

SECURITY SERVICES PLC



Security Services plc, a 50.75% shareholding of which is held by Securicor Group plc, operates through subsidiaries to provide services to corporate and public sector customers in three core business areas:

- **Security and Alarms**
- **Express Parcel Distribution**
- **Communications**

The group also provides products and services in related or ancillary areas, including transport and fleet management.

Group strategy is to concentrate on the three distinct but inter-related core business sectors in order to provide first class quality of service for its customers' specific requirements based on its long recognised qualities of:

- **Experienced and skilled human resources throughout the organisation.**
- **Securicor's unique culture providing reliability, integrity and quality service.**
- **Innovative and cost-effective application of technology.**

The group policy is to diversify into new business sectors, complementary to the existing businesses, where these skills and strengths are of identifiable advantage in achieving and sustaining a market position sufficient to provide an acceptable return on resources.

In the 1990's the group will increasingly develop its core businesses across Europe and internationally – directly, through acquisition or in joint ventures.

1990	% Change
£408m	+9
£36.1m	+28
£21.6m	+33
19.7p	+25
4.080p	+40
£138.3m	+43
26%	

90

90

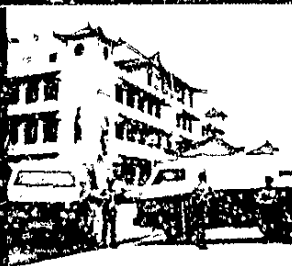
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90

The Parcels Division now has a new name, livery and logo as SECURICOR OMEGA EXPRESS. It marks 25 years of Securicor Parcels' distribution and positions the company for expansion Europe-wide.



A major international development of the year: joint venture with Jardine Pacific to provide security and related services in the high-growth region of the Pacific Rim.



Further growth in a hitherto largely untapped area of banking support: BUSINESS-LINK vehicles provide small businesses with services including collection of cash and supply of change.

The group's first venture into Eastern Europe: opening of a Securicor branch in Leipzig. The united Germany is an important focus of corporate strategy on international expansion.



Following substantial investment in the network capacity and quality of service, Cellnet's marketing campaign includes the introduction of a new logo.



Nigel Griffiths, Group Secretary, was appointed to the boards of Securicor Group plc and Security Services plc in March 1990.



Major growth in the Communications Division: the new factory built at Midsomer Norton for Securicor Ashley Electronics to expand its role in supplying to the group and to other equipment manufacturers.

Another Record Year It is pleasing to report yet another year of record results for the group, despite the deterioration in the general economic climate. Profits before tax advanced to £36.1m, an increase of 28% over 1989.

We are now undoubtedly benefiting from the divisionalisation of management responsibility implemented two years ago. This superimposed an extra degree of profit consciousness upon the long standing dedication of managerial staff to the provision of high quality service, which is the hall-mark of Securicor. It has also more sharply focused the advancement of each of our core businesses upon the identification and exploitation of market opportunities world-wide, which they have successfully seized.

Our three main divisions continue to consist of the provision of security services, the express delivery of parcels, and communications.

During the year the Security Division, while increasingly selling its expertise overseas, launched exciting new services, which have kept our skills and resources fully utilised, and have reinforced our position as market leader in the provision of integrated security services in the United Kingdom.

The level of business available to the Parcels Division – market leader in the highly competitive overnight delivery service – tends, by its very nature, to reflect a down-turn in the general economic climate. It is therefore particularly pleasing to report that this Division, which promises to be an increasingly important contributor to the group in Europe after 1992, exceeded its previous sales record. Keener margins, however, inevitably affected profitability.

Our third main business, Communications, has demonstrated the value of far-seeing investment. Profits from our share in Cellnet yielded £25.4 million, compared with £12.8 million last year. But we must not underestimate the importance of the direct investment being made in our own Communications Division which will bear fruit in the future. We face here a marketplace – not least in the cellular field – with great growth potential, but recently notoriously volatile. I am happy to say that in the continuing 'shake-out' in the cellular sector we have emerged with a most satisfactory share of that market.

Dividends In accordance with my statement last year, the directors will be recommending an increase in the dividend per ordinary share of 40% for the year to 30th September 1991. The final dividend would thus amount to 2.789p per share,

whilst the interim dividend of 1.201p per share paid in September already constituted a 40% increase over that for the previous year.

Our Staff As in previous years, it is my privilege to mention special acts of courage displayed in the course of our business.

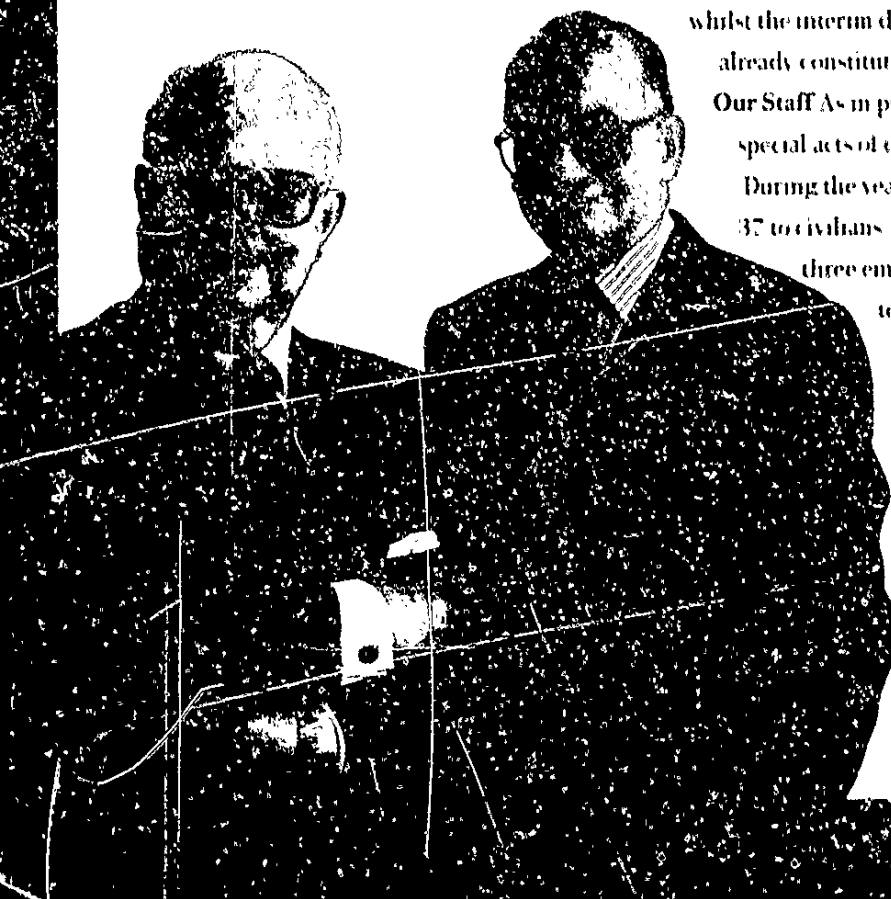
During the year Securicor made 46 awards to employees and 37 to civilians. The Securicor Bravery Medal was presented to three employees and the Meritorious Conduct Medal to four.

Amongst the civilian recipients were two members of the public who were shot when intervening at the time cash-in-transit crews were under attack. Both, although requiring stays in hospital, happily are recovering from their injuries.

It is with great sadness that we record

Peter Smith (Chairman) (left)

Roger Whipp (Group Managing Director) (right)



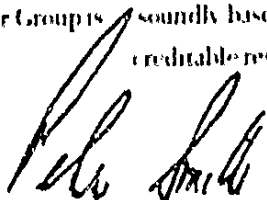
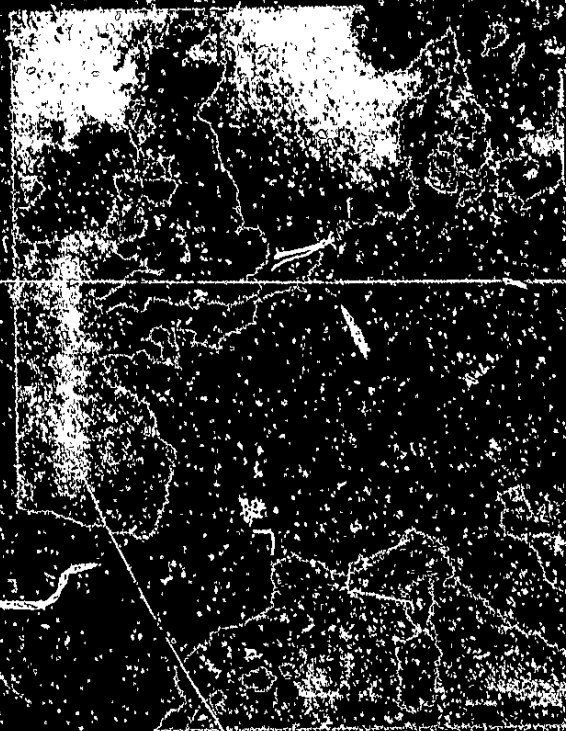
the death in Hong Kong on 11th May 1990 of Mr Leung Lap San, fatally wounded in an attack on a cash carrying vehicle. We extend our deepest sympathy to his family.

Like many other British multi-national corporations, we were trading in Kuwait at the time of the invasion by Iraqi troops. Both of our expatriate managers, George Woodberry and Stewart Briggs, succeeded in escaping in the most harrowing of circumstances. George Woodberry, displaying courage and resolution typical of so many of our employees, had first ensured that all local armoured vehicles were recovered and returned to base.

Only a few days earlier, severe rioting had erupted in Trinidad. In the Securicor tradition, staff of Securicor Trinidad continued to perform their duties throughout.

All our staff, at all levels, deserve the thanks of the Board and of shareholders. Ours is nothing if not a 'people' business. Modern technology, and modern market conditions, mean that we expect more and more of them, and our staff always rise to each fresh demand made of them.

Group Board Changes I have great pleasure in reporting the appointment, in March 1990, of Nigel Griffiths LL.B to the boards of Securicor Group plc and Security Services plc. Nigel has been with the group since 1973 and his wide-ranging legal and commercial experience enables him to make a unique and invaluable contribution to our affairs. Future Prospects Strong management, the sharp monitoring of events, a hard look at every area of our business and an eye to the acquisition opportunity will sustain us through the current hard economic times. Whilst our results will be supported by our traditional strength in security services and our participation in Cellnet, investment in new facilities and network capacity, especially in our parcels business, may reduce our profit margins in the current year. The unforeseeable impact of the situation in the Gulf, together with general uncertainty over the speed of recovery of the economy, involve factors outside our control and make prediction unusually difficult. Nevertheless, I am confident that our Group is soundly based and that it will produce creditable results in the current year.

United Kingdom

Kenya

Germany

Malawi

Holland

Zambia

France

Hong Kong

Luxembourg

Macau

Belgium

Malaysia

Iceland

Thailand

Jersey

Trinidad and Tobago

Guernsey

Isle of Man

During the year the Security Division moved successfully into new markets which enabled resources to be fully and profitably employed in an inevitably tight marketplace.

An important innovation in cash handling was the introduction of the *Community Link* mobile banking vehicle designed to help the estimated 25% of the population without a banking account to pay their Community Charge and Council rates. Already six local councils are using Community Link and this is regarded as a pilot scheme for other types of 'community' banking.

The vehicles—built by Bodwas and designed in white rather than blue—so as to be more user friendly—are equipped with computers which record payments and give a receipt. Data information and banking of cash are completed within 24 hours.

Another innovation in cash handling services *Business-Link* has taken Securicor into a largely untapped market this year. This service—building on the success of Cashguard—is aimed at the smaller retail business sector.

Again, this is designed to be a user friendly, low profile service. It takes banking services to the small businessman who does not wish to leave his premises to go to the bank. The Securicor vehicle collects cash and provides change. A two tier level of insurance coupled with potentially cheaper banking costs is welcomed by smaller businesses.

These two services indicate an important area of



progress for the Division. As banks increasingly seek to reduce the proportion of their resources devoted to over-the-counter cash handling, Securicor's Banking Support Services are able to move into these new markets and provide services tailored to the banks' and customers' requirements.

The unique *Securicor Safe-Link* overnight delivery service has continued to be welcomed by larger businesses such as supermarket chains. Customers can often experience financial benefits through reduced bank charges and faster value dating of credits to their accounts. Safe-Link was extended during the year to additional areas of Scotland and the North.

Cashsert, the cash replenishment service for Automated Teller Machines, has more than doubled its services.

In *Office Services* a restructuring of the business has taken place, concentrating on the growing core activities of shredding, secure storage and archiving. Market research shows demand for secure bulk storage of computer tapes, bankers' boxes and deeds. Several of our Security Centres lend themselves to further expansion of this type of business.

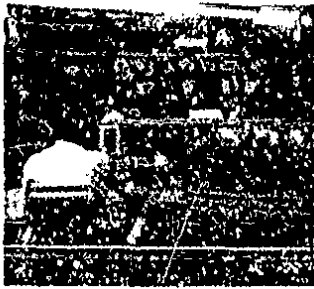
Securicor Cleaning Limited, now profitable following restructuring, has moved its headquarters to Manchester. Business development will concentrate on blue chip companies and specialised services such as cleaning of computer suites.

Guarding and Patrol Services Significant progress was achieved in Guarding Services, reflecting the continuing respect shown by corporate customers for the high quality of our staff. Selection processes are continually being refined. The use of bio-data testing of applicants, by means of a system developed uniquely by Securicor, has further improved recruitment methods to the benefit of both the Company and employees.

Once again, Securicor provided high-level security for the major political party conferences, and this year the service was extended to many regional conferences and other major events.

Following the opening of our Airport Services Centre at Heathrow, Securicor now undertakes baggage screening for 21 airlines at Terminal Two.





Mint Security continued to make a valuable contribution to the Guarding sector and recently extended its operations to Ramsgate in connection with the opening of the Channel Tunnel. Mint (Ulster) performed well during the year.

Alarm Systems Securicor Granley, supplying and maintaining alarm systems, achieved British Standard 5750 quality assurance for the entire company in

November 1989. This assurance of quality, plus the Genesis intelligent alarm system

which is well able to meet the challenges presented by the new police policy on intruder alarms, position Securicor Granley in the forefront of its sector in technology. The full commercial advantage is still to be realised.

International Operations The major event of the year was the negotiation of a joint venture with Jardine Pacific, covering the respective security and related services in Asia Pacific, an area where continued economic growth has increased the security market. The aim is to create the largest operations in our respective fields in a high growth industry. Several opportunities are being actively pursued.

In Europe, a major focus is Germany where Securicor has been established for a number of years. In July operations commenced in a very satisfactory way in Leipzig through a 90% controlled subsidiary. Research is being carried out to ascertain which areas of Eastern Europe should form the basis for new operations to complement Securicor's well established presence in Western Europe.


Securicor's Dutch cash-in-transit joint venture merged with that of PTT Nederland, and now trades as Geldnet. The new company, with one-third of the Dutch market, offers for the first time a nationwide service as an alternative to the only other national carrier.

In Trinidad Securicor's joint venture company successfully acquired its principal competitor in the cash-in-transit business. Following the political unrest, the guarding business showed a major upswing.

African operations excelled yet again, with radio alarms and response services continuing to perform strongly, particularly in Zambia.



Parcels



Securicor Express Parcels broke its sales record during 1990 – a considerable achievement in a sector which manifestly depends on general levels of economic activity. Securicor not only retained but increased market share in extremely competitive conditions.

The encouraging progress took place in the United Kingdom, in the Republic of Ireland and in Continental Europe.

Major investments in new services and network facilities continued during the year and have already resulted in significant improvements in customer service.

United Kingdom The network, which is the most extensive private sector system in the country, benefited from modernisation during the year.

New branches were opened in Coventry, Corby, Kingston, Horndean and Duckinfield. Following the successful opening in Bristol of the first of a series of new super-terminals, work has been completed on a similar facility at Bellshill to serve Scotland.

Our strategy includes not only substantial increase in capacity but improvements to meet the increasingly sophisticated requirements of customers who expect speed and reliability and also immediate proof that every delivery has been effected. This has involved substantial investment in technology and staff training.

Customer satisfaction is already increasing significantly with the development of a £25 million five-year investment programme in integrated information technology. Completion of the first phase



makes possible a state-of-the-art service of confirmation of delivery for each of the 1.5 million parcels delivered by the company each week within the United Kingdom.

As part of the process, an integrated network of computer recording equipment was installed at over 120 branches and linked to a new mainframe system. Simultaneous training of branch administration staff and couriers has helped to ensure that employees throughout the country are fully abreast of the new technology.

A new area of business, introduced in 1989 and continuing to expand, is warehousing. A new facility of 22,000 sq. ft. was opened in Warrington during the year.

The company continued to take a leading role in bulk prospectus distribution in connection with the Government's privatisation programme. In November 1989 over 736 tonnes of material was delivered to 12,000 addresses in a single 72-hour period.

In an increasingly competitive environment, the sales function acquired extra importance. The first stage of a two-phase reorganisation of the United Kingdom sales force was implemented in March 1990. As part of this the control of specialist sales staff for international products, mail services and warehousing was merged with that of the mainstream sales force to secure the fastest possible means of contact with customers. There has already been a significant rise in sales productivity.

The marketing organisation was also strengthened and a number of new products and services introduced.

The premium 'swifty' service was enhanced by a money-back guarantee and a late evening week-day pick-up service was introduced in the 26 United Kingdom cities serviced by Pony Express.

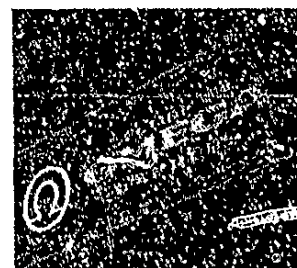
On the international front, trials were carried out during the summer of a new premium document service, the service offers next-day delivery to major business centres in Europe by noon.

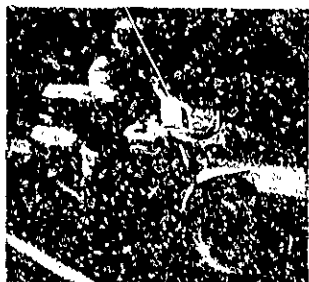
A fast new surface product for heavier consignments between the United Kingdom and the Republic of Ireland was also introduced successfully.

Europe The Securicor operation on mainland Europe has been refined during the year in ways which will strengthen our competitive position post 1992.

In Holland, Visser Sneltransporten enabled Securicor to operate a complete national network, providing premium delivery services.

In Belgium the operations of Securicor Express and CCC, the national and international courier company, were merged with improved new premises opening at several centres. The Luxembourg operation continued to grow profitably.





A specialised sales force was created in France to make a more effective attack on the international market. This resulted in Grimaud Securicor, our joint venture company, more than doubling its turnover.

In the Republic of Ireland, despite stiff competition, the national parcels company produced excellent results both in turnover and profitability. A major new contract for distribution of automotive products throughout the country was started.

Pony Express Pony Express continued its rapid rate of growth across the United Kingdom. New branches were opened at Warrington, Wolverhampton and Gatwick Airport. Service in the London area was much enhanced by the introduction of three new locations including a Central London branch at Victoria.

Expansion of Pony Express into Continental Europe started in Paris. New sales techniques appropriate to this market, including a specially commissioned direct marketing campaign, contributed to a successful launch.

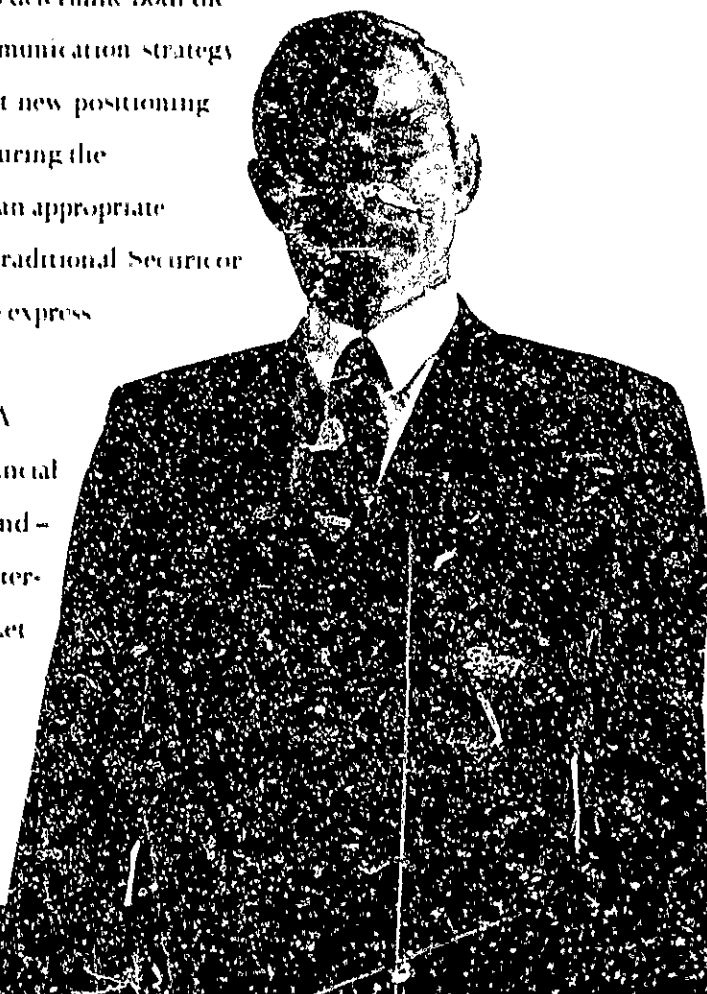
In London, a new service - Securicor Chauffeur Drive - combined screened personnel with a luxury fleet to offer customers a unique service.

Securicor Mail Services Securicor Mail Services successfully grew the base started during the preceding year. **Auto Parts Express** This specialist subsidiary improved its position in its carefully defined market of delivering time-critical packages for smaller-volume users.

The new face of Securicor Express As noted in last year's report, Securicor Express is firmly committed to expansion across Continental Europe. During the year substantial resources were devoted to market research within the major economies of Europe to determine both the appropriate product mix and an effective communication strategy for each country. The results demonstrated that new positioning for Securicor Express would be advantageous. During the year resources were channelled into developing an appropriate new identity which would both embrace the traditional Securicor link and establish greater global credibility in the express package market.

The striking new identity of Securicor OMEGA Express was thus launched at the end of the financial year in the United Kingdom and Republic of Ireland - a fitting moment as the company marked a quarter-century of service in the parcels distribution market.

Pat Howes, international chief executive





Communications

The Communications Division operates in a number of growing markets providing mobile and office-based communications. The Division has broadened its range of products and services and has increased its customer base, reflecting the group's commitment to top quality based on superior products and service. In a volatile market it has emerged in a strong position for future development, with increased contribution to group profits through the shareholding in Cellnet.

Supply, installation and maintenance of products. Nowhere has volatility been more evident than in the cellular distribution market. Here Securicor has achieved a growth of over 25% in the numbers of its subscribers to the cellular networks. An industry 'first' is a newly developed corporate billing system which gives corporate customers added value by enabling them to monitor accurately and thereby control their cellular telephone usage. An increase in customer base was also secured for the Band Three mobile radio service following expansion of the network to a national service.

The Relayfone III private mobile radio network operated by Securicor, and available to external closed user groups, was extended to the North-East region, centred on Newcastle, and further developed in the Southern region to include the Southampton conurbation.

Ashley Communications, with its extensive dealership network in the South of England,



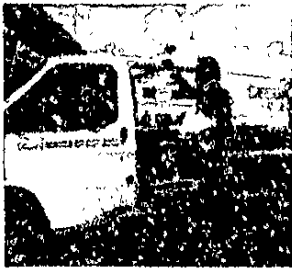
continued to supply District Councils with their private mobile radio needs and has had particular success in obtaining a contract for the supply of hand portables to one of the national supermarket chains for their security, transport and internal communications. A new subsidiary, Securicor PMR Systems Limited, has been formed to provide specialist design services for the supply of advanced private mobile radio systems and products.

In collaboration with the Department of Trade and Industry, Securicor carried out field trials on a new private mobile radio system utilising trunked single sideband technology which will more than double the effective utilisation of radio frequencies and thereby considerably improve quality and increase user capacity. A new subsidiary, Linear Modulation Technology Limited, has been formed to develop these techniques into commercial products. Considerable interest is already being shown from overseas as well as in the United Kingdom.

In office communications Securicor obtained British Standard 5750 approval for the installation of telecommunications products, which include key systems and small PABXs, so enabling Securicor products to be connected to the public telephone network without British Telecom inspection. The Company's main telephone key system, the Rhapsody, was again awarded the "Key System of the Year" accolade by the Telecommunications Industry Association. This business will be enhanced following the acquisition in November 1990 of the telephone equipment business of Ferranti Business Communications Limited.

Securicor Ashley Electronics, with quality assurance approvals to British Standard 5750 and International Standard 9001, continues to expand its development, software design and manufacturing operations both as support to the group and as sub contract suppliers to other equipment manufacturers. This business, together with Securicor PMR Systems Limited and the Linear





Modulation Technology development team, has recently moved into a new purpose built factory and laboratory facility at Midsomer Norton, near Bath.

Network provision The year under review has been one of steady expansion of the infrastructure of the Cellnet system to provide better quality and increased subscriber capacity. Cellnet has also commenced investment in the infrastructure of the second generation digital cellular system known as GSM, which will be an integral part of the pan-European network and will enable customers to utilise their equipment throughout Europe.

During the year Band Three Radio Limited completed the introduction of its national trunked mobile radio service. Subscriber growth followed this achievement with Band Three maintaining its position as leader in the current United Kingdom market. The present business climate suggests, however, that subscriber growth will be slower than originally planned. A prudent view has been taken therefore that the value of our investment should be adjusted accordingly.

The Datatrak automatic vehicle location and tracking system has now been extended to cover the major industrial areas in Scotland. Users are becoming increasingly aware of the advantages that vehicle location can bring to their fleet management operations, and a number of notable successes have been achieved in the recovery of high value cargoes which were being continuously and accurately tracked by the system. Following adoption of the system by Surrey Ambulance to provide much improved response and resource allocation, other ambulance authorities are expressing considerable interest.

The Datatrak system is acknowledged as being unique by world standards, and considerable interest is being shown by major potential operators and users of the system overseas. The first overseas franchise agreement has been concluded to adopt the system in Italy.



Roger Wiggs director/chief executive

Fleet Servicing

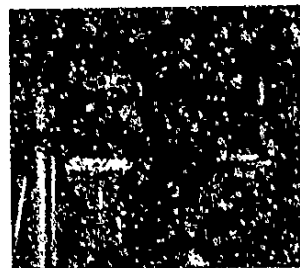
Securicor's fleet servicing operation is responsible for supplying the large numbers of vehicles used by the operating divisions and for providing the high quality of maintenance and transport management services expected by them.

With our network of workshops and skilled staff built up over the years, we also provide fleet maintenance services for third parties, at present worth some £4 million of business. The current review of the Division's operations is designed to produce more revenue from such services.

The past year has been a busy one, as Securicor fleets grew, both in the United Kingdom and overseas. New workshops were opened at High Wycombe and Coulsdon, while a number of replacement premises created increased capacity.

Shortage of skilled technicians in certain areas creates problems from time to time, but the Transport Services apprentice training programme is proving beneficial. We now have 34 apprentices undergoing the vehicle mechanics course.

A reduction in the number of designated traffic areas being effected during 1991 by the Department of Transport has necessitated administrative rethinking of Securicor's regional responsibilities. We are taking advantage of the opportunities for reorganisation presented by these changes and by EEC requirements under the European transport infrastructure policy.



*Peter Smith OBE** Chairman, is 70 and as a solicitor began his association with the group in 1951. He was appointed to the boards of Securicor Group PLC and Security Services PLC in 1968 and was elected Chairman and Chief Executive in 1974, relinquishing the latter position on his retirement from full time executive duties in 1985. He has been a member of the Council of the British Security Industry Association since its inception in 1966, including its Chairman in 1977-1981, and was made Honorary President of the Association in 1990. He has been a member of the Council of the Royal Warrant Holders Association since 1976, including its President in 1982-1983.

Executive Directors:

Roger Wiggs Chief Executive, is 51 and as a solicitor became increasingly involved in the group's overseas affairs during the latter part of the 1960s. He was appointed director for overseas operations of Securicor Limited in 1974 and subsequently managing director of Securicor International Limited. In 1977 he was appointed to the boards of Securicor Group PLC and Security Services PLC and elected Deputy Group Chief Executive in 1985 and Group Chief Executive in 1988.

Richard Graves Deputy Chairman, is 62 and was appointed to the boards of Securicor Group PLC and Security Services PLC as a non-executive director in 1986 when he was chairman and chief executive of Brickhouse Dudley PLC. Later that year he accepted an executive directorship with the group and was appointed Deputy Chairman in 1988.

Henry McKay is 51 and joined the group's security operations in Scotland in 1968. He was promoted general manager of Securicor Limited in 1976, to the board of that company in 1979 and became its managing director in 1985. He was appointed to the boards of Security Services PLC in 1984 and Securicor Group PLC in 1986.

Christopher Shirtcliffe FCA is 46 and joined the group's overseas operations in France in 1975. He was subsequently promoted financial controller of the European subsidiary companies and became international finance director in 1980. He was appointed to the boards of Security Services PLC in 1985 and Securicor Group PLC as Group Financial Director in 1986.

Nigel Griffiths LLB is 44 and joined the group's French company in a management role in 1973. A solicitor, he was appointed to the board of Securicor Limited in 1986 as Legal Director. He was appointed Company Secretary of Securicor Group PLC and Security Services PLC in 1989 and to the boards of those companies in March 1990.

Non-Executive Directors:

*Eric Hollis FCCA, FCT** is 72 and joined the group as Company Secretary in 1949. He was appointed to the boards of Securicor Group PLC in 1962 and Security Services PLC in 1966 and held the positions of Finance Director 1974-1986 and Deputy Chairman 1977-1988. He retired from full time executive duties in 1983 but serves as Chairman of the group pension scheme trustee company.

*Peter Tozle** is 67 and joined Securicor Limited as director of special services in 1976. He was appointed to the boards of Securicor Group PLC and Security Services PLC in 1977 and became Group Chief Executive in 1985 until his retirement from full time duties in 1988. He continues as an executive consultant on all communications and alarms activities and serves on the boards of Cellnet, Band Three and Datatrak. He is a non-executive director of Serco Group PLC.

*John Delaney** is 72 and joined the UK security operations of Securicor Limited in 1964, being appointed a director of that company in 1973 and of Securicor Group PLC and Security Services PLC in 1979. He currently serves on the boards of Securicor International Limited and Crosskeys Limited.

A F Alexander CBE is 62 and was appointed a non-executive director of Securicor Group PLC and Security Services PLC in 1977. He is an honorary vice-president of the British Insurance Brokers' Association of which he was chairman from 1982 to 1987.

*non-executive directors having part time subsidiary duties within the group.

The directors have pleasure in presenting their annual report together with the audited accounts of the Company for the year ended 30th September 1990.

1 Principal Activities of the Group

Security Services PLC is a holding company.

The principal activities of its subsidiary and related companies, carried out both in the United Kingdom and internationally, include express parcels, document delivery and mail services; the transportation and care of cash and valuables; cash processing; security guards and patrols; vehicle fleet servicing; the retailing and installation of communications products, security equipment, 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 26.

A review of business activities during the year, future developments and prospects of the group are contained in the Chairman's Statement on pages 4 and 5 and in the Review of Operations on pages 6 to 18.

3 Dividends

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

Preference

– Cumulative preference dividends £3,150 (year ended 31st August 1990).

Ordinary

– Interim dividend of 1.291p per stock unit paid on 28th September 1990.

– Final dividend of 2.789p per stock unit payable on 5th April 1991.

4 Business Acquisitions and Disposals

Securicor Communications Limited acquired customer bases of the following cellular telephone retail businesses:-
Tactico Cellular Radio Services Limited (November 1989), Dialog Communications Limited (April 1990),
Space-Tel Communications Limited and Metro Cellular PLC (both December 1990).

In November 1989, Securicor Nederland BV took a 50% interest in two existing transport companies, AC Visser Transport BV and AC Visser Sneltransporten BV, the merged business being known as Securicor/Visser Transport. In January 1990, Geldtransport Nederland VOF, in which Securicor has a 50% stake, merged its cash-in-transit business with that of the Dutch PTT in a new company known as Geldnet BV in which Securicor's effective interest is 25%.

In February 1990, Securicor Transports NV (Belgium) acquired the remaining 36% of the shares of Continental Courier Company NV ("CCC") from the three minority shareholders in that company, Messrs B, F and P Vanderhaeghen, the last of whom was also a director of CCC. The purchase consideration was FB24,000,000 with a further FB6,000,000 payable on achievement by CCC of a pre-tax budget target for the year to 30th September 1990. In May 1990, Securicor Trinidad Limited, in which Securicor has a one-third stake, acquired Eagle Limited, a company supplying cash-in-transit services in Trinidad and Tobago.

Securicor Limited acquired the 50% interest in Datatrak Limited previously held by a subsidiary of George Wimpey PLC, thus making Datatrak a fully-owned Securicor subsidiary in December 1989.

Securicor International Limited entered into a joint venture agreement with Jardine Pacific Holdings Limited in October 1990, merging certain of the respective security operations of Securicor and Jardine in the Far East. Initially, the joint venture included Securicor's wholly owned principal operations in Hong Kong and Macau and its 49% stake in Securicor (Malaysia) Sdn Bhd.

In November 1990, the telephone equipment business of Ferranti Business Communications Limited was acquired. Merger with our existing business has been effected within a newly created subsidiary company, Securicor Telecoms Limited.

4 Business Acquisitions and Disposals *continued*

Shortly before the reunification of Germany, security operations were commenced in Leipzig through the creation of a 90% interest in Securicor Wachgesellschaft Leipzig mbh (May 1990).

The Company sold its 76% interests in Securicor Stronghold Limited and City Safe Wholesale Limited to Messrs J and M Chantler, the owners of the minority shareholdings in these companies, in June 1990 for a consideration of £400,000. Messrs J and M Chantler were directors of both companies.

Following the invasion of Kuwait in August 1990, the operations of our joint venture security company, Al Mulla Security Services Co WLL, ceased. The net asset value of our investment in Kuwait, amounting to £221,000 has been fully written down and shown as an extraordinary item on page 32 (note 5 to the accounts).

5 Capital

The authorised and issued share capital of the Company at 30th September 1990 is set out on page 39 (note 18 to the accounts).

Shareholders are invited to renew the directors' general authority to enable them 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 this authority which is in accordance with the guidelines issued by the International Stock Exchange is in the best interest of the Company.

Accordingly, the appropriate resolution, stated in similar terms to that approved by shareholders last year, is included in the notice of the Annual General Meeting on page 46.

6 Summary Financial Statements

The Companies Act 1989 permits companies whose shares are listed to send summary financial statements to shareholders, rather than full accounts. Copies of the full accounts must, however, still be sent to any shareholders who wish to receive them.

Whilst the company's present intention is to continue to send full accounts to all its shareholders, it is nevertheless thought advisable to alter the Company's Articles of Association to permit it to issue summary financial statements at some future stage and the relevant resolution dealing with such alteration is included in the notice of the Annual General Meeting.

7 Tangible Fixed Assets

During the year under review group tangible fixed assets increased by £22,808,000 to £120,546,000. The movement of fixed assets during the year is shown on page 34 (note 9 to the accounts).

8 Market Value of Interests in Land

At 30th September 1990, the group's freehold and long leasehold properties located in the United Kingdom, Channel Islands and the Isle of Man were revalued. Note 9(c) to the accounts on page 35 gives details of this revaluation and shows that, had all the figures been incorporated in the accounts, the net book value of land and buildings would have increased by £11,508,000.

The directors are thus 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.

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. 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 note 4 on page 25.

10 Employee Involvement

The group has continued its practice of keeping 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 at branch level of video recorders and monitors as an enhanced means of corporate communication and training which involves the active participation of employees;
- (c) the circulation on an individual basis of the group's in-house magazine, the 'Securicor Guardian'.

The 'Branch of the Year' and 'Telephonist of the Year' competitions with their particular emphasis on customer service continue to stimulate employee awareness in this vital area.

Performance-related financial incentives based on results now form part of the remuneration package of an increasing number of employees.

11 Securicor and the Environment

In these ecology-conscious times, the directors are pleased to report a number of initiatives adopted by the group. Whenever it proves practicable, vehicles are converted to use lead-free petrol. Securicor Cleaning seeks to avoid the use of environmentally-unfriendly aerosols and bleaches. Much of the paper used within the group has been recycled.

Under the guidance of a 'Green' team, chaired by a senior director, every aspect of operations is now examined to assess and where necessary eliminate as far as possible any detrimental environmental effect.

12 Employment of Disabled Persons

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

13 Political and Charitable Contributions

The group remains committed to support of charities, the community, job creation and training, local development, the arts, sport and music. Aggregate contributions, both in cash and in kind during the year, amounted to £179,000.

There were no political contributions.

14 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) Provident Mutual Life Assurance Association
10,243,851 ordinary stock units (9.34%)

15 Auditors

A resolution to re-appoint Milne Ross, 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.

16 Directors

The directors listed on page 19 have, with the exception of Mr N E Griffiths who was appointed on 29th March 1990, held office throughout the year ended 30th September 1990.

Mr Griffiths retires in accordance with the Articles of Association and, being eligible, offers himself for election. The directors retiring by rotation are Mr Richard Graves, Mr Peter Smith and Mr Roger Wiggs who, being eligible, offer themselves for re-election.

The contract of service of Mr Graves determines on 30th September 1991, that of Mr Smith is determinable at six months' notice and those of Messrs Griffiths and Wiggs at three years' notice.

Short biographical notes on each of the Company's directors are contained on page 19.

Directors' interests in the share capital of the Company and the holding 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	
	1990	1989	1990	1989	1990	1989
I Beneficial Interest						
J J Delaney	144,983	144,983	1,355,978	1,355,603	4,021,246	4,141,247
P A C Smith	18,698	18,698	8,084	8,084	150,704	150,704
E A Hollis	5,691	5,691	10,512	10,512	29,742	29,742
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	2,176	2,176
R S W H Wiggs	2,843	2,843	444	444	5,250	5,250
H W McKay	1,018	1,018	507	507	134	134
R A Graves	1,117	1,117	1,003	1,003	18,217	67
C C Shirlcliffe	782	782	1,021	1,021	1,430	1,430
N E Griffiths	400	-	360	-	-	-
II Other Interests						
P A C Smith	147,787	147,787	1,098,297	1,098,297	3,463,377	3,583,377
R S W H Wiggs	142,012	142,012	1,075,077	1,075,077	3,347,858	3,467,858
E A Hollis	147,787	-	1,242,383	-	3,685,602	-
III Executive Share Options						
			P F H Towle		20,000	20,000
			R S W H Wiggs		48,500	48,500
			H W McKay		29,000	29,000
			R A Graves		6,000	26,000
			C C Shirlcliffe		35,200	35,200
			N E Griffiths		9,800	9,800

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 unless otherwise stated were:

(i) Beneficial interest - J J Delaney 710 shares

(ii) Other interests - P A C Smith 710 shares; R S W H Wiggs 710 shares; E A Hollis 3,360 shares (acquired October 1989).

The above tables comply with the requirements of the Companies Act 1985 and The International Stock Exchange and, in consequence, certain holdings have been duplicated. No material changes in these holdings have taken place since 30th September 1990.

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 4LE

By Order of the Board

N E Griffiths
Secretary

1st March 1991

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 30th September 1990.

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 30th September 1990. The principal associated undertaking with a different accounting date is Telecom Securicor Cellular Radio Limited whose year end is 31st March.

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 9 to the accounts).

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

2 Group turnover

Group 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 by equal annual instalments over their expected economic lives. No depreciation is provided on freehold or long leasehold land.

Details of depreciation rates are given in note 9.

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 up to 10 years commencing in the year after that in which they have been incurred. The amount of unamortised development expenditure is not treated as a realised loss for the purposes of calculating distributable profits.

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 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 in foreign currencies have been converted 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 19 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 their average life 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 profit and loss account over the period of the lease.

Annual rentals payable under operating leases are charged to profit and loss account and future rental obligations are disclosed in note 21 to the accounts.

10 Pensions

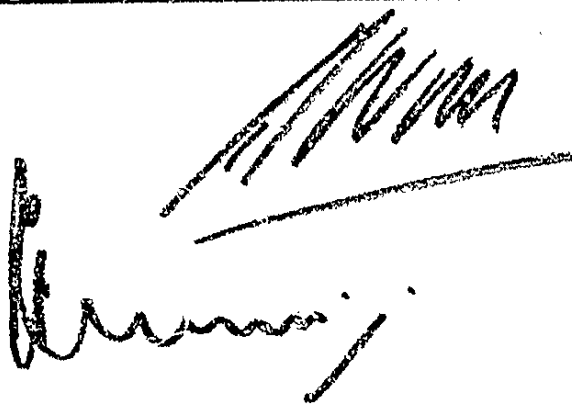
The group operates defined benefit pension schemes covering the majority of its employees. The contributions to the schemes are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the employees' working lives with the group.

Consolidated profit and loss account for the year ended 30th September 1990

		1990	1989
	<i>Note</i>	£000	£000
Turnover	1		
U.K.		402,054	372,345
Overseas		65,901	58,112
		467,955	430,457
Profit on ordinary activities before taxation	1 and 2		
Security and Parcels:			
U.K.		14,836	15,020
Overseas		834	2,080
Finance and investments		2,709	1,890
Communications (including cellular retailing)		(7,668)	(3,599)
Cellnet Cellular Radio		25,359	12,834
		36,070	28,225
Taxation	3	14,424	11,922
Profit on ordinary activities after taxation	4	21,646	16,303
Minority interests		2	(1)
		21,644	16,304
Extraordinary items	5	(6,797)	—
		14,847	16,304
Dividends	6	3,575	3,197
Profit for the year retained	19	10,372	13,107
Retained profit			
Parent company		280	4,755
Subsidiary undertakings		(2,823)	635
Associated undertakings		12,915	7,687
		10,372	13,107
Earnings per ordinary stock unit	7	19.7p	15.7p

	Notes	1990 £000	1989 £000
Fixed assets			
Intangible assets	8	306	244
Tangible assets	9	120,546	97,738
Investments	10	24,937	19,817
		145,789	117,799
Current assets			
Stocks	11	10,673	10,643
Debtors	12	70,833	64,600
Bank and deposit balances		13,250	36,972
Listed investments	13	—	1,080
		94,756	113,295
Creditors: due within one year			
Bank overdrafts and short term loans	14	5,933	4,115
Corporation tax		5,812	10,145
Proposed dividends		3,057	2,183
Other	15	79,391	66,002
		94,198	82,445
Net current assets		558	30,850
Total assets less current liabilities		146,347	148,649
Creditors: due after more than one year			
Loans	16	7,200	8,448
Corporation tax		187	5,249
		7,396	13,697
Provision for liabilities and charges	17	697	167
Net assets		138,254	134,785
Capital and reserves			
Called up share capital	18	27,504	27,504
Revaluation reserve		1,216	1,216
Other Reserves	19	109,530	106,065
		138,250	134,785
Minority Interests		4	—
		138,254	134,785

Roger Wiggs
Richard Graves } Directors
1st March 1991



	1990	1989	
	£000	£000	
Source of funds			
Profit on ordinary activities before taxation	36,470	28,225	
Extraordinary items before taxation	(7,018)	—	
Adjustments not involving the movement of funds:			
Profit on disposal of fixed assets and investments	(1,904)	(1,571)	
Depreciation	22,972	21,518	
Amortisation of development expenditure	95	94	
Retained in associated undertakings	(22,783)	(12,905)	
Exchange adjustments	(585)	(10)	
Transfer to subsidiary undertaking	4,250	—	
Provision against diminution in value of associated undertakings	4,850	—	
Increase in other provisions	301	—	
Total generated from operations	36,248	35,351	
Funds from other sources			
Proceeds of share issue	—	51,136	
Sale of tangible fixed assets and investments	5,873	3,277	
	5,873	54,413	
	42,121	89,764	
Application of funds			
Purchase of goodwill (Note 19)	1,680	371	
Purchase of subsidiary undertaking*	5,865	508	
Purchase of tangible fixed assets and investments	46,729	37,833	
Dividends paid	3,601	2,642	
Tax paid	13,684	7,322	
Increase in associated undertakings	1,481	3,681	
Decrease in loans	1,425	8,848	
Additions to intangible assets	1,7	—	
	74,622	61,205	
	(32,501)	28,559	
Decrease/(Increase) in working capital			
Decrease/(Increase) in stocks	273	(2,206)	
(Increase) in debtors	(5,519)	(6,579)	
Increase in creditors due within one year	12,262	7,660	
	6,956	(1,125)	
	(25,545)	27,434	
Movement in short term funds			
(Decrease)/Increase in cash resources	(23,722)	27,537	
(Increase) in bank overdrafts	(1,823)	(103)	
	(25,545)	27,434	
*Analysis of purchase of subsidiary (the remaining 50% interest in Datatrak Limited)			
Net assets acquired	£000	Discharged by	£000
Tangible fixed assets	2,254	Cash paid	1,508
Goodwill (Note 19)	4,196	Less cash included in assets acquired	(143)
Stocks	303	Transfer of investment in	
Debtors	614	associated undertaking,	4,500
Creditors	(1,273)		
Deferred tax	(2291)		
	<u>5,865</u>		<u>5,865</u>

	Year	1990 £000	1989 £000
Fixed assets			
Tangible assets	9	6,189	4,722
Investments	11	15,212	9,228
		21,401	13,950
Current assets			
Debtors	12	71,465	57,228
Bank and deposit balances		8,311	29,685
Listed investments	13	—	1,080
		79,776	87,993
Creditors: due within one year			
Corporation tax		269	597
Proposed dividends		3,057	2,183
Other	15	2,599	3,191
		5,925	5,971
Net current assets		73,851	82,022
Total assets less current liabilities		95,252	95,972
Creditors: due after more than one year			
Loans	16	5,000	6,000
Provision for liabilities and charges	17	167	167
Net assets		90,085	89,805
Capital and reserves			
Called up share capital	18	27,504	27,504
Reserves	19	62,581	62,301
		90,085	89,805

Roger Wiggs
Richard Graves | Directors
1st March 1991



Notes to the accounts

	1990 £000	1989 £000
1 Turnover and profits		
Turnover — Security and Parcels:		
U.K.	372,296	345,446
Republic of Ireland, Channel Islands and Isle of Man	19,709	17,783
Rest of Europe	30,271	25,768
Africa	10,903	9,625
Asia and rest of world	5,018	4,936
	438,197	403,558
Turnover (U.K.) — Communications (including cellular retailing but excluding Cellnet)	29,758	26,899
Total turnover	467,955	430,457
Cost of sales	364,739	335,171
Gross profit	103,216	95,286
Administrative expenses	92,295	80,034
Operating profit	10,921	15,252
Share of profits of associated undertakings:		
Cellnet Cellular Radio	25,359	12,834
Others	(210)	139
Profit on ordinary activities before taxation	36,070	28,225
Profit on ordinary activities — geographical analysis:		
U.K.	35,236	26,145
Republic of Ireland, Channel Islands and Isle of Man	926	822
Rest of Europe	(1,650)	(508)
Africa	1,269	1,177
Asia and rest of world	289	589
	36,070	28,225
Operating profit has been arrived at after taking account of:		
Audit fees	368	345
Depreciation of tangible fixed assets	22,972	21,518
Amortisation of development expenditure	95	94
Operating lease rentals payable: — Properties	13,872	9,544
— Vehicles and equipment	7,161	5,929
Operating lease rentals receivable	(6,775)	(6,809)
Investment income (listed)	—	(153)
(Profits) on disposal of assets: — Properties	(230)	(361)
— Other tangible assets	(612)	(1,210)
— Investments	(1,062)	—
Net finance (income)/cost:		
— Loans and overdrafts wholly repayable within five years		
Repayable by instalments	132	90
Repayable other than by instalments	599	1,121
— Loans of which any portion is due after more than five years	198	1,823
	929	3,034
— Interest receivable	(2,342)	(2,697)
	(1,413)	337

	1990 £000	1989 £000
2 Directors and employees		
Staff costs, including directors' emoluments:		
Wages and salaries	251,994	225,565
Social security costs	20,712	18,473
Pension costs	11,724	9,616
	284,430	253,654
Directors' emoluments		
Remuneration of directors of Security Services PLC:		
Executive services	553	521
Fees	49	46
	602	567

The remuneration of the Chairman was £53,351 (£49,379)

The remuneration of the highest paid director was £99,165 (£91,167)

The number of directors whose pre-tax emoluments fell within the following bands was:

Emoluments	Number of directors	
	1990	1989
£5,001 to £10,000	1	1
£15,001 to £20,000	—	1
£25,001 to £30,000	1	—
£30,001 to £35,000	—	2
£35,001 to £40,000	—	1
£40,001 to £45,000	2	—
£45,001 to £50,000	—	1
£50,001 to £55,000	1	—
£60,001 to £65,000	—	2
£65,001 to £70,000	—	1
£70,001 to £75,000	3	1
£75,001 to £80,000	1	—
£90,001 to £95,000	—	1
£95,001 to £100,000	1	—

The average weekly number of employees of the group during the year was:

	Number of employees	
	1990	1989
U.K.	22,110	21,104
Overseas	17,809	15,732
	39,919	36,836

	1990 £000	1989 £000
3 Taxation		
U.K. corporation tax at 35% (35%)	13,211	10,378
Deferred tax	—	135
Overseas tax	1,290	1,415
	14,501	11,928
Adjustments for previous years:		
U.K. corporation tax	78	(6)
Overseas tax	(155)	—
	14,424	11,922

The charge for taxation includes £9,914,000 (£5,218,000) in respect of share of profits of associated undertakings.

	1990 £000	1989 £000
4 Profit on ordinary activities after taxation		
Attributable to Security Services PLC	10,771	7,952

The parent company is exempt from presenting a profit and loss account in accordance with section 230 of the Companies Act 1985.

	1990 £000	1989 £000
5 Extraordinary items		
Head office relocation costs (Note (a))	(1,349)	—
Loss on disposal of subsidiaries (Note (b))	(648)	—
Write off of Kuwait investment (Note (c))	(221)	—
Provision against investment in Band Three (Note (d))	(4,800)	—
	(7,018)	—
U.K. corporation tax	221	—
	(6,797)	—

(a) Costs associated with the relocation and consolidation of the group's computer and telecommunications facilities from Fulham to Sutton.

(b) The interests of Securicor Stronghold Limited and City Safe Wholesale Limited. The loss on consolidation has been calculated by writing off inter-company balances totalling £1,592,352 due from the companies to Security Services PLC and after taking into account a sales consideration of £400,000 and consolidated trading losses and original cost of investment totalling £544,504.

(c) The net assets of Securicor's investment in Kuwait.

(d) The directors consider that there has been a diminution in the value of the investment.

	1990	1989
	£000	£000
6 Dividends		
3.15% Cumulative Preference stock	3	3
Ordinary:		
Interim (paid) 1.291p (0.922p) per stock unit	1,415	1,011
Final (proposed) 2.789p (1.992p) per stock unit	3,057	2,183
	4,475	3,197

7 Earnings per ordinary stock unit

The calculation of earnings per ordinary stock unit is based upon earnings of £21,641,000 (£16,301,000) being group profits after taxation, minority interests and fixed preference dividend and 109,615,913 (104,062,574) average ordinary stock units in issue during the year.

	Consolidated
	£000
8 Intangible fixed assets	
Development expenditure	
Cost	
At 30th September 1989	738
Additions	157
At 30th September 1990	895
Amortisation	
At 30th September 1989	494
Provision for the year	95
At 30th September 1990	589
Net book value	
At 30th September 1990	306
At 30th September 1989	244

	Land and Buildings £000	Equipment and vehicles £000	Equipment held for operating leases £000	Total £000
Tangible fixed assets				
Consolidated				
Cost or valuation				
At 30th September 1989	39,755	119,953	20,491	180,199
Additions at cost	5,086	37,912	3,731	46,729
Subsidiaries acquired	—	2,711	—	2,711
Disposals	(1,490)	(12,659)	(450)	(14,599)
Foreign currency adjustments	(181)	(464)	5	(640)
Transfers	418	(917)	35	(464)
At 30th September 1990	43,588	146,536	23,812	213,936
Depreciation				
At 30th September 1989	5,634	65,612	11,215	82,461
Provision for the year	1,047	19,637	2,288	22,972
Subsidiaries acquired	—	457	—	457
Disposals	(404)	(11,033)	(270)	(11,710)
Foreign currency adjustments	(20)	(309)	3	(326)
Transfers	—	(468)	4	(464)
At 30th September 1990	6,257	73,893	13,240	93,390
Net book value				
At 30th September 1990	37,331	72,643	10,572	120,546
At 30th September 1989	34,121	54,341	9,276	97,738

Note:

Equipment held under finance leases and included above:

Net book value £2.886m.

Accumulated depreciation £0.996m.

(a) Land and buildings.

(i) The amount shown at cost or valuation includes the following:

	1990	1989
	£000	£000
At cost	42,226	38,301
At valuation in 1986 or prior	1,362	1,454
	43,588	39,755

(ii) The net book value of land and buildings comprises

	1990	1989
Freeholds	22,032	20,227
Long leaseholds (over 50 years)	3,353	3,432
Short leaseholds (under 50 years)	11,946	10,462
	37,331	34,121

(b) Depreciation rates

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

	up to 2%
Freehold and long leasehold buildings	over the life of the lease
Short leaseholds	10% - 25%
Equipment	10% - 33 1/3%
Motor vehicles	

9 Tangible fixed assets *continued*

(c) Assets revalued during the year:

The group's freehold and long leasehold properties located in the United Kingdom, Channel Islands and Isle of Man were revalued as at 30th September 1990.

With the exception of purpose built Security Centres which have been valued on a depreciated replacement cost basis all other revalued property has been valued on the open market basis for existing use. All valuations were carried out by Coddard & Smith, Consultant Surveyors and Valuers.

If the valuation of revalued properties had been incorporated into the accounts then the net book value of land and buildings would have increased by £11,508,000 to £48,839,000.

	Net book value of land and buildings		Revaluation surplus not incorporated	Total
	Not revalued	Revalued	into accounts	revaluation
	£000	£000	£000	£000
Freeholds	2,692	19,340	1,836	23,868
Long leaseholds (over 50 years)	510	2,843	9,672	13,025
Short leaseholds (under 50 years)	11,946	—	—	11,946
	15,148	22,183	11,508	48,839
Parent Company				Land and
Cost				Buildings
At 30th September 1989				£000
Additions at cost				5,341
Disposals				1,545
				(23)
At 30th September 1990				6,863
Depreciation				
At 30th September 1989				619
Provision for the year				66
Disposals				(11)
At 30th September 1990				674
Net book value				
At 30th September 1990				6,189
At 30th September 1989				4,722
The net book value of land and buildings comprises				
		1990	1989	
		£000	£000	
Freeholds		5,371	3,843	
Long leaseholds (over 50 years)		408	416	
Short leaseholds (under 50 years)		410	463	
		6,189	4,722	

10 Investments	Consolidated £000	Parent company £000
Associated undertakings		
Shares at cost less amount written off		
At 30th September 1989	10,012	2,667
Additions	462	4,800
Provision against diminutions in value	(2,050)	(4,800)
Transfer to subsidiary undertakings	(4,250)	-
At 30th September 1990	4,174	2,667
Loans		
At 30th September 1989	2,000	-
Additions	1,019	-
Provision against diminution in value	(2,800)	-
At 30th September 1990	219	-
Share of post acquisition reserves		
At 30th September 1989	7,805	-
Foreign currency adjustments	(130)	-
Retained profits for year	12,915	-
Other movements	(46)	-
At 30th September 1990	20,544	-
	24,937	2,667
Subsidiary undertakings		
Shares at cost, less amount written off		
At 30th September 1989	-	6,561
Additions	-	6,008
Disposals	-	(24)
At 30th September 1990	-	12,545
Total Investments		
At 30th September 1990	24,937	15,212
At 30th September 1989	19,817	9,228

As reported last year since 30th September 1989 the group has acquired the outside interest in Datatrak Limited at a cost of £1.5m. From the date of acquisition its results have been consolidated in accordance with the accounting policies on page 25.

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

	Consolidated	
	1990	1989
	£000	£000
11 Stocks		
Raw materials	2,693	589
Work in progress	781	702
Finished goods including consumables	7,199	9,352
	10,673	10,643

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

	Consolidated		Parent company	
	1990	1989	1990	1989
	£000	£000	£000	£000
12 Debtors				
Trade debtors	58,006	51,257	—	—
Parent undertaking and fellow subsidiary undertakings	—	—	2,121	111
Subsidiary undertakings—dividends	—	—	6,790	6,220
— other	—	—	61,600	49,895
Other debtors	6,262	5,653	954	551
Prepayments and accrued income	5,520	6,564	—	451
Associated undertakings	1,045	1,126	—	—
	70,833	64,600	71,465	57,228

Included in consolidated prepayments is £1,251,000 (£833,000) falling due after more than one year, and included in parent company subsidiary undertakings is £21,986,000 (£nil) representing loan accounts falling due after more than one year.

	Consolidated		Parent company	
	1990	1989	1990	1989
	£000	£000	£000	£000
13 Listed investments				
Listed investments at cost	—	1,080	—	1,080
Market value	—	1,405	—	1,405

	Consolidated	
	1990	1989
	£000	£000
14 Bank overdrafts and short term loans		
Bank overdrafts and advances	5,639	4,075
Short term loans (secured)	200	40
Short term loans (unsecured)	99	—
	5,938	4,115

At 30th September 1990 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 of £1,669,000.

(ii) long term liabilities of £1,401,000.

(b) By the Parent company in respect of the Company and its subsidiaries for:

(i) short term liabilities of £1,571,000

(ii) long term liabilities of £6,401,000.

At 30th September 1990, the Company had a potential maximum liability to invest £2,292,000 relating to the future funding requirements of an associated undertaking.

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

	Consolidated		Parent company	
	1990	1989	1990	1989
	£000	£000	£000	£000
15 Creditors				
Amounts falling due within one year:				
Trade creditors	17,782	14,822	—	—
Parent undertaking and fellow subsidiary undertakings	13,024	9,407	—	—
Subsidiary undertakings	—	—	2,319	3,105
Associated undertakings	571	478	—	—
Other taxation and social security	17,779	16,841	—	—
Accruals and deferred income	18,094	15,846	—	—
Other creditors	11,149	7,844	280	86
Hire purchase and finance leases	992	764	—	—
	79,391	66,002	2,599	3,191

	Consolidated		Parent company	
	1990	1989	1990	1989
	£000	£000	£000	£000
16 Loans				
Total loans				
Secured loans	765	924	—	—
Unsecured loans	6,039	7,305	5,000	6,000
Hire purchase and finance leases	405	219	—	—
	7,209	8,448	5,000	6,000
Repayable within one to two years				
Secured	29	4	—	—
Unsecured	213	4	—	—
Hire purchase and finance leases	396	178	—	—
Repayable within two to five years				
Secured	535	712	—	—
Unsecured	5,623	68	—	—
Hire purchase and finance leases	9	41	—	—
Not wholly repayable within five years				
Secured	201	208	—	—
Unsecured	203	7,233	5,000	6,000
	7,209	8,448	5,000	6,000

Secured loans are secured on property and other assets of the group, and are mainly repayable by monthly instalments during 1991-2000 at market rates of interest.

Unsecured loans are mainly repayable in 1994 or at any time at the option of the borrower.

Interest is payable at a margin over the lenders' current cost of funds.

	Consolidated	Parent company
	£000	£000
17 Provision for liabilities and charges		
Deferred taxation		
At 30th September 1989	167	167
Arising on the acquisition of a subsidiary	229	—
At 30th September 1990	396	—
Provisions		
At 30th September 1989	—	—
Arising on the acquisition of an associated undertaking	301	—
At 30th September 1990	301	—
Total provisions for liabilities and charges		
At 30th September 1990	697	167
At 30th September 1989	167	167
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 £4,209,000 (£3,424,000).		

	1990		1989	
	Authorised	Issued and fully paid	Authorised	Issued and fully paid
	£	£	£	£
18 Share capital				
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

	Consolidated	Parent company
	£000	£000
19 Other reserves		
Share premium		
At 30th September 1990 and 1989	48,381	48,381
Capital reserves		
At 30th September 1989	950	—
Profits of subsidiaries capitalised	33	—
Foreign exchange adjustments	5	—
At 30th September 1990	1,008	—
Revenue reserves		
At 30th September 1989 (Note (b))	58,734	13,920
Retained profits for year	10,372	280
	67,106	14,200
less: transfer to capital reserves (above)	53	—
goodwill written off (Note (a))	5,876	—
foreign exchange adjustments	1,036	6,965
At 30th September 1990	60,141	14,200
Total other reserves	69,530	62,581

(a) Analysis of goodwill arising on consolidation and purchased goodwill which are written off to reserves in the year of acquisition are stated below:

	£000
Arising on the acquisition of Datatrak Limited (below)	4,196
Purchase of cellular telephone retail businesses (from Dialog Communications Limited £340,000 and from Tactico Cellular Radio Services Limited £877,000)	1,217
Purchase of remaining minority interests, in Continental Courier Company NV	387
Other	76
	5,876

Datatrak Limited was acquired in December 1989. The total cost of investment to the group was £6,008,000, and the fair value of assets acquired of £1,812,000 is set out below. This gives rise to goodwill of £4,196,000.

	Book value £000	Revaluation £000	Other provisions £000	Fair value to group £000
Tangible fixed assets	2,464	(210) ⁽ⁱ⁾	—	2,254
Current assets				
Stocks and work in progress	624	—	(321) ⁽ⁱⁱⁱ⁾	303
Debtors	667	—	(53) ⁽ⁱⁱⁱ⁾	614
Cash at bank	143	—	—	143
Total assets	3,898	(210)	(374)	3,314
Provisions				
Deferred tax	229	—	—	229
Other	—	—	428 ^(iv)	428
Creditors				
Trade	386	—	—	386
Other	280	—	—	280
Accruals	179	—	—	179
Total liabilities	1,074	—	428	1,502
Net assets	2,824	(210)	(802)	1,812

(i) Write down following reassessment of carrying value

(ii) Write down mainly as a result of obsolescence

(iii) Recognition of a specific bad debt

(iv) Provisions for upgrade of tangible fixed assets to provide a more resilient infrastructure. The provision has been fully utilised.

- (b) Included as described in Note 5 on page 32 is a loss on the disposal of the businesses of Securicor Stronghold Limited and City Safe Wholesale Limited amounting to £648,000. The loss has been calculated after accounting for the original purchased goodwill of these investments amounting to £195,000 which had been written off the cost of these investments.

20 Parent undertaking

The Company's parent undertaking is Securicor Group PLC, incorporated in England, holding 50.75% (1989 - 50.75%) of the equity capital.

	1990		1989	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
21 Operating lease commitments				
The group's obligations in the next year under operating leases and the eventual expiration of the commitments are:				
within one year	630	883	475	616
between one and two years	331	2,334	211	1,721
between two and five years	448	5,693	532	1,343
more than five years	9,160	—	8,905	2
	10,567	8,910	10,123	3,682

22 Pensions

The costs of the group's defined benefit pension schemes amounted in the year to £10.179m (£9.561m). 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 5th April 1988. 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 return on investments would be 1% higher than the rate of annual salary increases and 4% higher than the rate of future pension increases.

At the date of the latest actuarial valuation the market value of the assets was £80.6 million and the actuarial value of the assets was sufficient to cover 94% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The group's current contribution rate fully covers the funds' present and future commitments.

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

	Consolidated £000	Parent company £000
23 Capital commitments		
Contracted	1,883	115
Authorised but not contracted	8,442	—

24 Principal group companies

The principal operating companies of the group, which are wholly owned, except where stated are:

Incorporated and operational
as at January 1991

Europe

Securicor International Limited	United Kingdom
Securicor Limited	United Kingdom
Securicor Cleaning Limited	United Kingdom
Securicor Consultancy Limited	United Kingdom
Mint Security Limited	United Kingdom
Auto Parts Express (Freight) Limited	United Kingdom
Securicor Ashley Electronics Limited	United Kingdom
Securicor Cranley Systems Limited	United Kingdom
Pony Express International Limited	United Kingdom
Securicor Communications Limited	United Kingdom
Telecom Securicor Cellular Radio Limited (27%)	United Kingdom
Securicor Telecoms Limited	United Kingdom
Ashley Communications U.K. Limited	United Kingdom
Securicor PMR Systems Limited	United Kingdom
Linear Modulation Technology Limited	United Kingdom
Band Three Holdings Limited (25%)	United Kingdom
Datatrak Limited	United Kingdom
Scotshield Guarding Limited	United Kingdom
Securicor Deutschland GmbH	Germany
Frentrup GmbH (51%)	Germany
Securicor Wachgesellschaft Leipzig mbh (90%)	Germany
Securicor Nederland BV	Holland
Geldnet BV (25%)	Holland
AC Visser Sneltransporten BV (50%)	Holland
Securicor France SA	France
Securicor Investissements SA	France
Grimaud Securicor SARL (50%)	France
Securicor Luxembourg SA	Luxembourg
Securicor Express Services SARL	Luxembourg
Securicor Omega Express NV	Belgium
Securicor Ireland Limited	Ireland
Securicor Express International Ireland Limited	Ireland
Securicor Jersey Limited	Jersey
Securicor Guernsey Limited	Guernsey
Securicor Isle of Man Limited	Isle of Man
Africa and Far East	
Securicor Kenya Limited	Kenya
Securicor (Malawi) Limited (99%)	Malawi
Securicor Zambia Limited	Zambia

Incorporated and operational
as at January 1991

24 Principal group companies continued

J.S. Holdings Limited (50%); — incorporated

British Virgin Islands

— Operating companies

Jardine Securicor Limited

Hong Kong

Securicor Macau Limitada

Macau

Securicor (Malaysia) Sdn Bhd (49%)

Malaysia

Securicor (Thailand) Limited (49%)

Thailand

Caribbean

Securicor Trinidad Limited (33%)

Trinidad and Tobago

All shareholdings in subsidiary companies are in ordinary shares. Holdings in related companies are stated in note 25.

	Issued capital	Attributable to group
25 Related companies		
Telecom Securicor Cellular Radio Limited	£10,000,000	27%
Geldnet BV	DFI 3,000,000	25%
J.S. Holdings Limited	US\$2,000	50%
Securicor (Thailand) Limited	Baht 24,000,000	49%
Band Three Holdings Limited	£8,000,000	25%
Securicor Trinidad Limited	TTS1,500,000	33%
Grimaud Securicor SARL	FF 1,000,000	50%
AC Visser Sneltransporten BV	DFI 40,000	50%

All holdings are in ordinary shares

Report of the auditors

To the members of Security Services PLC

We have audited the accounts on pages 25 to 43 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the Company and the group at 30th September 1990, and of the profit and source and application of funds of the group for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.

Chapel House
24 Nutford Place
London W1H 6AE
1st March 1991


MILNE ROSS
Chartered Accountants

Ten year financial summary

(£ millions)	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
Turnover	468	430	381	334	310	271	248	231	206	182
Profit before taxation	36.1	28.2	21.8	16.1	12.7	10.8	10.1	8.9	9.4	8.0
Profit attributable to shareholders	21.6	16.3	11.7	9.7	6.7	5.9	2.0	5.0	5.8	4.7
Profits retained	10.4	13.1	9.2	7.4	4.6	4.1	0.5	3.7	4.7	3.6

(£ millions)	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
Fixed assets	145.8	117.8	91.7	75.7	68.9	61.8	59.6	52.7	48.1	42.7
Net assets	138.3	134.8	71.2	63.2	57.3	53.3	42.7	42.2	39.2	34.6

	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
Earnings per ordinary stock unit (<i>pence</i>)	19.7	15.7	11.9	9.8	8.0	6.0	6.1	6.0	7.0	5.7
Dividends per ordinary stock unit (<i>pence</i>)	4.080	2.914	2.498	2.268	2.062	1.874	1.70	1.55	1.41	1.28
Return on net assets (%)	26	21	31	25	22	20	24	21	24	23
Borrowings (£ millions)	14.1	13.3	21.8	16.5	14.6	13.9	14.5	10.3	7.7	6.5
Debt/Equity Ratio (%)	10	10	31	26	25	26	34	24	20	19

Holdings	Shareholders	Shares held
1-1,000	415	183,517
1,001-5,000	616	1,525,773
5,001-50,000	349	5,070,050
50,001-100,000	45	3,158,985
100,001 and above	69	99,677,586
	1,491	109,615,911

Analysis of Shareholders	Number of Shareholders	Shares %
Individuals	1,123	4.94
Others	368	95.06
	1,491	100.00

Notice is hereby given that the ninety-fifth annual general meeting of Security Services PLC will be held at the Richmond Hill Hotel, Richmond Hill, Richmond, Surrey on Wednesday 27th March 1991 at 12.15 p.m.

1. For the purpose of transacting the following Ordinary Business, viz:

i To receive and consider the reports of the directors and auditors and the accounts of the Company for the year ended 30th September 1990.

ii To confirm payments of interim dividends and to declare final dividends.

iii To re-elect the directors who retire by rotation:

Mr Richard Graves

Mr Peter Smith

Mr Roger Wiggs

iv To elect the director appointed since the last annual general meeting:

Mr Nigel Griffiths

v To re-appoint Milne Ross as auditors of the Company and to authorise the directors to fix their remuneration.

2. For the purpose of transacting the following Special Business, viz:

As Special Resolutions

(a) "That equity securities, as defined in section 94 of the Companies Act 1985, up to a maximum amount of 5 per cent 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."

(b) "That Article 148 of the Articles of Association of the Company be deleted and that the following Article be substituted therefor:

"148 (A) A balance sheet shall be made out in every year and laid before the Company in General Meeting. Such balance sheet shall contain all such particulars as are required by the Statutes, and shall be made up as at the date to which the profit and loss account is made up, and shall be accompanied by or have annexed or attached thereto a report of the Directors as to the state of the Company's affairs (which shall duly comply with the requirement of the Statutes), a report of the Auditors, such group accounts (if any) and such other documents as are required by the Statutes to accompany the same or to be annexed or attached thereto

(B) Subject as provided in this paragraph of this Article a copy of every balance sheet and profit and loss account, including every document required by law to accompany or be annexed or attached thereto, which is to be laid before the Company in General Meeting as referred to in paragraph (A) of this Article shall not less than twenty-one clear days before the General Meeting be delivered or sent to each member and to every other person by these Articles or the Statutes entitled to receive copies of such documents PROVIDED THAT the requirements of this paragraph (B) shall be deemed satisfied in relation to members by sending to each member, where permitted by the Statutes and instead of the said copies, a summary financial statement derived from the Company's annual accounts and the Directors' report and prepared in the form and containing the information and statements prescribed by the Statutes and any regulations made thereunder

(C) There shall be forwarded to the appropriate officer of The International Stock Exchange in London such number of such documents as may from time to time be required by its regulations."

Sutton Park House
15 Carshalton Road
Sutton
Surrey SM1 4LE
1st March 1991

By Order of the Board
N. Griffiths
Secretary

NOTES

i Every Member entitled to attend and vote at the meeting may appoint another person as his proxy to attend and vote thereat instead of him and such proxy need not be a member. Forms appointing proxies must be deposited at the office of the Registrars by 12.15 p.m. on 25th March 1991

ii Subject to the recommendations as to the payment of the final dividends being adopted at the annual general meeting the dividends will be payable on 5th April 1991 to the holders registered on 8th March 1991

iii In accordance with the requirements of The International 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 fifteen minutes prior to until the close of the meeting.

FINANCIAL CALENDAR

Results Announcement

Final results—early February

Interim results—late July

Dividend Payments

Interim paid—28 September 1990

Final payable—5 April 1991

Annual Report

To be published—early March

Annual General Meeting

27 March 1991

GROUP ADDRESSES

Registered Office:

Sutton Park House

15 Carshalton Road

Sutton

Surrey SM1 4LE

Tel: 081-770 7000

Registrars and Transfer Office

Barclays Registrars Limited

Boerne House

34 Beckenham Road

Beckenham

Kent BR3 4TU

Tel: 081-650 4866

Auditors

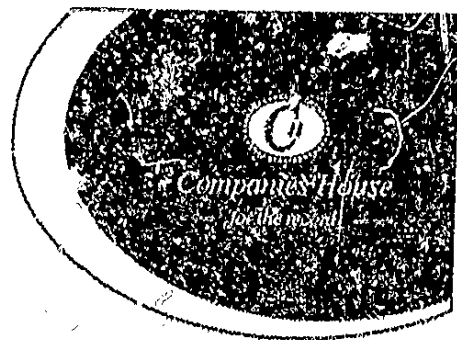
Milne Ross

Chartered Accountants

Chapel House

24 Nufford Place

London W1H 6AE



Crown Way Cardiff CF14 3UZ
www.companieshouse.gov.uk

NOTICE OF ILLEGIBLE DOCUMENTS

Companies House regrets that the microfiche record for this company contain some documents which are illegible.

This has been noted but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.

COMPANY INFORMATION SUPPLIED BY COMPANIES HOUSE

Companies House is a registry of company information. We carry out basic checks to make sure that documents have been fully completed and signed, but we do not have the statutory power or capability to verify the accuracy of the information that companies send to us. We accept all information that companies deliver to us in good faith and place it on the public record. The fact that the information has been placed on the public record should not be taken to indicate that Companies House has verified or validated it in any way.