,
Parcels division.

Appointed to board 1991.

Nigel Griffiths, LLB, 48
Company Secretary and
Group Legal Director.

Appointed to board 1990.

Non-executive Directors

Sir Peter Imbert, QPM, DL, 61

Appointed to board 1993. Joined Metropolitan Police in 1953. Transferred to CID in 1956 and served for many years in Special Branch. After senior appointments with Surrey Constabulary, became Chief Constable of Thames Valley Police in 1979. Appointed Deputy Commissioner of Metropolitan Police in 1985 and then served as Commissioner between 1987-93. Non-executive director of Camelot Group plc and of Help the Aged.

Sir James Birrell, FCA, 61

Appointed to board 1993. Joined the Halifax Building Society as the Accountant in 1968 and, after various senior management positions, was appointed Chief Executive in 1988. Chairman of the Council of Mortgage Lenders 1989-90. Retired from the Halifax in 1993. Member of the Building Societies Commission from January 1994. Non-executive director of Wesleyan Assurance Society.



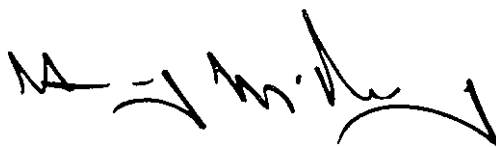
“Securicor has securely transported a vast number of containers on our behalf without the loss of a single item. Deliveries within the timeframe are in excess of 99.9%. We have always found the management to be responsive and willing to work with us as partners to the benefit of our customers.”



Howard A. Morgan, Vice President & Regional Manager
Financial Services Institutions American Express



“We have continued our successful development through acquisition and organic growth both in the United Kingdom and overseas.”



Henry McKay Chief Executive Security Services division

Securicor Cash Services A familiar sight in UK high streets and increasingly overseas, Securicor Cash Services is the UK's largest carrier of cash and valuables. The company collects and processes cash for major business sectors and banks and is also responsible for filling and maintaining automatic cash dispensers, making up wage packets and delivering credit cards.

Securicor Guarding Securicor's guards undergo rigorous selection and training programmes. Services are tailored to meet customer requirements, including full time guards, patrols and keyholding. Securicor Guarding has particular expertise in conference security, special events, retail outlets, airports

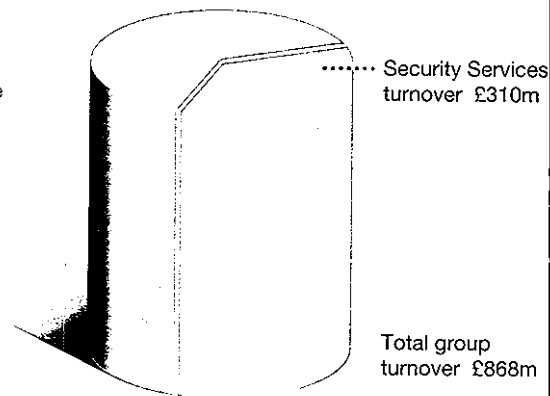
and ports as well as commercial, domestic and industrial premises.

Securicor Alarms Monitoring over 50,000 systems worldwide, Securicor Alarms offers a wide range of intruder and fire alarms, closed circuit television and access control systems.

Securicor Custodial Services

Formed in response to the Government's privatisation programme for prisons and prisoner escorting, Securicor Custodial Services is responsible for 200,000 prisoner movements each year in the London area, covering eight prisons, 82 police stations and 61 courts.

Securicor Cleaning Providing nationwide cleaning services covering office, commercial and industrial premises.





Henry McKay

PRINCIPAL FEATURES OF THE YEAR

United Kingdom

- Commencement of escort duties by Securicor Custodial Services under five-year contract covering prisoner movements in London Metropolitan area.
- Acquisition by Securicor Guarding of the London-based guarding business of Cleshar Security Services.
- Substantial growth in carriage of foreign currency by Securicor Cash Services.
- Gaining of major contracts by Securicor Alarms with Asda and Britannia Building Society.

Overseas

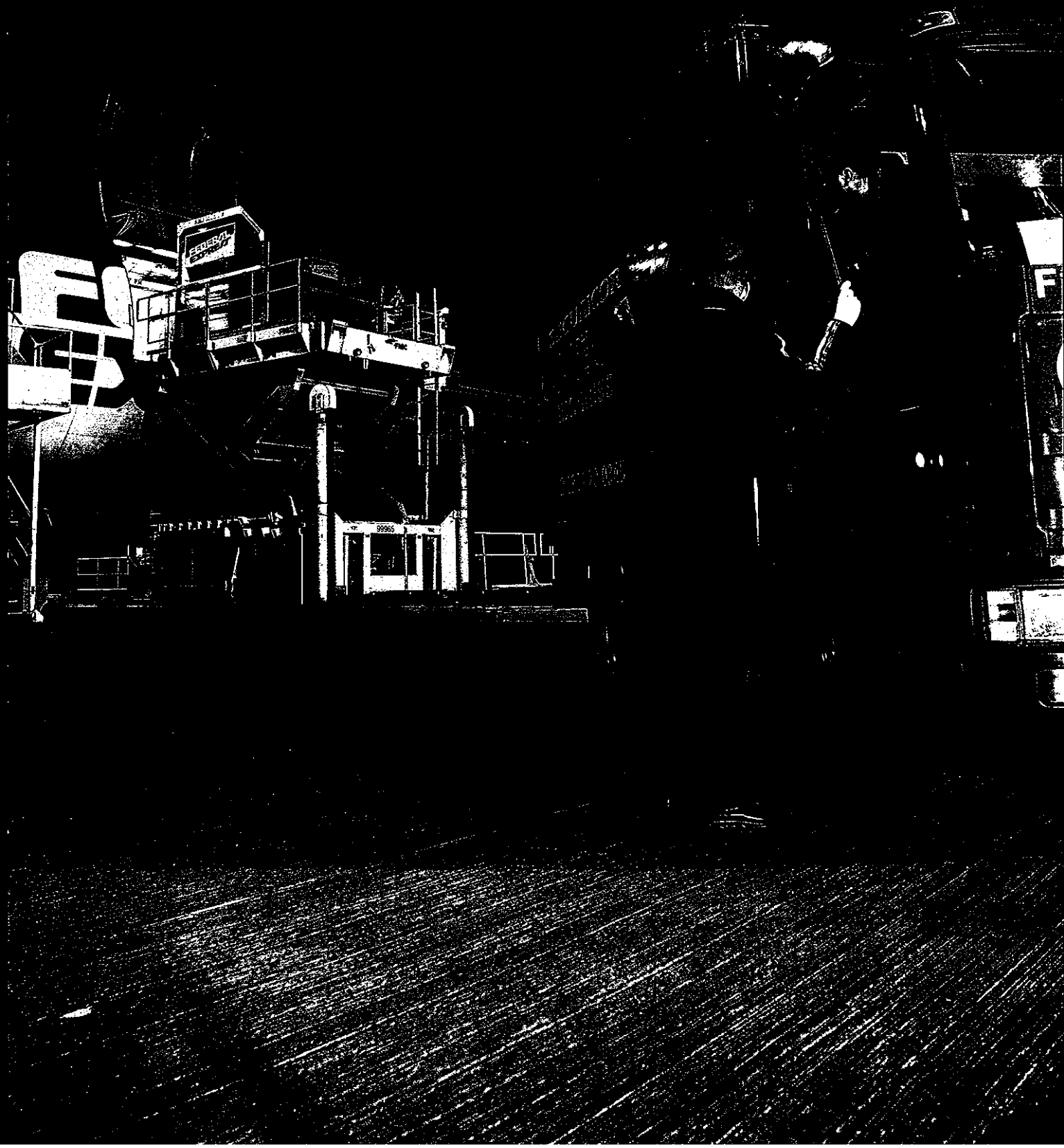
- Acquisition by Securicor Ireland of cash-in-transit business of Connaught Security.
- French cash-in-transit operation under pressure from aggressive price-cutting by competitors.
- Acquisition by Securicor Jersey and Securicor Guernsey of a fire and intruder alarms business.
- Acquisition of SIR Service d'Intervention Rapide, a Swiss company specialising in monitoring of and response to alarm activations.
- Substantial reduction in guarding staff in Zambia, following massive redundancies in copper mining industry.
- Establishment of new operations in Costa Rica, Guyana, Malta, Taiwan and Turkey.



“Securicor’s ability to handle substantial inbound shipments whilst collecting our outbound packages is testimony to the excellent coverage on offer to our customers. Positive feedback from existing customers and prospects clearly illustrates that the partnership between Fedex and Securicor Omega Express is vital to our success in Europe.”

A handwritten signature in dark ink, reading 'David J. Bronczek'.

David Bronczek, Senior Vice President
Europe and Africa Region, Federal Express



“The purchase of Scottish Express International has further extended the division’s range of services.”



Pat Howes Chief Executive Parcels division

Securicor Omega Express

The UK's largest overnight parcels carrier, delivering nearly two million parcels and documents each week and offering a range of timed delivery services.

Securicor Omega Express Office

Services From confidential shredding and incineration services, to archiving and storage, offering a same-day retrieval and delivery service. Also international mail and mail-room management services.

Securicor Network Europe

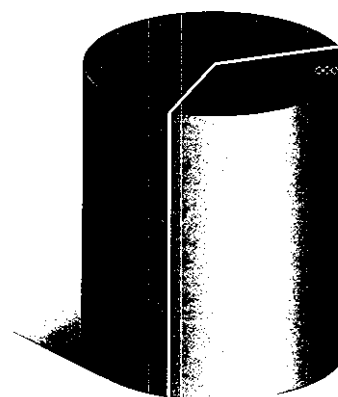
Road-based distribution services providing timed delivery options to, from and within continental Europe.

Securicor Pony Express

The UK's leading same-day courier company offering a range of same-day delivery services.

Scottish Express International

Airfreight, seafreight, European and national heavyweight distribution.



Parcels
turnover £313m

Total group
turnover £868m



Pat Howes

PRINCIPAL FEATURES OF THE YEAR

- Substantial increase in the number of parcels carried by Securicor Omega Express. Over eight million parcels carried in September.
- Successful integration of Scottish Express International.
- Development of Securicor Network Europe to provide road-based network throughout Western Europe.
- Domination of overnight services in UK as opposed to two to three day deliveries.
- Establishment of franchising operation by Securicor Pony Express. Six franchises in operation by end of period.
- Major international contract with IBM gained by Scottish Express International.
- Launch by Securicor Network Europe of next-day services via the Channel Tunnel.
- Opening of new branches in Milton Keynes and Wakefield by Scottish Express International.

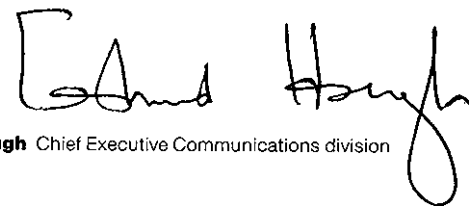


“Securicor Radiocom successfully fulfilled a tough brief from BAA Heathrow to provide a resilient, high-quality radio communications system for 600 Ground Operations staff covering all areas of the airport. Using new technology, Securicor eliminated a previous problem of system congestion, dramatically improving the efficiency of our day-to-day operations and response to emergency situations. The Securicor pedigree makes it a reassuring company for us to deal with.”

Leon Chasteauneuf, General Manager
Terminal 2, BAA Heathrow Airport



“Our new emerging technologies are now winning us substantial orders both in the UK and overseas.”



Dr Ed Hough Chief Executive Communications division

Securicor Cellular Services One of the UK's top service providers, Securicor Cellular Services now has over 200,000 subscribers on the Cellnet network and offers a range of mobile phones, tariffs and value added services through a network of high street dealers and a national salesforce.

Securicor Datatrak Originally developed as a sophisticated security system for Securicor's own cash-in-transit vehicles, Datatrak is a mobile data network, providing integrated real time resource management and location systems.

Securicor TrakBak A stolen vehicle protection, tracking and recovery system tailored for the private motorist, plant and fleet markets,

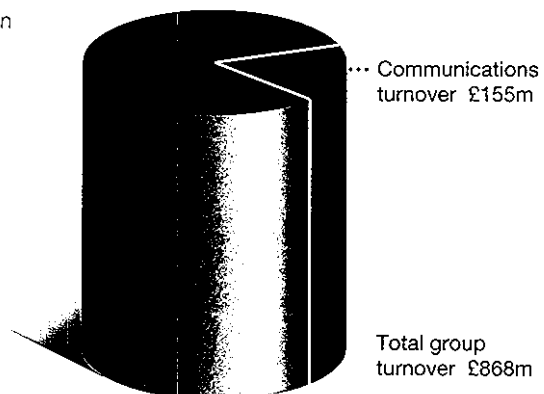
TrakBak alerts the authorities as soon as a theft attempt is made and then guides the police to the vehicle.

Securicor Radiocoms As the UK's largest independent mobile radio supplier, Securicor Radiocoms offers bespoke radio communication solutions for businesses on the move and also operates a regional mobile system known as Relayfone.

Linear Modulation Technology

Responding to the insatiable demand for radio channels, Linear Modulation Technology offers high quality voice and high speed data capabilities whilst occupying less than half the current channel spacing. The company is a world leader in 5kHz radio technology.

Securicor Electronics Securicor Electronics manufactures security and communications equipment such as mobile radio products and alarm control panels for Securicor and for third parties. The company specialises in the assembly and testing of surface mount design.





Dr Ed Hough

Securicor Telecoms One of Europe's leading developers of Open Systems Telephony, providing a comprehensive range of PABX and key systems through a national dealer network, backed by a nationwide customer service organisation offering project management, installation and maintenance services.

Securicor 3net Leading manufacturer of products which enable Integrated Services Digital Networks (ISDN) to be deployed and exploited by both network operators and business users. The ISDN revolution allows new networks to carry digital voice, data, image and video information across the world.

PRINCIPAL FEATURES OF THE YEAR

- Securicor Cellular Services subscriber growth from 103,000 to 189,000 during year under review.
- Acquisition by Securicor Telecoms of Interconnect Limited, designer and distributor of PABX telephone systems.
- New manufacturing licence granted by Linear Modulation Technology to US-based E F Johnson.
- Acquisition of TSI Wireline Inc (now Securicor Telesciences) based in New Jersey, USA, a supplier of wireline telecommunications systems which collect information for

billing, network analysis and traffic planning.

- Disposal of 5.8% stake in Proficom, the German cellular service provider.
- Acquisition and development of Securicor TrakBak.
- Advanced negotiations within Securicor Datatrak for several overseas networks.
- Receipt by Securicor Electronics of major order from Canon, Japan.



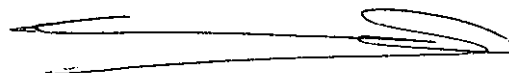
“Securicor is a very suitable business partner for the AA. It not only operates a high profile fleet similar to ours, but is customer-led and provides a consistently high standard of service.”



Alistair Cheyne, Director of Operations
Automobile Association



“The continued profitable growth of our businesses and the further development of our staff potential are key objectives in 1995.”



Chris Shirtcliffe Chief Executive Business Services division

Securicor Vehicle Services

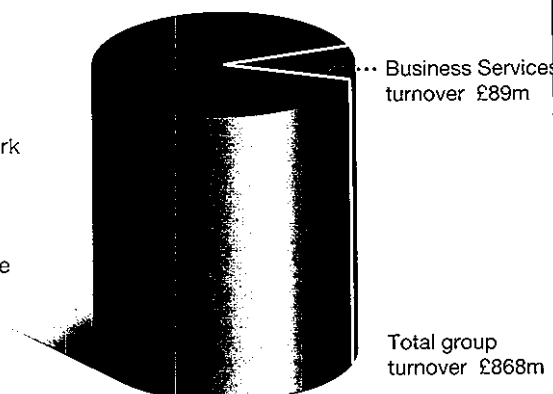
As well as managing Securicor's own fleet of over 7,500 vehicles, Securicor Vehicle Services maintains and manages 3,000 vehicles for external customers.

Securicor Computer Services

Providing secure information technology services, including data warehousing, network management, data collation, distribution and disaster recovery.

PRINCIPAL FEATURES OF THE YEAR

- Securicor vehicle fleet increases to over 7,500.
- Launch of Securicor Computer Services – under name of Securicor SecurIT.
- Many new external customers gained by Securicor Vehicle Services.
- Securicor SecurIT designs and implements large cabling network for its first external customer.
- Introduction by Securicor Vehicle Services of computerised workshop systems.





Chris Shirtcliffe

GROUP ENVIRONMENTAL STATEMENT

Securicor aims through staff awareness to create and maintain the highest levels of environmental responsibility throughout its worldwide operations.

Whilst Securicor's environmental policy affects every aspect of its business, three particular applications of that policy are:

Transport

- Maximum use of diesel-engine vehicles wherever practical.
- Maximum use of unleaded fuel for petrol-engine vehicles.
- Fuel conservation through enhanced vehicle design and maintenance.

Energy

- Maximum energy conservation through adoption of:
 - best practices in building design and construction
 - computerised energy management systems
 - lighting, heating and ventilation system controls.

Purchasing

- Use of environment-friendly products wherever practical.
- Making suppliers aware of Securicor's environmental concern and attempting to influence environmental policy of suppliers wherever possible.

Cellnet

As the cellular industry completes its first ten years in Britain, it is Cellnet which dominates growth in the highly contested consumer market. Recent growth has been remarkable. It took Cellnet just over nine years to achieve its first million customers, this milestone being reached in March 1994. By the end of the year, another half million had already been added, more than those added by all the other networks together. Internationally, this makes Cellnet one of Europe's top three mobile networks.

The completion of the company's state of the art digital network (called GSM), which now covers 98% of the UK population, has also put the company at the forefront of the globalisation of mobile communications. Today, Cellnet customers can use their digital phones in more than 20 countries across Europe and as far afield as Australia.

The use of the new digital system also means that Cellnet can offer new and better services. Already the company has used its technology lead to introduce the UK's first full two-way data and fax service on a digital network. This and other planned developments are part of the drive for the important business market.

The company is now directed by a smaller, highly focused management team led by managing director Howard Ford, who joined the business during the year to maximise the company's performance and growth. As the market expands, Cellnet will use its leadership position to create new opportunities for its services, whilst setting the benchmark for quality.



security services plc

Report of the Directors and Financial Statements 1994

Report of the Directors
for the year ended 30 September 1994

The directors have pleasure in presenting their annual report together with the audited accounts of the company and of the group for the year ended 30 September 1994.

1 Principal activities of the group

Security Services plc is a parent company. It is itself owned as to 50.75% by Securicor Group plc.

The principal activities of its subsidiary and associated undertakings, carried out both in the United Kingdom and internationally, include express parcels, freight haulage, document delivery and mail services; the transportation and care of cash and valuables; cash processing; security guards and patrols; custodial services; vehicle fleet servicing; computer services; the manufacture, sale, installation and maintenance of communications products, electronic surveillance and alarm systems; mobile communications and the provision of communications systems networks.

2 Group results

The consolidated profit for the year and the appropriation thereof are shown in the consolidated profit and loss account on page 36.

Details of major business activities during the year, future developments and prospects of the group are contained in the Chairman's Statement on page 4, the Chief Executive's Review on page 5, the Financial Review on pages 6 and 7 and the Reviews on pages 12 to 28.

3 Dividends

The directors have declared or now propose the following net dividends for the year:

Preference

– Cumulative preference dividend of 3.150p per share for the year ended 31 August 1994.

Ordinary

– Interim dividend of 1.686p per stock unit paid on 30 September 1994.

– Final dividend of 4.851p per stock unit payable on 5 April 1995.

4 Business acquisitions, disposals and developments

In October 1993 Securicor Parcels Limited acquired Scottish Express Limited, an international freight transport company.

In October 1993 Securicor Ireland Limited acquired the cash-in-transit business of Connaught Security Group Limited.

In November 1993 Securicor Jersey Limited and Securicor Guernsey Limited acquired the fire and intruder alarms business of Channel Islands Communications (Television) Limited, the customer base being located in both Jersey and Guernsey.

In December 1993 Securicor Custodial Services Limited was awarded a contract by the Home Office to take over prisoner escort duties within the Metropolitan Police District.

In December 1993 Securicor Datatrak Limited acquired TrakBak AVL Limited, distributors of the Datatrak TrakBak product. The company's name was subsequently changed to Securicor TrakBak Limited.

In February 1994 Securicor Guards Limited acquired the guarding business of London-based Cleshar Security Services Limited.

In March 1994 the group disposed of its 5.8% stake in the German cellular service provider company, Proficom GmbH.

In April 1994 Securicor Communications Limited acquired Interconnect Limited, a designer, manufacturer and vendor of private telephone exchanges. The business of Interconnect was merged with that of Securicor Telecoms Limited.

In June 1994 Securicor International Limited acquired 92% of SIR Service d'Intervention Rapide SA, a Swiss company specialising in the monitoring of alarm systems.

In July 1994 Securicor Communications Limited acquired TSI Wireline Inc, a supplier of wireline telecommunications systems, based in New Jersey, USA. The company's name was subsequently changed to Securicor Telesciences Inc.

Report of the Directors
for the year ended 30 September 1994

4 Business acquisitions, disposals and developments *continued*

In November 1994 ASD + Securicor Wachschatz GmbH, a newly-established joint venture company in Germany in which Securicor owns a 70% stake, acquired the alarms monitoring business of WSD, Berlin.

In December 1994 Securicor Guards Limited acquired the guarding business of Neptune Security Services Limited.

In December 1994 Securicor (Nederland) BV sold its guarding and related businesses to VNV Beveiliging Bewaking-Alarmering BV (VNV) and, at the same time, entered into a partnership agreement with VNV for the provision of alarms monitoring, in which Securicor will have a one-third interest.

During the year, security services operations commenced in Costa Rica, Guyana, Malta, Taiwan and Turkey.

5 Corporate Governance

The company has complied throughout the year with the provisions of the code of best practice issued by the Committee on the Financial Aspects of Corporate Governance.

The board comprises the non-executive Chairman, the Chief Executive, four other executive directors and five other non-executive directors. It meets each month and additionally when necessary. At each scheduled meeting it receives a financial report from the Group Financial Director and an operational report from each divisional Chief Executive.

The Audit Committee, which was formally constituted in October 1993, has wide-ranging formal terms of reference and meets at least four times a year. It is chaired by Sir James Birrell and the other members are Sir Neil Macfarlane and Mr Richard Graves. Meetings are also attended by a representative from the company's auditors, by the head of the Securicor Internal Audit Department, by the Group Financial Director and by the Company Secretary. Amongst other matters, the committee considers the company's annual and interim financial statements and any queries raised by the auditors on the financial statements, financial systems and internal controls.

Sir Neil Macfarlane chairs the Remuneration Committee which determines the pay of the executive directors. He is assisted on that committee by Messrs Peter Smith, A V Alexander and Richard Graves.

There is a clear division of responsibilities at the head of the company. Mr Peter Smith has been Chairman since 1974 and became non-executive in 1985 whilst Mr Roger Wiggs, who succeeded Mr Peter Towle, has been Chief Executive since 1988.

The directors are responsible for the group's systems of internal financial controls. These systems, full details of which are set out in the Group Finance Manual, include financial reporting, operating unit controls and investment appraisal.

6 Capital

The authorised and issued share capital of the company at 30 September 1994 is set out on page 53 (note 18 to the accounts).

Shareholders are invited to renew the directors' general authority to enable them (a) to allot shares up to the amount of the unissued capital of the company, namely £2,496,022 in nominal value, and (b) to allot shares wholly for cash other than to existing shareholders, such allotment being limited to 5% of the issued equity securities of the company, namely £1,370,199 in nominal value.

Although there is no present intention to allot shares, the directors consider that in order to retain some flexibility the renewal of these authorities, which are in accordance with the guidelines issued by the London Stock Exchange, is in the best interest of the company. Accordingly, the appropriate resolutions are included in the notice of the Annual General Meeting on page 63.

7 Tangible fixed assets

During the year under review group tangible fixed assets increased by £8,752,000 to £152,341,000. The movement of tangible fixed assets during the year is shown on page 48 (note 10 to the accounts).

8 Market value of interests in land and buildings

The most recent valuation of the group's freehold and long leasehold properties located in the United Kingdom, Channel Islands, Isle of Man and Ireland was carried out as at 30 September 1990. The directors are of the opinion that the current aggregate value of group properties is not less than the amount at which they are shown in the accounts.

Report of the Directors
for the year ended 30 September 1994

9 Research and development expenditure

Research in connection with the development of new services and products and the improvement of those currently provided by the group is carried out continuously. Research expenditure is written off during the year in which it is incurred. Development expenditure is dealt with in accordance with the accounting policy stated in paragraph 4 on page 40.

10 Employee involvement

The group keeps employees informed on a regular basis of current activities, progress and general matters of interest by various methods including:

- (a) the holding of regular regional and branch meetings;
- (b) the use of video recorders and monitors as an enhanced means of corporate communication and training which involves the active participation of employees at branch level;
- (c) the circulation on an individual basis of an annual report to employees and of the group's regular in-house newsletter 'Securicor News'.

Disabled persons

The group's policy and practice is to encourage the recruitment and subsequent training, career development and promotion of disabled persons according to their aptitudes and abilities, and the retention and retraining of employees who become disabled.

11 Political and charitable contributions

The group remains committed to the support of charities, the community, job creation and training, local development, the arts, sport and music. Cash contributions during the year amounted to £120,000.

There were no political contributions.

12 Taxation status

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

13 Substantial holdings

The directors have been notified of the following substantial shareholdings in the ordinary capital of the company:

- (i) Securicor Group plc
55,629,235 ordinary stock units (50.75%)
- (ii) Mercury Asset Management
11,650,021 ordinary stock units (10.6%)
- (iii) Provident Mutual Life Assurance Association
3,833,435 ordinary stock units (3.5%)

14 Auditors

A resolution to re-appoint Baker Tilly, chartered accountants, as auditors to the company and for their remuneration to be fixed by the directors will be submitted to the Annual General Meeting.

15 Directors

It is with great regret that the directors record the death of Mr Peter Towle in December 1994.

The directors, brief details of whom are contained on pages 10 and 11, held office throughout the year ended 30 September 1994.

The directors retiring by rotation are Messrs Christopher Shirtcliffe, A V Alexander and Henry McKay who, being eligible, offer themselves for re-election. The contracts of service of Messrs Shirtcliffe and McKay are determinable at three years' notice. Mr Alexander does not have a contract of service.

Mr Peter Smith will retire following the Annual General Meeting.

The company purchases liability insurance covering the directors and officers of the company and its subsidiaries.

Report of the Directors
for the year ended 30 September 1994

Directors' interests in the share capital of the company and its parent company Securicor Group plc at the beginning and end of the financial year were as follows:

	SECURITY SERVICES PLC		SECURICOR GROUP PLC			
	Ordinary stock units		Ordinary stock units		'A' Ordinary shares	
	1994	1993	1994	1993	1994	1993
I Beneficial interest						
P A C Smith	18,698	18,698	8,084	8,084	150,704	150,704
A V Alexander	2,843	2,843	11,839	11,839	12,516	12,516
P F H Towle	6,196	6,196	397	397	20,976	20,976
R S W H Wiggs	2,843	2,843	444	444	5,250	5,250
H W McKay	1,018	1,018	507	507	10,134	10,134
R A Graves	1,117	1,117	1,003	1,003	7,557	8,557
C C Shirtcliffe	782	782	1,021	1,021	1,430	1,430
N E Griffiths	400	400	360	360	–	–
P D Howes	400	400	362	362	40	40
D N Macfarlane	400	400	360	360	–	–
P M Imbert	400	400	360	360	–	–
J D Birrell	400	400	360	360	–	–
II Other interests						
P A C Smith	147,787	147,787	1,098,297	1,098,297	1,783,199	1,783,199
R S W H Wiggs	142,012	142,012	1,075,077	1,075,077	1,673,930	1,673,930
III Executive share options						
R S W H Wiggs					48,500	48,500
H W McKay					6,000	6,000
C C Shirtcliffe					35,200	35,200
N E Griffiths					9,800	9,800
P D Howes					10,400	10,400
IV Cumulative participating preference shares						

Directors' interests in the cumulative participating preference shares of Securicor Group plc at the beginning and end of the financial year were:

- (i) Beneficial interests – nil
- (ii) Other interests – P A C Smith 710 shares: R S W H Wiggs 710 shares

The above tables comply with the requirements of the Companies Act 1985 and the London Stock Exchange and, in consequence, certain holdings have been duplicated. Since 30 September 1994 the holdings in Securicor Group plc 'A' Ordinary shares of Messrs Smith and Wiggs shown under 'Other interests' have reduced to 1,481,050 and 1,371,781 respectively.

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

Sutton Park House, 15 Carshalton Road,
Sutton, Surrey SM1 4LD
24 February 1995

By order of the board
N E Griffiths
Secretary



**Responsibilities of the Directors
in the preparation of the 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 group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group 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 of the group and 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Analysis of Shareholdings

at 12 January 1995

Ordinary stock units

Holdings	Shareholders	Shares held
1-1,000	464	222,713
1,001-5,000	537	1,306,173
5,001-10,000	135	966,904
10,001-50,000	153	3,546,520
50,001 and above	112	103,573,601
	<u>1,401</u>	<u>109,615,911</u>

Analysis of shareholders

	Number of Shareholders	Shares %
Individuals	864	2.83
Others	537	97.17
	<u>1,401</u>	<u>100.00</u>

Consolidated Profit and Loss Account

for the year ended 30 September 1994

	Notes	1994 £000	1993 £000
Turnover			
Continuing operations		705,312	614,635
Acquisitions		67,208	—
		772,520	614,635
Discontinued operations		—	1,753
Total turnover	1	772,520	616,388
Cost of sales	3	(515,002)	(438,421)
Gross profit		257,518	177,967
Net operating expenses	3	(233,197)	(163,074)
Operating profit			
Continuing operations		23,815	15,205
Acquisitions		693	—
Discontinued operations		(187)	(312)
Operating profit		24,321	14,893
Share of profits less losses of associated undertakings		40,200	33,184
Exceptional item			
Loss on write-off of investment	3	(729)	—
Profit before interest and taxation		63,792	48,077
Net interest charge	2	(5,370)	(4,810)
Profit on ordinary activities before taxation	1 & 3	58,422	43,267
Taxation	5	(19,877)	(14,113)
Profit on ordinary activities after taxation		38,545	29,154
Dividends	6	(7,169)	(6,234)
Retained profit	20	31,376	22,920
Earnings per ordinary stock unit	7	35.2p	26.6p
— effect of exceptional item		0.6p	—
Adjusted earnings per ordinary stock unit		35.8p	26.6p

Consolidated and Parent Company Balance Sheets

at 30 September 1994

	Notes	Consolidated 1994 £000	1993 £000	Parent company 1994 £000	1993 £000
Fixed assets					
Intangible assets	9	4,918	3,424	—	—
Tangible assets	10	152,341	143,589	4,049	3,666
Investments	11	69,255	53,952	2,767	2,767
		226,514	200,965	6,816	6,433
Current assets					
Stocks	12	17,372	10,825	—	—
Debtors	13	170,218	125,791	257,862	230,350
Bank and deposit balances		8,147	5,558	1,404	2
		195,737	142,174	259,266	230,352
Creditors – due within one year					
Bank overdrafts and short term loans	14	7,033	12,534	15	1,307
Corporation tax		12,182	6,311	1,651	2,440
Proposed dividends		5,318	4,551	5,318	4,551
Other	15	164,765	121,983	43,059	44,851
		189,298	145,379	50,043	53,149
Net current assets/(liabilities)		6,439	(3,205)	209,223	177,203
Total assets less current liabilities		232,953	197,760	216,039	183,636
Creditors – due after more than one year					
Loans	16	43,425	26,722	42,000	25,000
Corporation tax		230	148	—	—
Other		253	—	—	—
		43,908	26,870	42,000	25,000
Provision for liabilities and charges	17	203	708	—	—
Net assets		188,842	170,182	174,039	158,636
Capital and reserves					
Called up share capital	18	27,504	27,504	27,504	27,504
Reserves	20	161,236	142,678	146,535	131,132
Shareholders' funds (including non-equity interests)	19	188,740	170,182	174,039	158,636
Minority interests		102	—	—	—
		188,842	170,182	174,039	158,636

Approved by the board on 24 February 1995

Roger Wiggs }
Christopher Shirtcliffe } Directors



security services plc

Consolidated Cashflow Statement

for the year ended 30 September 1994

	£000	1994 £000	£000	1993 £000
Operating activities				
Cash received from customers	746,617		608,519	
Cash payments to suppliers	(308,518)		(228,934)	
Paid to and on behalf of employees	(385,431)		(343,554)	
Net cash inflow from operating activities (see note 25 (a))		52,668		36,031
Returns on investments and servicing of finance				
Interest received	308		752	
Interest paid	(5,678)		(5,562)	
Dividends received	13,190		10,709	
Dividends paid (including minorities)	(6,402)		(5,669)	
Net cash inflow from returns on investments and servicing of finance		1,418		230
Taxation				
Tax paid		(2,343)		(1,088)
Investing activities				
Purchase of tangible fixed assets	(45,688)		(36,303)	
Purchase of intangible fixed assets	(2,603)		(1,901)	
Purchase of goodwill	(2,382)		-	
Repayment of loan by associated undertaking	-		226	
Sale of tangible fixed assets	3,364		5,766	
Purchase of associated undertakings	(663)		(416)	
Purchase of subsidiary undertakings (see note 25(e))	(11,590)		(3,022)	
Net cash outflow from investing activities		(59,562)		(35,650)
Net cash outflow before financing		(7,819)		(477)
Financing				
Increase in loans	16,654		8	
Finance lease movements	(745)		(3,129)	
Net cash inflow/(outflow) from financing (see note 25)		15,909		(3,121)
Changes in cash and cash equivalents (see note 25)		(8,090)		3,598
		7,819		477

Note

Payments and outflows are denoted in brackets.

Statement of Total Recognised Gains and Losses

	1994 £000	1993 £000
Profit for the financial year	38,545	29,154
Currency translation differences on foreign currency net investments (see note 20)	(231)	(1,159)
Total recognised gains relating to the year	38,314	27,995

Note of Historical Cost Profits and Losses

There is no material difference between reported profits shown on page 36 and the profit for the year restated on an historical cost basis.

Reconciliation of Movement in Shareholders' Funds

	1994 £000	1993 £000
Profit for the financial year	38,545	29,154
Dividends	(7,169)	(6,234)
Retained earnings	31,376	22,920
Currency translation differences on foreign currency net investments (see note 20)	(231)	(1,159)
Goodwill on acquisitions deducted from reserves (see note 20)	(12,587)	(5,072)
Net increase in shareholders' funds	18,558	16,689
Shareholders' funds at start of the year	170,182	153,493
Shareholders' funds at 30 September 1994	188,740	170,182

Statement of Accounting Policies

1 Basis of consolidation

The consolidated accounts incorporate the accounts of Security Services plc, its subsidiary undertakings and the group's share of profits and reserves of its associated undertakings for the year ended 30 September 1994.

The results of associated undertakings having financial year ends which differ from that of the group are based on the last audited accounts and management accounts for the subsequent periods to 30 September 1994. The principal associated undertaking with a different accounting date is Cellnet Group Limited whose year end is 31 March.

Associated undertakings are accounted for at profit before tax. Interest incurred or received by associated undertakings is not separately disclosed.

The accounts are prepared on the historical cost basis, other than certain freehold and leasehold properties which are included in the accounts at valuation (note 10 to the accounts) and in accordance with applicable accounting standards.

The results of subsidiary undertakings acquired or sold during the year are included as from or up to their effective dates of acquisition or disposal.

2 Group turnover

Turnover represents sales, excluding value added tax, by group companies to outside customers.

3 Depreciation

Depreciation is calculated to write off the cost or valuation of the assets to their estimated residual values by equal annual instalments over their expected economic life. No depreciation is provided on freehold or long leasehold land. Details of depreciation rates are disclosed in note 10 to the accounts.

4 Research and development expenditure

Research expenditure is written off in the year in which it is incurred.

United Kingdom development expenditure represents expenditure mainly of a revenue nature, incurred in the first three years of trading in establishing new branches, services and products of the group. Overseas development expenditure, with the exception of pre-operational costs, is written off during the year in which it is incurred.

Development expenditure and pre-operational costs are amortised over a period of up to ten years commencing in the year after that in which they have been incurred or when the project is revenue producing.

5 Stocks

Stocks are valued at the lower of cost and net realisable value on bases consistent with previous years. Cost represents expenditure incurred in the ordinary course of business to bring stock to its present condition and location and includes appropriate overheads.

6 Deferred taxation

Provision is made for deferred taxation at known rates of United Kingdom corporation tax on the excess of the book value of those assets qualifying for taxation allowances over their written down values for tax purposes, except when the tax benefit can be expected with reasonable probability to be retained for the foreseeable future.

7 Overseas currencies

Profits and losses and assets and liabilities denominated in foreign currencies have been translated to sterling at the rates of exchange ruling at the balance sheet date. All foreign exchange adjustments, including those arising on consolidation and on United Kingdom borrowings arranged to finance overseas investments, have been transferred to reserves (note 20 to the accounts).

8 Goodwill and cellular contracts

(a) Goodwill arising on consolidation and purchased goodwill are written off to reserves in the year of acquisition.

(b) Net payments made to third parties to obtain cellular contracts are amortised over three years. The average duration of cellular contracts is in excess of three years.

9 Leases

Assets held under finance leases are included in tangible fixed assets at their capital value and depreciated in accordance with the policy stated in paragraph 3 above. The capital element of future rentals is included within creditors and the finance charge element is charged to the profit and loss account over the period of the lease to reflect a constant rate of interest.

Annual rentals payable or receivable under operating leases are charged or credited to the profit and loss account as incurred and future rental obligations are disclosed in note 23 to the accounts.

10 Pensions

The group operates defined benefit pension schemes covering the majority of its UK employees. 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.

Notes to the Accounts

1 Segmental analysis of results

(a) Business divisions

Turnover

	Total £000	1994 Inter- segment £000	Sales to third parties £000	Total £000	1993 Inter- segment £000	Sales to third parties £000
Security	309,703	(1,970)	307,733	285,612	(436)	285,176
Parcels	313,498	(1,027)	312,471	241,198	(54)	241,144
Communications						
(excluding Cellnet)	155,497	(6,585)	148,912	89,012	(4,164)	84,848
Business Services	88,965	(85,561)	3,404	60,099	(56,632)	3,467
Continuing operations	867,663	(95,143)	772,520	675,921	(61,286)	614,635
Discontinued operations	-	-	-	1,753	-	1,753
	867,663	(95,143)	772,520	677,674	(61,286)	616,388

Profit on ordinary activities before taxation

	1994 £000	1993 £000
Security	12,006	9,125
Parcels	9,889	5,687
Communications		
- Pre exceptional item	(2,418)	(4,520)
- Exceptional item (see note 3(d))	(729)	-
Business Services	2,918	142
Finance	(247)	2,387
Continuing managed operations	21,419	12,821
Cellnet	37,275	30,837
Continuing operations	58,694	43,658
Discontinued operations	(272)	(391)
	58,422	43,267

Notes to the Accounts

1 Segmental analysis of results *continued*

(b) Geographical analysis

	1994	Sales to third parties		1993	Sales to third parties
	Total £000	Inter- segment £000	Total £000	Inter- segment £000	£000
Turnover					
United Kingdom	774,605	(95,007)	679,598	601,441	(61,286)
Rest of Europe	76,880	(136)	76,744	64,306	—
Africa	12,621	—	12,621	10,174	—
Asia and rest of world	3,557	—	3,557	—	—
Continuing operations	867,663	(95,143)	772,520	675,921	(61,286)
Discontinued operations	—	—	—	1,753	—
	867,663	(95,143)	772,520	677,674	(61,286)

Profit on ordinary activities before taxation

	1994 £000	1993 £000
United Kingdom	56,650	40,092
Rest of Europe	(1,491)	207
Africa	1,621	1,859
Asia and rest of world	1,914	1,500
Continuing operations	58,694	43,658
Discontinued operations	(272)	(391)
	58,422	43,267

The analysis of both turnover and profit is based on the location of the company in which sales have been made. An analysis of turnover to third parties by destination is not materially different from turnover by location of the company.

2 Net interest charge

	1994 £000	1993 £000
Loans and overdrafts, wholly repayable within five years:		
Repayable by instalments	550	749
Repayable other than by instalments	5,038	4,695
Loans of which any portion is due after more than five years	90	118
	5,678	5,562
Interest receivable	(308)	(752)
	5,370	4,810

Net interest payable/(receivable) for 1994 includes £85,000 relating to discontinued operations (1993: £79,000) and (£70,000) relating to acquisitions.

Notes to the Accounts

3 Profit on ordinary activities before taxation

(a) Operating profit has been arrived at after taking account of:

	Cost of sales £000	Administration expenses £000	1994 Distribution expenses £000	Cost of sales £000	Administration expenses £000	1993 Distribution expenses £000
Continuing operations	464,570	213,580	3,347	436,924	160,663	1,843
Discontinued operations	33	154	-	1,497	568	-
Acquisitions	50,399	15,564	552	-	-	-
	515,002	229,298	3,899	438,421	161,231	1,843

	1994 £000	1993 £000
(b) Profit on ordinary activities before taxation has been arrived at after taking account of:		
Auditors' remuneration		
- Fees	476	419
- Other services	96	117
Depreciation of tangible fixed assets	38,562	34,415
Development expenditure		
- Amortisation	459	25
Finance lease and hire purchase charges	528	697
Operating lease rentals payable		
- Properties	21,710	21,396
- Vehicles and equipment	6,019	5,761
Operating lease rentals receivable	(8,732)	(7,866)
(Profits)/losses on disposal of assets		
- Properties	(20)	23
- Other tangible fixed assets	(584)	(593)
- Intangible fixed assets	650	-

(c) Included in the results is a one-off credit arising from the write-back of a pension accrual amounting to £950,000. The amount has been allocated between the divisions as follows:

Security - £531,000; Parcels - £345,000; Communications - £36,000; Business Services - £38,000.

(d) Exceptional item

This relates to the loss on disposal of the group's investment in a German cellular service provider, Proficom GmbH.

4 Staff costs and employees

(a) Staff costs:

Staff costs, including directors' emoluments -

	1994 £000	1993 £000
Wages and salaries	340,563	305,693
Social security costs	30,579	26,727
Pension costs	14,539	14,127
	385,681	346,547

Notes to the Accounts

4 Staff costs and employees *continued*

	Number of employees	
	1994	1993
(b) Number of employees:		
The average weekly number of employees of the group during the year was –		
United Kingdom	22,880	21,318
Rest of Europe	3,551	3,047
Africa	16,279	16,335
Asia and rest of world	225	–
	42,935	40,700
 Business divisions:		
Security	32,603	30,386
Parcels	8,708	8,956
Communications	924	674
Business Services	700	684
	42,935	40,700

(c) Pensions:

The group operates various funded pension schemes which are established in accordance with local conditions and practices within the countries concerned.

The principal scheme, which operates in the United Kingdom, is of a defined benefit structure. The costs of this scheme amounted in the year to £12.769m (1993: £12.203m). The pension costs are assessed on the advice of independent qualified actuaries using the projected unit credit method. The assets of the schemes are held in separate trustee administered funds.

The latest actuarial valuation was made on 6 April 1994. The assumptions which have the most significant effect on the results of the valuation are the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the long-term rate of return on investments would be 1% higher than the rate of annual salary increases and would vary between 4% and 4.5% higher than the rates of pension increases.

At the date of the valuation the market value of the assets was £273.8m and the actuarial value of the assets was sufficient to cover the actuarial value of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The group's current contribution rate is expected to cover the funds' present and future commitments for the foreseeable future.

The pension schemes are operated jointly for the benefit of the employees of Securicor Group plc and Security Services plc and their subsidiaries.

On 30 September 1994, notice was given that the principal scheme was to be wound up as at 31 December 1994 and a new scheme created as at 1 January 1995. This action results from the European Court of Justice decision on equalisation of pension ages. The costs of the new scheme are not expected to differ significantly from those of the old scheme.

Notes to the Accounts

4 Staff costs and employees *continued*

	1994 £000	1993 £000
(d) Emoluments of the directors of Security Services plc:		
As executives –		
Executive services	710	707
Pension scheme contributions	74	68
As directors –		
Fees	86	66
Total directors' emoluments	870	841

The remuneration of the Chairman was £67,214 (1993: £64,242) which represented basic salary. Pension contributions were nil in both years. No performance-related bonus was paid in either year.

The remuneration of the highest paid director was split as to £166,125 basic salary and £18,563 performance-related bonus (1993: £150,285 and £32,513 respectively). Pension contributions amounted to £22,554 (1993: £20,660).

The number of directors whose pre-tax emoluments (excluding pension contributions) fell within the following bands was:

	Number of directors	
Emoluments	1994	1993
£5,001 to £10,000	–	1
£10,001 to £15,000	4	2
£15,001 to £20,000	–	1
£25,001 to £30,000	1	–
£50,001 to £55,000	1	–
£60,001 to £65,000	–	2
£65,001 to £70,000	1	–
£80,001 to £85,000	–	1
£85,001 to £90,000	1	–
£95,001 to £100,000	1	–
£100,001 to £105,000	–	1
£110,001 to £115,000	1	–
£115,001 to £120,000	1	2
£180,001 to £185,000	1	1

All Executive Directors are eligible for annual performance-related bonus payments under a scheme established by the Remuneration Committee. Payments are dependent on attaining defined profit targets for the managed businesses of the group and are subject to a maximum of 25% of base salary. Besides the bonus of the highest paid director noted above, other directors' performance-related bonuses amounted in aggregate to £42,975 (1993: £73,802).

Notes to the Accounts

5 Taxation

	1994 £000	1993 £000
UK corporation tax at 33% (1993: 33%)	18,344	13,123
Overseas tax	1,975	1,648
	20,319	14,771
Adjustments for previous years		
UK corporation tax	(484)	(602)
Overseas tax	42	(56)
	19,877	14,113

The charge for taxation includes £11,581,000 (1993: £10,619,000) in respect of the share of the results of associated undertakings.

6 Dividends

	1994 £000	1993 £000
3.15% Cumulative preference stock	3	3
Ordinary:		
Interim (paid) 1.686p (1993: 1.533p) per stock unit	1,848	1,680
Final (proposed) 4.851p (1993: 4.151p) per stock unit	5,318	4,551
	7,169	6,234

7 Earnings per ordinary stock unit

	1994	1993
Earnings	£38,542,000	£29,151,000
Average number of stock units	109,615,911	109,615,911
Earnings per ordinary stock unit	35.2p	26.6p

Earnings represent profit after tax less minority interests and fixed preference dividend.

Notes to the Accounts

8 Segmental analysis of net assets	Segmental net assets £000	Share of net assets of associated undertakings £000	1994 Total £000	Segmental net assets £000	Share of net assets of associated undertakings £000	1993 Total £000
Business sector						
Security	46,070	6,231	52,301	45,007	4,879	49,886
Parcels	25,512	–	25,512	29,286	–	29,286
Communications	34,993	63,024	98,017	15,235	49,073	64,308
Business Services	9,981	–	9,981	12,244	–	12,244
Finance	3,031	–	3,031	14,458	–	14,458
	119,587	69,255	188,842	116,230	53,952	170,182
Geographical analysis						
United Kingdom	104,555	63,024	167,579	106,668	49,073	155,741
Rest of Europe	9,004	551	9,555	6,056	351	6,407
Africa	4,175	–	4,175	3,136	–	3,136
Asia and rest of world	1,853	5,680	7,533	370	4,528	4,898
	119,587	69,255	188,842	116,230	53,952	170,182

Notes

(a) Segmental net assets represent shareholders' funds, minority interests and net interest-free loans.

(b) Share of net assets of associated undertakings represents shares at cost, loans and share of post acquisition reserves.

(c) For comparison purposes, where assets have been transferred between sectors during the year, prior year net assets by business sector have been restated.

9 Intangible fixed assets	Consolidated £000
Development expenditure	
Cost	
At 1 October 1993	4,233
Additions	2,603
Cost written-off	(1,388)
At 30 September 1994	5,448
Amortisation	
At 1 October 1993	809
Provision for the year	459
Amortisation written-off	(738)
At 30 September 1994	530
Net book value	
At 30 September 1994	4,918
At 30 September 1993	3,424

Notes to the Accounts

10 Tangible fixed assets	Land and buildings £000	Equipment and vehicles £000	Equipment held for operating leases £000	Total £000
Consolidated				
Cost or valuation				
At 1 October 1993	46,859	206,249	29,381	282,489
Additions at cost	2,766	40,914	2,008	45,688
Acquisition of subsidiaries	1,065	6,775	–	7,840
Disposals	(164)	(17,950)	(3,123)	(21,237)
Translation adjustments	151	445	11	607
At 30 September 1994	<u>50,677</u>	<u>236,433</u>	<u>28,277</u>	<u>315,387</u>
Depreciation				
At 1 October 1993	9,145	110,802	18,953	138,900
Provision for the year	1,685	34,475	2,402	38,562
Acquisition of subsidiaries	431	3,136	–	3,567
Disposals	(28)	(15,764)	(2,685)	(18,477)
Translation adjustments	29	458	7	494
At 30 September 1994	<u>11,262</u>	<u>133,107</u>	<u>18,677</u>	<u>163,046</u>
Net book value				
At 30 September 1994	<u>39,415</u>	<u>103,326</u>	<u>9,600</u>	<u>152,341</u>
At 30 September 1993	<u>37,714</u>	<u>95,447</u>	<u>10,428</u>	<u>143,589</u>
Notes				
(a) Equipment held under finance leases and included above:				
Net book value	£0.304m (1993: £2.697m)			
Accumulated depreciation	£0.732m (1993: £2.178m)			
Provision for the year	£1.036m (1993: £1.163m)			
			1994 £000	1993 £000
(b) Land and buildings				
(i) The amount shown at cost or valuation includes the following:				
At cost			49,617	45,830
At valuation in 1986 or prior			1,060	1,029
			<u>50,677</u>	<u>46,859</u>
(ii) The net book value of land and buildings comprises:				
Freeholds			20,829	20,198
Long leaseholds (50 years and over)			7,546	6,850
Short leaseholds (under 50 years)			11,040	10,666
			<u>39,415</u>	<u>37,714</u>

Notes to the Accounts

10 Tangible fixed assets *continued*

(c) Depreciation rates

The following table shows the annual rates of depreciation which are calculated on a straight line basis:

Freehold and long leasehold buildings	up to 2%
Short leaseholds (under 50 years)	over the life of the lease
Equipment	10% – 25%
Motor vehicles	10% – 33⅓%

(d) Assets revalued

The group's freehold and long leasehold properties located in the United Kingdom, Channel Islands, Isle of Man and Ireland were revalued as at 30 September 1990. If the revaluation had been incorporated into the accounts the net book value of the land and buildings, taking into account the disposals to date, would have increased by £12,005,500.

	Tangible fixed assets £000
Parent company	
Cost	
At 1 October 1993	3,866
Additions at cost	418
At 30 September 1994	<u>4,284</u>
Depreciation	
At 1 October 1993	200
Provision for the year	35
At 30 September 1994	<u>235</u>
Net book value	
At 30 September 1994	<u>4,049</u>
At 30 September 1993	<u>3,666</u>
Tangible fixed assets represent land and buildings.	

	1994 £000	1993 £000
The net book value of land and buildings comprises:		
Freeholds	3,449	3,030
Long leaseholds (50 years and over)	212	214
Short leaseholds (under 50 years)	388	422
	<u>4,049</u>	<u>3,666</u>

Notes to the Accounts

11 Investments	Consolidated £000	Parent company £000
Associated undertakings		
Shares at cost		
At 1 October 1993	3,904	2,667
Additions	663	—
At 30 September 1994	4,567	2,667
Loans at cost		
At 1 October 1993 and 30 September 1994	214	—
Share of post acquisition reserves		
At 1 October 1993	49,834	—
Retained profits for year	15,429	—
Goodwill on acquisitions	(597)	—
Translation adjustments	(192)	—
At 30 September 1994	64,474	—
Subsidiary undertakings		
Shares at cost		
At 1 October 1993 and 30 September 1994	—	100
Total investments		
At 30 September 1994	69,255	2,767
At 30 September 1993	53,952	2,767

Included in associated undertakings is the group's investment in Cellnet totalling £63,024,000 (1993: £49,073,000) represented by (i) cost of the investment of £2,667,000 and (ii) the group's share of Cellnet's profits after tax (net of dividends received) of £60,357,000 (1993: £46,406,000).

In the opinion of the directors the aggregate value of the group's investments in associated undertakings is not less than their cost.

12 Stocks	Consolidated 1994 £000	1993 £000
Raw materials	4,641	2,563
Work in progress	1,557	921
Finished goods including consumables	11,174	7,341
	17,372	10,825

The replacement cost of stocks approximates to the value stated in the accounts.

Notes to the Accounts

13 Debtors	Consolidated		Parent company	
	1994	1993	1994	1993
	£000	£000	£000	£000
Trade debtors	116,745	90,332	—	—
Parent undertakings and fellow subsidiary undertakings	777	462	495	—
Amounts owed by subsidiary undertakings	—	—	257,143	227,219
Amounts owed by associated undertakings	358	385	—	—
Other debtors	10,072	12,291	224	3,131
Prepayments and accrued income	42,266	22,321	—	—
	170,218	125,791	257,862	230,350

Included in consolidated prepayments is £15,095,000 (1993: £5,322,000) falling due after more than one year and included in parent company amounts owed by subsidiary undertakings is £173,153,000 (1993: £50,488,000) representing loan accounts due after more than one year.

14 Bank overdrafts and short term loans	Consolidated		Parent company	
	1994	1993	1994	1993
	£000	£000	£000	£000
Bank overdrafts and advances	6,577	12,116	15	1,307
Secured loans	82	100	—	—
Unsecured loans	374	318	—	—
	7,033	12,534	15	1,307

15 Creditors				
Amounts falling due within one year:				
Obligations under hire purchase and finance leases	566	1,360	—	—
Trade creditors	49,402	27,034	—	—
Parent undertakings and fellow subsidiary undertakings	43,264	37,199	41,276	34,437
Amounts owed to subsidiary undertakings	—	—	1,766	8,515
Amounts owed to associated undertakings	207	135	—	—
Other taxation and social security	22,171	21,921	—	—
Other creditors	11,979	5,149	17	199
Accruals and deferred income	37,176	29,185	—	1,700
	164,765	121,983	43,059	44,851

Notes to the Accounts

16 Loans	Consolidated		Parent company	
	1994	1993	1994	1993
	£000	£000	£000	£000
Total loans				
Secured	274	526	—	—
Unsecured	42,906	26,000	42,000	25,000
Obligations under hire purchase and finance leases	245	196	—	—
	43,425	26,722	42,000	25,000
Repayable within one to two years				
Secured	—	212	—	—
Unsecured	495	331	—	—
Obligations under hire purchase and finance leases	150	86	—	—
Repayable within two to five years				
Secured	134	122	—	—
Unsecured	42,371	25,669	42,000	25,000
Obligations under hire purchase and finance leases	95	110	—	—
Not wholly repayable within five years				
Secured	140	192	—	—
Unsecured	40	—	—	—
	43,425	26,722	42,000	25,000

Secured loans at market rates of interest are secured on property and other assets of the group, and are mainly repayable by monthly instalments during 1994-2000.

Unsecured loans at market rates of interest are mainly repayable in 1998 or at any earlier time at the option of the borrower. At the balance sheet date, a £42 million drawdown on a series of bilateral Revolving Multicurrency Credit (RMC) facilities has been included in the above analysis as repayable within two to five years. The RMC facilities, in an aggregate sum of £95 million, are each available until 1998.

17 Provision for liabilities and charges	Consolidated 1994 £000
Provisions	
At 1 October 1993	708
Profit and loss account	98
Utilised in the year	(603)
At 30 September 1994	203

Deferred taxation

The amount of deferred taxation in respect of accelerated capital allowances and other timing differences calculated by the liability method and for which no provision is made in these accounts is £3,219,000 (1993: £4,720,000).

Notes to the Accounts

18 Share capital	Authorised £	1994 Issued and fully paid £	Authorised £	1993 Issued and fully paid £
Security Services plc				
3.15% Cumulative preference stock	100,000	100,000	100,000	100,000
Ordinary stock units of 25p each	27,403,978	27,403,978	27,403,978	27,403,978
Ordinary shares of 25p each	2,496,022	-	2,496,022	-
	30,000,000	27,503,978	30,000,000	27,503,978

19 Shareholders' funds

Due to the immaterial level of non-equity interests in shareholders' funds, an analysis of the split between equity and non-equity interests has not been disclosed.

20 Reserves	Revaluation reserve £000	Associated undertakings £000	Retained earnings £000	Share premium £000	Total £000
Consolidated					
At 1 October 1993	1,000	49,834	43,463	48,381	142,678
Movement in year:					
Retained earnings	-	15,429	15,947	-	31,376
Goodwill (see note 21)	-	(597)	(11,990)	-	(12,587)
Translation adjustments	-	(192)	(39)	-	(231)
At 30 September 1994	1,000	64,474	47,381	48,381	161,236

	Retained earnings £000	Share premium £000	Total £000
Parent company			
At 1 October 1993	82,751	48,381	131,132
Retained earnings	15,403	-	15,403
At 30 September 1994	98,154	48,381	146,535

As permitted by section 230 of the Companies Act 1985, the parent company has not presented its own profit and loss account. The profit attributable to shareholders, dealt with in the accounts of the company, is £22,569,000 (1993: £26,189,000).

Notes to the Accounts

21 Acquisitions

Goodwill arising on consolidation and purchased goodwill, which are written off to reserves in the year of acquisition, are detailed below:

	Scottish Express Limited			SIR Service d'Intervention Rapide SA		
	Net assets acquired £000	Fair value adjustments £000	Fair value of assets acquired £000	Net assets acquired £000	Fair value adjustments £000	Fair value of assets acquired £000
Fixed assets	2,330	—	2,330	334	—	334
Cash	763	—	763	607	—	607
Debtors	12,150	—	12,150	485	—	485
Stocks	60	—	60	—	—	—
Creditors due within one year	(10,941)	—	(10,941)	(1,045)	—	(1,045)
Long-term creditors	(73)	—	(73)	(3,070)	—	(3,070)
	<u>4,289</u>	<u>—</u>	<u>4,289</u>	<u>(2,689)</u>	<u>—</u>	<u>(2,689)</u>
Consideration			(4,386)			(31)
Consolidated goodwill			<u>(97)</u>			<u>(2,720)</u>

	TSI Wireline Inc			Interconnect Limited		
	Net assets acquired £000	Fair value adjustments £000	Fair value of assets acquired £000	Net assets acquired £000	Fair value adjustments £000	Fair value of assets acquired £000
Fixed assets	1,298	—	1,298	136	—	136
Debtors	2,904	(316)I	2,588	1,178	(400)I	778
Stocks	1,795	(254)II	1,541	—	—	—
Creditors due within one year	(3,483)	—	(3,483)	(995)	—	(995)
Long-term creditors	—	—	—	(22)	—	(22)
	<u>2,514</u>	<u>(570)</u>	<u>1,944</u>	<u>297</u>	<u>(400)</u>	<u>(103)</u>
Consideration			(6,867)			(1,502)
Consolidated goodwill			<u>(4,923)</u>			<u>(1,605)</u>

Notes to the Accounts

		Other			Total	
	Net assets acquired £000	Fair value adjustments £000	Fair value of assets acquired £000	Net assets acquired £000	Fair value adjustments £000	Fair value of assets acquired £000
21 Acquisitions continued						
Fixed assets	175	—	175	4,273	—	4,273
Cash	237	—	237	1,607	—	1,607
Debtors	112	—	112	16,829	(716) I	16,113
Stocks	—	—	—	1,855	(254) II	1,601
Creditors due within one year	(205)	—	(205)	(16,669)	—	(16,669)
Long-term creditors	(69)	—	(69)	(3,234)	—	(3,234)
Minority interest	(102)	—	(102)	(102)	—	(102)
	<u>148</u>	<u>—</u>	<u>148</u>	<u>4,559</u>	<u>(970)</u>	<u>3,589</u>
Consideration			(411)			(13,197)
Consolidated goodwill			(263)			(9,608)
Share of goodwill of associates						(597)
Purchased goodwill						(2,382)
Total goodwill on acquisitions						(12,587)

I Recognition of specific bad debts.

II Write-down mainly as a result of obsolescence.

Purchased goodwill relates to the purchase of the cash-in-transit business of Connaught Security Group Limited, the fire and intruder alarms business of Channel Islands Communications (Television) Limited and the guarding business of Cleshar Security Services Limited.

Notes to the Accounts

22 Contingent liabilities

At 30 September 1994, guarantees had been provided in respect of the following outstanding borrowings, hire purchase and finance lease commitments:

(a) By the company in respect of its subsidiaries, for:

- (i) Short-term liabilities (under one year) £7,094,000 (1993: £5,264,000)
- (ii) Long-term liabilities (over one year) £1,392,000 (1993: £1,404,000)

(b) By Securicor Group plc in respect of the company and its subsidiaries for:

- (i) Short-term liabilities (under one year) £527,000 (1993: £542,000)
- (ii) Long-term liabilities (over one year) £42,000,000 (1993: £25,000,000)

Deferred consideration of an aggregate maximum sum of £3,775,000 may, dependent on future performance, become payable in respect of the acquisitions of 3net Limited, Interconnect Limited and TrakBak AVL Limited.

Under a group registration the company is jointly and severally liable for value added tax due by other group companies.

Contingent liabilities also exist in respect of agreements entered into in the normal course of business.

23 Operating lease commitments

Commitments at 30 September 1994 on operating leases which expire:

	Land and buildings £000	1994 Other £000	Land and buildings £000	1993 Other £000
within one year	1,315	1,565	670	2,072
between one and two years	750	1,731	497	621
between two and five years	2,257	3,489	1,716	312
more than five years	14,897	—	12,001	—
	19,219	6,785	14,884	3,005

24 Capital commitments

Contracted

Authorised but not contracted

	Consolidated 1994 £000	1993 £000
Contracted	1,676	5,235
Authorised but not contracted	6,889	574
	8,565	5,809

The parent company had no capital commitments in either year.

Notes to the Accounts

25 Notes to the consolidated cashflow statement

(a) Reconciliation of profit on ordinary activities

before taxation to net cash inflow from operating activities

	1994 £000	1993 £000
Profit on ordinary activities before taxation	58,422	43,267
Share of profits of associated undertakings and net interest	(34,830)	(28,374)
Loss/(profit) on disposal of fixed assets	46	(570)
Depreciation	38,562	34,415
Amortisation of development expenditure	459	25
Translation adjustments	(152)	(362)
Other provisions	(505)	296
Increase in stocks	(4,946)	(520)
Increase in debtors	(29,043)	(15,179)
Increase in creditors due within one year	23,673	3,372
Increase/(decrease) in creditors due after one year	253	(273)
Transfer to subsidiary undertakings	-	(84)
Trade investments written-off	729	-
Other	-	18
	52,668	36,031

(b) Analysis of changes in cash and cash equivalents

At 30 September 1993	(6,976)	(3,378)
Net cash inflow/(outflow)	8,090	(3,598)
At 30 September 1994	1,114	(6,976)

(c) Analysis of balances of cash and cash equivalents shown in the balance sheet

	1994 £000	1993 £000	Change in year £000
Cash at bank and in hand	8,147	5,558	2,589
Bank loans and overdrafts	(7,033)	(12,534)	5,501
At 30 September 1994	1,114	(6,976)	8,090

(d) Analysis of changes in financing during the year

At 30 September 1993	75,885	28,082
Net cashflow from financing	-	15,909
At 30 September 1994	75,885	43,991

Notes to the Accounts

25 Notes to the consolidated cashflow statement *continued*

(e) Acquisition of subsidiaries

	Scottish Express Limited Net assets acquired £000	SIR Service d'Intervention Rapide SA Net assets acquired £000	TSI Wireline Inc Net assets acquired £000	Interconnect Limited Net assets acquired £000	Other Net assets acquired £000	Total net assets of subsidiaries acquired £000
Fixed assets	2,330	334	1,298	136	175	4,273
Debtors	12,150	485	2,588	778	112	16,113
Stocks	60	—	1,541	—	—	1,601
Creditors due within one year	(10,941)	(1,045)	(3,483)	(995)	(205)	(16,669)
Long-term creditors	(73)	(3,070)	—	(22)	(69)	(3,234)
Minority interest	—	—	—	—	(102)	(102)
	3,526	(3,296)	1,944	(103)	(89)	1,982
Goodwill (see note 21)	97	2,720	4,923	1,605	263	9,608
	3,623	(576)	6,867	1,502	174	11,590
Satisfied by cash	4,386	31	6,867	1,502	411	13,197
Cash and cash equivalents acquired	(763)	(607)	—	—	(237)	(1,607)
	3,623	(576)	6,867	1,502	174	11,590

Other than in respect of the purchase consideration detailed above, acquisitions made in the year had no material effect on cashflow.

26 Principal subsidiary and associated undertakings

Subsidiary undertakings

Security

	Effective % of issued share capital held by the group	Incorporated and operational as at January 1995
Securicor Security Services Limited**	100	United Kingdom
Securicor International Limited**	100	United Kingdom
Securicor Limited	100	United Kingdom
Securicor Cleaning Limited	100	United Kingdom
Securicor Custodial Services Limited	100	United Kingdom
Securicor Guarding Limited	100	United Kingdom
Securicor Guards Limited	100	United Kingdom
Securicor Alarms Limited	100	United Kingdom
Securicor Deutschland GmbH*	100	Germany
Securicor Wachgesellschaft Leipzig mbH	100	Germany
ASD + Securicor Wachschutz GmbH	70	Germany
Securicor Hungary Kft	100	Hungary
Securicor Investissements SA	100	France
Ongas SA	100	France
Securicor Luxembourg SA	100	Luxembourg
Securicor Ireland Limited*	100	Ireland
Securicor Jersey Limited	100	Jersey
Securicor Guernsey Limited	100	Guernsey
Securicor Isle of Man Limited	100	Isle of Man

Notes to the Accounts

26 Principal subsidiary and associated undertakings *continued*

	Effective % of issued share capital held by the group	Incorporated and operational as at January 1995
Subsidiary undertakings		
Security		
Securicor Kenya Limited	100	Kenya
Securicor (Malawi) Limited	99	Malawi
Securicor (Zambia) Limited	100	Zambia
SIR Service d'Intervention Rapide SA	92	Switzerland
Parcels		
Securicor Parcels Limited**	100	United Kingdom
Securicor Omega Express Limited	100	United Kingdom
Securicor Pony Express Limited	100	United Kingdom
Scottish Express Limited	100	United Kingdom
Securicor Omega Express NV	100	Belgium
Securicor Deutschland GmbH*	100	Germany
Securicor (Nederland) BV	100	Netherlands
Securicor Omega Express Sarl	100	France
Securicor Express Services Sarl	100	Luxembourg
Securicor Ireland Limited*	100	Ireland
Communications		
Securicor Communications Limited**	100	United Kingdom
Securicor Cellular Services Limited	100	United Kingdom
Securicor Datatrak Limited	100	United Kingdom
Securicor TrakBak Limited	100	United Kingdom
Securicor Electronics Limited	100	United Kingdom
Securicor Radiocom Limited	100	United Kingdom
Securicor Telecoms Limited	100	United Kingdom
Linear Modulation Technology Limited	100	United Kingdom
Securicor 3net Limited	100	United Kingdom
Securicor Telesciences Inc	100	USA
Business Services		
Securicor Business Services Limited**	100	United Kingdom
Securicor Computer Services Limited	100	United Kingdom
Securicor Vehicle Services Limited	100	United Kingdom

Notes to the Accounts

26 Principal subsidiary and associated undertakings *continued*

Associated undertakings and joint venture	Issued capital	Effective % of issued share capital held by the group	Incorporated and operational as at January 1995
Security			
JS Holdings Limited – incorporated – operational	US\$3,000	50	British Virgin Islands, Hong Kong, Indonesia, Macau, Malaysia, Taiwan and Thailand
Securicor Trinidad Limited	TT\$3,500,000	33	Trinidad and Tobago
Al Mulla Security Services Co WLL	KD50,000	49	Kuwait
Securicor Malta Limited	LM75,000	40	Malta
Geldnet BV	NLG6,000,000	25	Netherlands
VNV Securicor Alarmcentrale v.o.f.	Partnership	33	Netherlands
Communications			
Cellnet Group Limited	£10,000,000	27	United Kingdom

Notes

* Indicates joint principal Security/Parcels operations.

** Indicates directly held by Security Services plc

All material holdings are in ordinary shares.

27 Ultimate holding company

The ultimate holding company of Security Services plc is Securicor Group plc, a company registered in the United Kingdom. The accounts of Securicor Group plc are available from the registered office (see page 64).

Report of the Auditors

To the members of Security Services plc

We have audited the financial statements on pages 36 to 60.

Respective responsibilities of directors and auditors

As described on page 34, 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 affairs of the company and of the group at 30 September 1994 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Corporate governance matters

In addition to our audit of the financial statements we have reviewed the directors' statement on page 31 concerning the company's compliance with the code of best practice, insofar as it relates to the paragraphs of the code which have been specified for our review. We carried out our review having regard to the guidance issued by the Auditing Practices Board.

We have satisfied ourselves that the directors' statement appropriately reflects the company's compliance with the specified paragraphs of the code. We are not required to review, and have not reviewed, the effectiveness of the company's governance procedures.

As part of our review we considered the financial director's comment on page 7 on the adoption of the going concern basis for the financial statements. We confirm that the comment is consistent with the information of which we are aware based on our normal audit work on the financial statements.

2 Bloomsbury Street
London WC1B 3ST
24 February 1995


Baker Tilly
Chartered Accountants
Registered Auditors

Ten Year Financial Summary

(£ millions)	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Turnover	773	616	563	511	468	430	381	334	310	271
Profit before taxation	58.4	43.3	30.7	20.4	29.1	28.2	21.7	16.2	11.4	10.8
Profit attributable to shareholders	38.5	29.2	16.4	13.2	14.8	16.3	11.7	9.7	6.6	5.9
Profits retained	31.4	22.9	10.9	8.3	10.4	13.1	9.2	7.4	4.6	4.1
Fixed assets	226.5	201.0	191.1	165.4	145.8	117.8	91.7	75.7	68.9	61.8
Net assets	188.8	170.2	153.5	145.5	138.3	134.8	71.2	63.2	57.3	53.3
Earnings per ordinary stock unit (pence)	35.2	26.6	14.9	12.0	13.5	15.7	11.7	9.6	6.7	5.9
Dividends per ordinary stock unit (pence)	6.537	5.684	5.030	4.488	4.080	2.914	2.498	2.268	2.062	1.874
Return on net assets (%)	31	25	20	14	21	21	31	26	20	20
Gross borrowings (£ millions)	51.0	40.6	39.7	15.6	14.1	13.3	21.8	16.5	14.6	13.9
External debt/equity (%)	27	24	26	11	10	10	31	26	25	26

Notice of Meeting

Notice is hereby given that the ninety-ninth Annual General Meeting of Security Services plc will be held at the Richmond Hill Hotel, Richmond Hill, Richmond, Surrey on Wednesday 29 March 1995 at 12.15 pm.

1 For the purpose of transacting the following Ordinary Business:

(a) To receive and consider the reports of the directors and auditors and the accounts of the company for the year ended 30 September 1994.

(b) To confirm payment of interim dividends and to declare final dividends.

(c) To re-elect the directors who retire by rotation:

Mr Christopher Shirtcliffe

Mr AV Alexander

Mr Henry McKay

(d) To re-appoint Baker Tilly as auditors of the company and to authorise the directors to fix their remuneration.

2 For the purpose of transacting the following Special Business:

To consider and, if thought fit, to pass the following Resolutions:

(a) As an Ordinary Resolution

"That the directors are hereby unconditionally authorised for the purpose of section 80 of the Companies Act 1985 to allot and dispose of or grant options over the company's shares to such persons, at such times, and in such manner as they think fit up to the amount of the unissued share capital of the company at the date hereof at any time or times during the period of five years from the date of passing of this resolution."

(b) As a Special Resolution

"That equity securities, as defined in section 94 of the Companies Act 1985, up to a maximum amount of 5% of the issued equity securities of the company, as so defined, may be allotted as if section 89(1) of that Act did not apply to such allotment. The authority conferred by this resolution shall expire at the conclusion of the next Annual General Meeting of the company save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired."

Sutton Park House
15 Carshalton Road
Sutton
Surrey SM1 4LD
24 February 1995

By order of the Board
N E Griffiths
Secretary

Notes

(a) Every member entitled to attend and vote at the meeting may appoint another person as his/her proxy to attend and vote thereat instead of him/her and such proxy need not be a member. Forms appointing proxies must be deposited at the office of the Registrars by 12.15 pm on 27 March 1995.

(b) Subject to the recommendation as to the payment of the final dividends being adopted at the annual general meeting the dividends will be payable on 5 April 1995 to the holders registered on 2 March 1995.

(c) In accordance with the requirements of the London Stock Exchange, copies of the directors' service contracts will be available for inspection at the registered office from the date of the above notice until the date of the meeting and at the place of the meeting from 15 minutes prior to until the close of the meeting.

Financial Calendar/Group Addresses

Results announcements

Final results – early January

Interim results – late June

Dividend payments

Interim paid – 30 September 1994

Final payable – 5 April 1995

Annual Report

Published – February

Annual General Meeting

29 March 1995

Group Addresses

Registered office:

Sutton Park House
15 Carshalton Road
Sutton
Surrey SM1 4LD
Tel: 0181-770 7000

Registrars and transfer office:

Barclays Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU
Tel: 0181-650 4866

Auditors:

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Stockbrokers:

Cazenove & Co
12 Tokenhouse Yard
London EC2R 7AN

Merchant bankers:

Lazard Brothers & Co Ltd
21 Moorfields
London EC2P 2HT