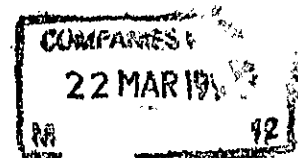


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Security Services PLC



Report and Accounts 1989

Security Services PLC *has a full listing on the London*

Stock Exchange. A 50.75% shareholding is held by

Securicor Group PLC.

The principal activities of the Security Services PLC group of 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.

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Turnover (£ millions)

Year	Turnover (£ millions)
1985	271
1986	310
1987	334
1988	381
1989	430

Profit before taxation (£ millions)

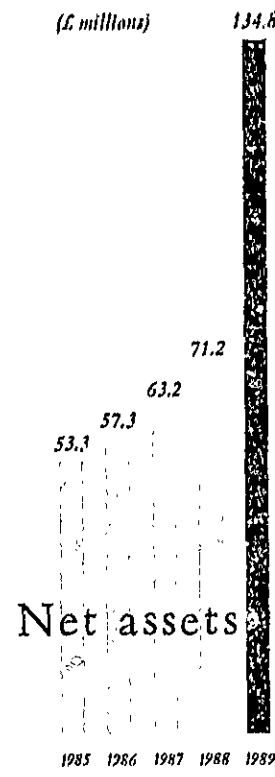
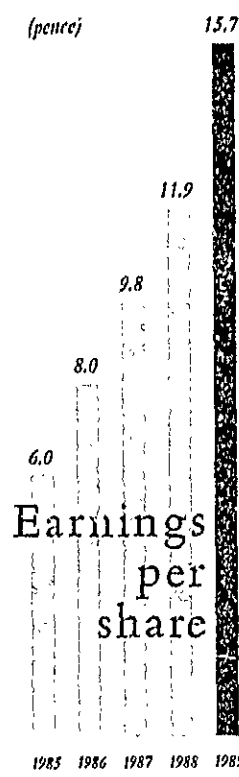
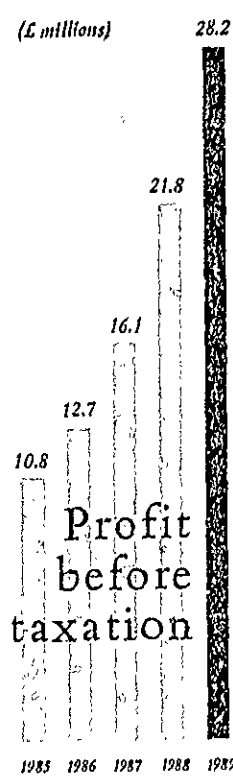
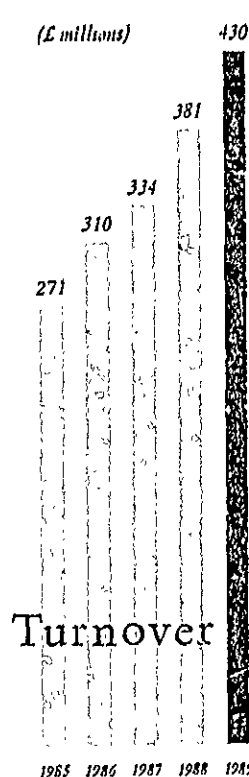
Year	Profit before taxation (£ millions)
1985	10.8
1986	12.7
1987	16.1
1988	21.8
1989	28.2

Earnings per share (pence)

Year	Earnings per share (pence)
1985	6.0
1986	8.0
1987	9.8
1988	11.9
1989	15.7

Net assets (£ millions)

Year	Net assets (£ millions)
1985	53.3
1986	57.3
1987	63.2
1988	71.2
1989	134.8

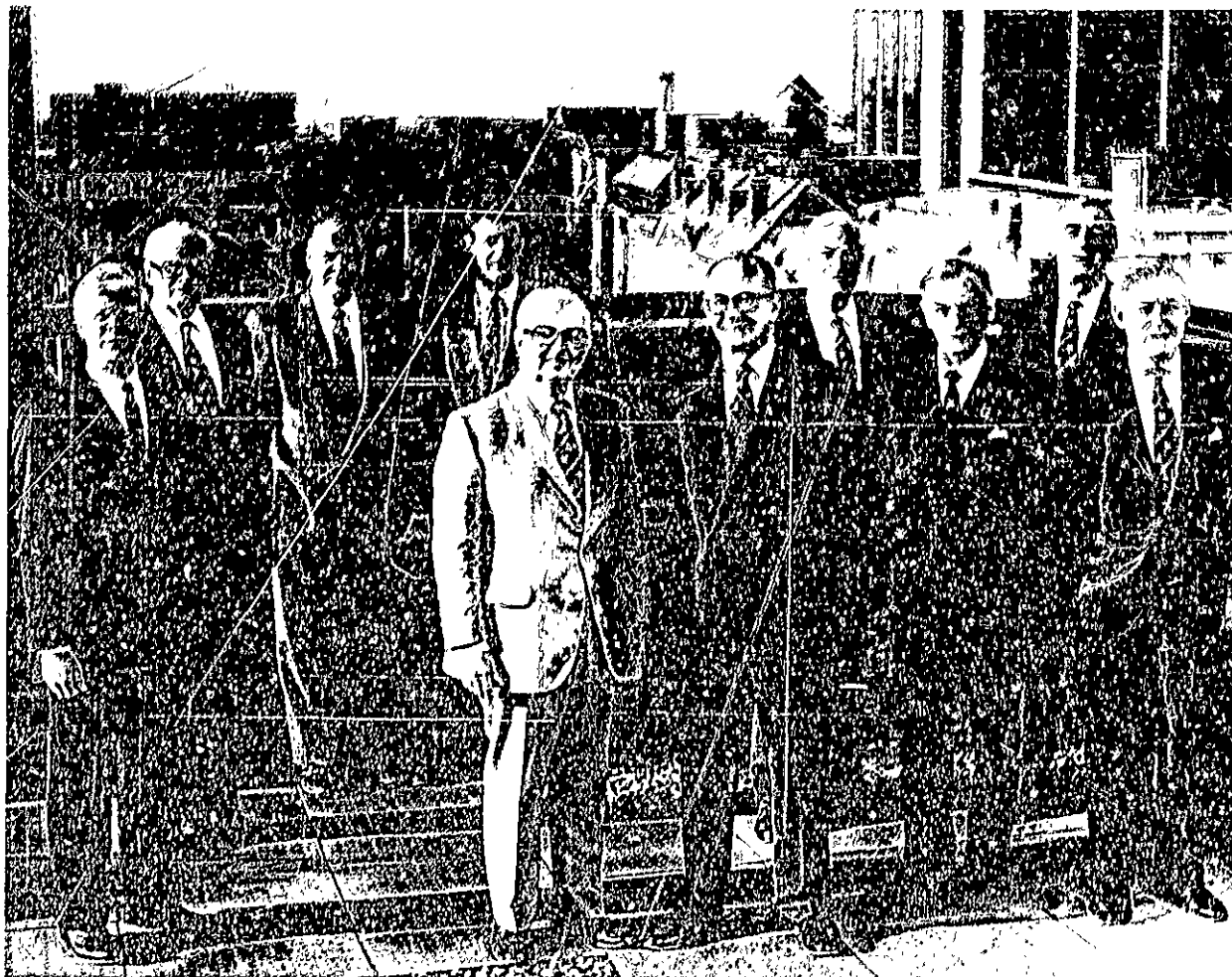


Ten year financial summary

(£ millions)	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Turnover	430	381	334	310	271	248	231	206	182	164
Profit before taxation	28.2	21.8	16.1	12.7	10.8	10.1	8.9	9.4	8.0	6.2
Profit attributable to shareholders	16.3	11.7	9.7	6.7	5.9	2.0	5.0	5.8	4.7	4.9
Profits retained	13.1	9.2	7.4	4.6	4.1	0.5	3.7	4.7	3.6	4.0

(£ millions)	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Fixed assets	117.8	91.7	75.7	68.9	61.8	59.6	52.7	48.1	42.7	35.3
Net assets	134.8	71.2	63.2	57.3	53.3	42.7	42.2	39.2	34.6	28.7

	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Earnings per ordinary share (pence)	15.7	11.9	9.8	8.0	6.0	6.1	6.0	7.0	5.7	6.1
Dividends per ordinary share (pence)	2.914	2.498	2.268	2.062	1.874	1.70	1.55	1.41	1.28	1.16
Return on net assets (%)	21	31	25	22	20	24	21	24	23	22
Borrowings (£ millions)	13.3	21.8	16.5	14.6	13.9	14.5	10.3	7.7	6.5	6.5
Debt/Equity Ratio (%)	10	31	26	25	26	34	24	20	19	23



SEATED FROM LEFT: PETER SMITH, CHAIRMAN OF THE BOARD, SECURITY SERVICES PLC; STANDING: ROGER WIGGINS, CHIEF EXECUTIVE, SECURITY SERVICES PLC; AND OTHERS.

Peter Smith OBE Chairman of the Board, has been his association with the company since 1981. He was appointed to the Board of Security Group PLC and Security Services PLC in 1985 and was Joint Chairman and Chief Executive of the company from 1986 to 1991, during the latter period on his retirement following a year of leave. He has been a member of the Council of the British Security Industry Association since 1981.

He was Chairman of the Council of the Royal Warrant Holders Association since 1980, including its President in 1982-1983. He was exactly 100 OBE for services to the security industry in 1981 and is a Director of both Security Group PLC and Security Services PLC.

Roger Wiggins Chairman of the Board, has been his association with the company since 1981, during

the latter part of the 1960s. He was appointed Chairman of the Executive Committee of Security Group PLC and Chairman of the Executive Committee of Security Services PLC in 1985. A supporter of the merger of Security Group PLC and Security Services PLC in 1987, he is Deputy Group Chief Executive and Group Chief Executive of both.

Christopher Shirtcliffe FCA is 45 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.

Erie Hollis FCCA, FCT* is 71 and joined the group as Company Secretary in 1949. He was appointed to the boards of Securico 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

John Delaney* is 71 and joined the U.K. security operations of Securicor Limited in 1964, being appointed a director of that subsidiary company in 1973 and of Securicor Group PLC and Security Services PLC in 1979. He currently serves on the subsidiary company boards of Securicor International Limited and Crosskeys Limited.

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

Chairman's Statement

Results

In an economic climate becoming increasingly difficult for British industry I am delighted to report that the group has again achieved record results for the year. Profits before tax at £28.2m represent an increase of 29.4% over 1988.

The expectation of exciting growth in contribution from Cellnet was borne out by profit advancement of £11.1m over the previous year to £12.8m.

The current heavy promotional cost of expanding the Cellnet system subscriber base by way of investment in the retailing of telephones will provide a future return. The strategy of thus building a quality subscriber base, now exceeding 27,000, was furthered by the acquisition in December 1989 of that established by National Telecommunications PLC.

The profit performance of the Security and Parcels Divisions continued to be tempered by revenue investment in the expansion of our European parcels business. This, coupled with the general slow down in the retail business sector, affected both the Parcels and Security businesses in the second half of the company's year as predicated in the interim results.

Trading performance of our overseas companies again showed improvement despite an overall adverse exchange rate variance against sterling amounting to £366,000.

Dividends

The directors will be recommending the payment of a final dividend of 1.992p per share. This represents an increase of 20% over the final dividend paid per share in respect of the previous year and, taken with the increased interim dividend paid last September, represents an increase in the total dividends per share for the year of 16.7%.

In the absence of unforeseen circumstances it will be the Board's intention to propose an increase of not less than 40% in the dividends payable per share in respect of the current financial year to September 1990.

Shares

The Rights Issue, approved by shareholders in April 1989, proved successful and timely. Net proceeds raised between Securicor Group PLC and Security Services PLC, its 50.75% owned subsidiary, amounted to £59 million. Accordingly we have positive funds at the right time available for our strategically planned Parcels Division expansion in

the UK, the Republic of Ireland and the continent of Europe.

Divisionalisation

At the group conference in November 1988, on which I reported last year, the Group Chief Executive announced plans to divisionalise the Group into five separate trading divisions. These were in place by the end of February 1989 and the following review of operations reflects the new divisional structure.

New group functional departments were also created - Strategic Planning, Marketing, Finance, Information Technology, Treasury and Personnel.

The principal objectives of the divisionalisation were the clarification of areas of responsibility and accountability and the clear determination of reporting lines. These were quickly achieved and enthusiastically accepted by all. The reshaped management structure is well equipped to meet the challenges and the continuing expansion of our commercial base as the group enters the 1990s.

Personnel and Administration

It is with infinite sadness that I report the deaths of two greatly esteemed Board colleagues which occurred during the year under review.

Donald Blanks, a director, and for many years our most able Group Secretary, died on 9th April 1989 at the early age of 53 after a short illness. Behind his invariable charm and gentlemanly modesty lay a

shrewd commercial brain, which was unfailingly deployed in the sound stewardship of our financial resources.

Vernon Gregg, who died on 11th June 1989 while on holiday in France, was undoubtedly one of the major architects of the group's success during the past 40 years. As a director, he brought to the counsels of the boardroom not only his professional skill as an experienced accountant and former auditor, but also his unique capacity for sound judgment in matters of strategic planning borne of an ability to reduce seemingly complex problems to simple and practicable solutions.

Both Don and Vernon are remembered with much affection and are greatly missed by us all.

The courageous and determined manner in which employees of the group throughout the world react in the difficult and sometimes exceedingly dangerous situations they meet in their employment is reflected by the fact that the Group Awards Committee have during the year made 71 bravery awards to individual employees, both those working alone on their assignments and those working in a cash-in-transit crew.

The Securicor Bravery Medal was presented to nine employees and perhaps the most sad but proud occasion was the posthumous presentation of this award to the family of the late John Worwood of Birmingham whose tragic death was reported last year. His courage has since

received public recognition by the posthumous award to him of the Queen's Commendation for Brave Conduct.

The Awards Committee were able to acknowledge the efforts of no less than 50 members of the public who assisted our staff, sometimes at great risk to themselves.

Typical of this effort is the story of two personnel of the USAF who in Oxfordshire witnessed an attack on our CIT crew, gave chase and eventually caught the fleeing robber. For one of the servicemen the outing was his first time off base. His colleague was showing him something of England and the British way of life!

This year, as always, it is with profound gratitude that I thank colleagues and staff at all levels within the group, both at home and overseas, for all their hard work and support during another 12 months of solid achievement.

Current Outlook and Future Prospects

Within the last decade our share price has risen dramatically, largely due to investors' realisation of the very exciting future for Cellnet and its potential value.

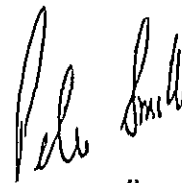
In the 1990s our traditional services will move forward. However, the economic slow down to which I have referred will, whilst it lasts, be a modifying element in the path of progress.

We shall continue our policy of investment, particularly within Europe, in anticipation of the opportunities afforded by

the advent of the single European market in 1992.

Our immediate prospects are buoyed by the continuing substantial advance made by Cellnet. Additionally we look to our other exciting developments in mobile communications for results in the medium term.

I am confident that overall we shall maintain good progress in the new decade.



Peter Smith

Review of Operations

*Divisional executives standing, left to
right: David Winter, Mike Cross,
John Wild, Laurie Simon, Henry McKay
(Chief Executive); seated, left to right:
Derek Hardisty, Robin Bartolomey,
Ann Perkins and Clive Long.*



Security



Manned Security
 The security services
 of the company are
 provided by
 MINT SECURITY LIMITED

The transportation and care of cash and valuables, security guards and patrols, banking support, cash processing, cash dispenser replenishment and banknote screening services, office and industrial cleaning and the sale and installation of security products.

Guarding and Patrol Services

Guarding services continued their successful progress this year.

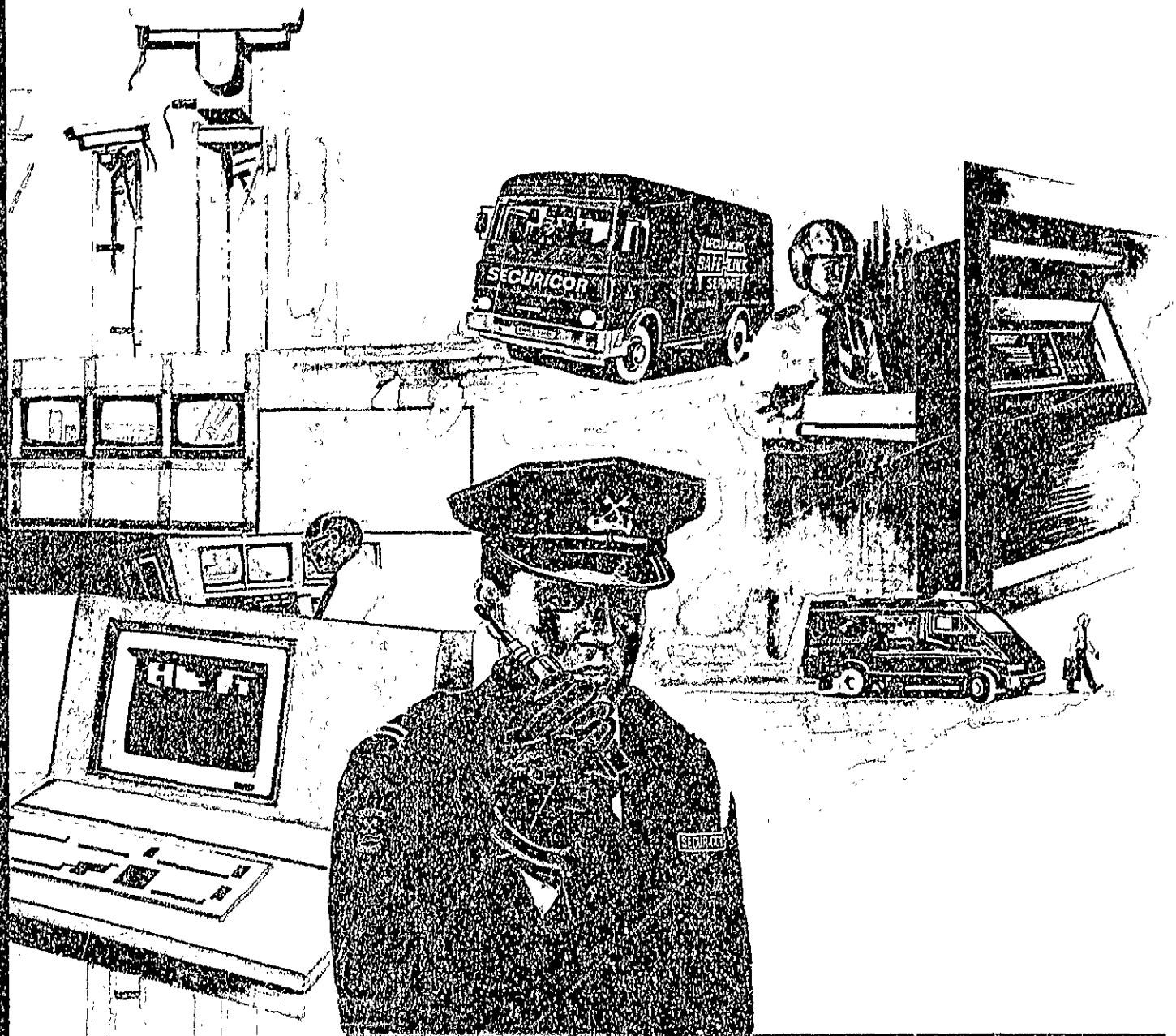
Once again we provided high level security for the major political party conferences at Brighton and Blackpool.

Our policy of using the latest technology led us this year to offer our customers "one-stop shopping" for the efficient protection of their premises by using Granley's Integra system in conjunction with our manned services.

This continuing drive to provide excellence of service, together with our commitment to maintain BSIA standards of screening and training of staff, ensures that Securicor remains the quality market leader.

Mint Security

Mint continued its growth of previous years. It is now firmly established as one of the leading companies in the security guarding industry and is continuing to look for new areas to expand its operation nationwide.



SCOTSHIELD AND MINT (ULSTER) THESE TWO SEPARATE GUARDING COMPANIES, SET UP IN SCOTLAND AND NORTHERN IRELAND RESPECTIVELY, HAVE AGAIN PERFORMED WELL.



Scotshield and Mint (Ulster)
These two separate guarding companies, set up in Scotland and Northern Ireland respectively, have again performed well.

Cash carrying services have continued to make excellent progress.

Security



Cash Transportation

The cash carrying services have continued to make excellent progress and, although there has been an inevitable decline in the wage packaging business, this has been more than compensated for by the growth of counting, storing and redistribution of cash for the retailing and banking industries. The Cash Guard collection and banking service designed for the smaller trader has shown significant growth this year, confirming its development potential in a fast expanding retail market sector.

Cashserv

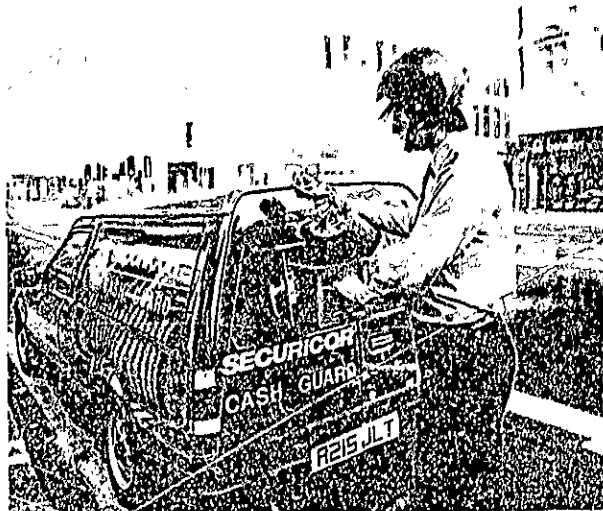
Such has been the expansion of Cashserv – the cash replenishment service – that it has been necessary to redesign vehicle interiors for increased efficiency. In addition to existing services, a new call-out service has been developed. A high success rate is being achieved by specially trained Securicor personnel who visit building society locations to rectify operating faults in cash dispensers.

Cash Handling

Demand for a wide range of cash handling and redistribution services for retailers, banks, building societies and other business cash users continues to show significant growth. Other new services include coin rolling, phonecard distribution and payment collection. Further computer enhancements have enabled our banking support services to offer dial-up facilities to their expanding retail customer base.

Safe-Link

Safe-Link, the unique nation-wide overnight security delivery service, has grown beyond all expectations since the opening of the new terminal in the Midlands 12 months ago. As well as carrying cash and valuables (such as travellers' cheques and credit cards) the service has diversified into moving a whole range of items, including benefit and pension books, payphone cards – even high-value wedding dresses. The use of onboard fire safes for the secure storage of irreplaceable items is a considerable asset to the Safe-Link service. Plans are in progress to expand Safe-Link into the Continent to support our European activities.



Cash Guard has shown significant growth.



Shredding efficient, extensive coverage



Electronic guard control system of Securicor Stronghold

Security



Tape storage.

Office Services

The recent growth of the Securicor shredding service and the expansion into prime commercial areas of archiving centres catering for tapes and other off-site storage provides extensive coverage to meet today's business needs.

The new microfilm unit in the Midlands contributes to our portfolio of services.

CCS - The Guard Control System - has during the last year made inroads into the European market. It is already in use by our staff guarding major European assignments, and in the United Kingdom it continues to be the market leader for electronic guard control systems.

Securicor Stronghold

Securicor Stronghold and City Safe Wholesale continue their role in the supply and fitting of security locks and equipment.

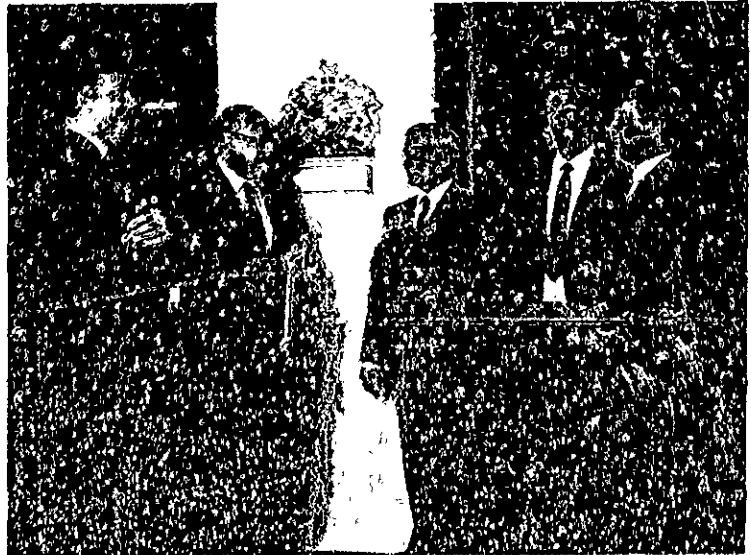
Stronghold has opened branches in Bath and Coventry.

Cleaning

Securicor Cleaning has continued to maintain high standards in an increasingly competitive market. National coverage enables it to respond to both contractual and special one-off cleaning requirements for a wide range of customers.

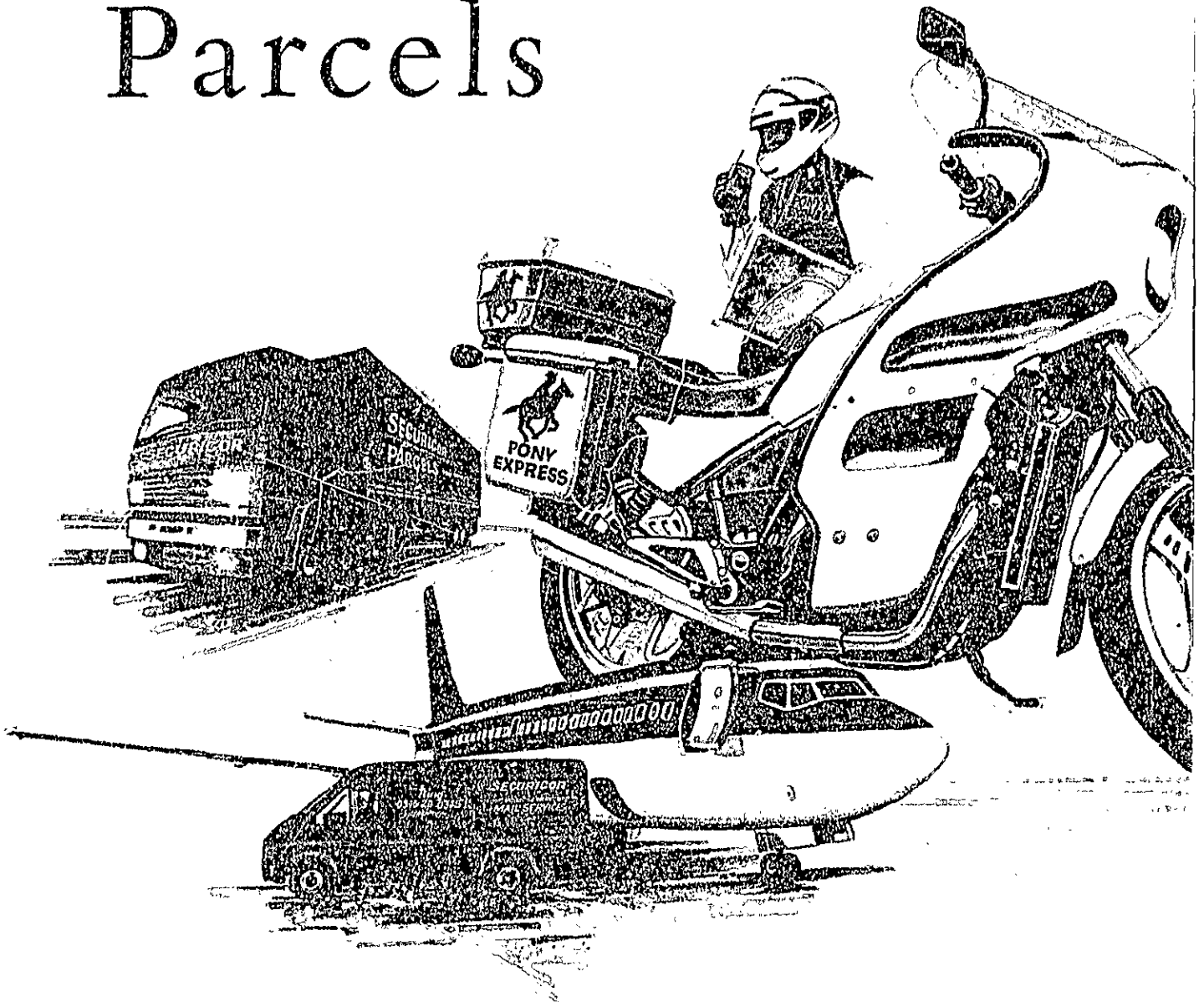


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*Divisional executives, left to right:
Bob Andrews, John Bintliff, Pat Hewes
(Chief Executive), Richard Benson and
Richard Hawkins.*

Parcels



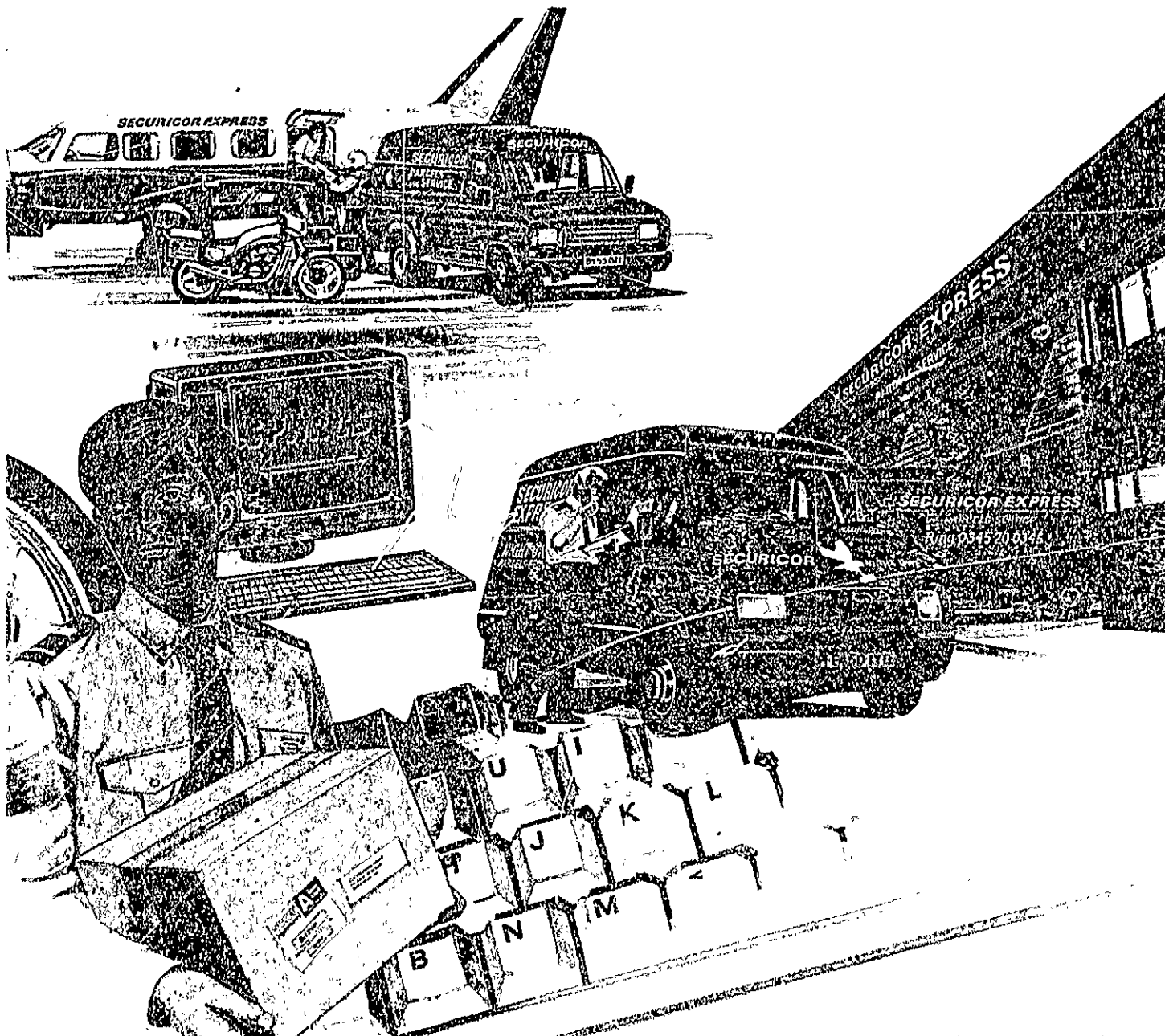
Parcel, document and mail express delivery services; motorcycle messengers and specialised couriers.

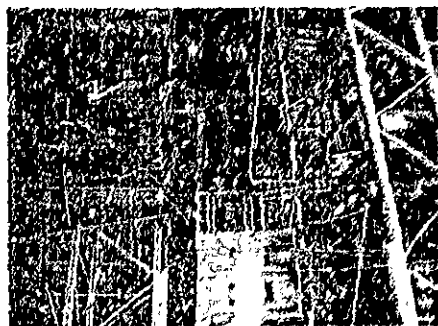
The expansion programme continued with investment in new services and network facilities both in the United Kingdom and Continental Europe. In a highly competitive market, progress has been encouraging, with particularly rewarding volume growth in the intra-European network.

The network was extended with branches opening in High Wycombe and Corby. The modernisation programme continued with new premises in

The carefully-planned new terminal in Bristol, referred to in last year's report, was a finalist in an environmental competition for industry. The building was officially opened by Her Grace the Duchess of Norfolk at a ceremony held in August.

The revolutionary parcels computer system, SPARCS (Securicor PARcels Computer System), is now well into the first stage of implementation.





Securicor Express support capabilities now extend to warehousing.

It was installed at the Hayes branch in January 1987 and, following a trial period, was extended to include a further six branches during the year.

As always, great emphasis is placed upon customer care training which, coupled with the new service features in the SPARCS investment programme, will enable the division to continue to offer an unrivalled level of service.

Towards the end of the year, the division set up trial ware-

housing facilities at Eorby and Warrington. Associated with this strategic development, a new consolidated load supply service was launched.

Europe

In the Republic of Ireland, where the national overnight distribution service was complemented by the motorcycle courier subsidiary, City Express, profits improved for the third successive year.

A joint venture with Grimaud, one of France's major express parcels operators, was formed

Parcels



State-of-the-art technology helps speed Securicor Express packages around the United Kingdom.



Securicor Express - the United Kingdom's leading private overnight express carrier.

to provide international services under the name *Continental Securicor*. The acquisition of a freight business in Luxembourg, *Transports Schmitt*, provides services between Luxembourg and France.

Partnersystem, a new airport-to-door service between West Germany, the United Kingdom and the Republic of Ireland, was introduced.

The division is at an advanced stage in its plans to provide a complete European service through acquisitions or joint ventures. Discussions directed towards the expansion of *Securicor Express* services in the important markets of Germany, Italy, Spain and Scandinavia are taking place.

Pony Express

Pony Express operations were expanded substantially over the year. Five new branches were opened - Cardiff, Warrington, Northampton, Croydon and Belfast - bringing the United Kingdom network to a total of 21 offices. The success of the Heathrow operation, originally opened to handle airline passenger baggage, led to the opening of a second unit specialising in traditional courier activities.

Planning is well advanced for the expansion of Pony Express into Continental Europe, which started with the opening of an office in Paris in January 1990. **Securicor Mail Services**
Securicor Mail Services officially launched 'Airstream' from



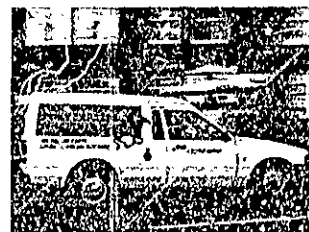
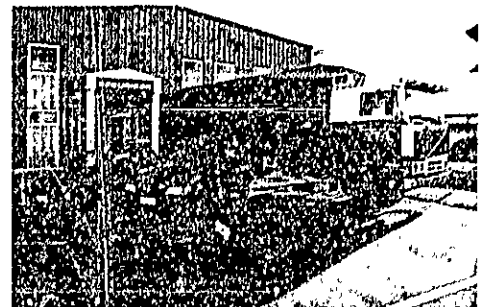
This new branch at Heathrow



Securicor' in November 1988. In the course of the year, the range of services was extended, in partnership with the Post Office, to include bulk international mail services for the printing and publishing industries.

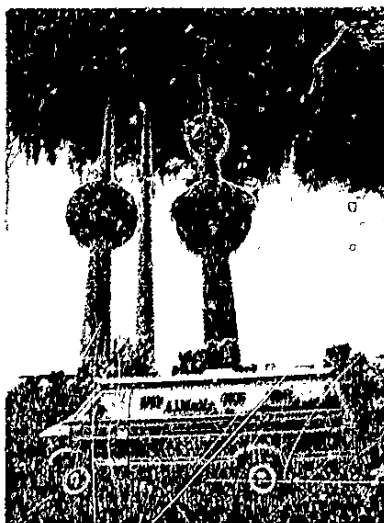
Auto Parts Express

Auto Parts continued to flourish and to support mainstream express parcels activities, catering especially for the time-sensitive automobile spares market. A new sales operation opened in Leeds, providing an improved service in the North of England.



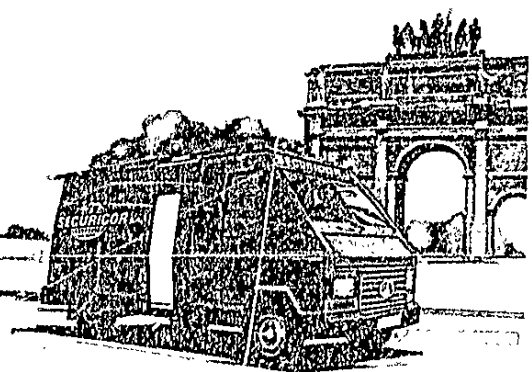
Top: Transports Schmitt - a part of the Securicor Express European trucking network.

Bottom: Pony Express has extended its coverage and its vehicle fleet.



Cash services in the Middle East.

International Operations



Europe

The Jersey, Guernsey and Isle of Man companies improved their operational efficiency, thus enhancing their previous year's results. The introduction to the islands of banking support services has opened the way for further growth in cash-related business.

In the Republic of Ireland, where Securicor's profits improved for the third successive year, considerable progress is also being made, particularly in

the area of banking support. The intruder alarm business has benefited strongly from reorganisation.

In Germany profits are again up on the previous year. The recently acquired guarding and alarms central station business, Frentrup, has made a sound start.

The growth of our wholly-owned guarding operation in Holland has been slow but development of secure computer tape storage has been encouraging. GTN, our joint venture for cash-in-transit, improved on last year's results and announced plans to merge its operations with those of the Dutch PTT.

The French operation had a difficult year. However, refurbishment of the Paris Security Centre generated significant new cash-in-transit business. The Boulogne-sur-Mer branch's profitable and efficient performance won for it the title of Securicor European Branch of the Year.

Securicor Luxembourg had another excellent year with the alarm installation and monitoring business showing substantial growth. During the year the company completed and officially opened a new transport building and secure storage facility.

Caribbean

Our Trinidad joint venture, despite the pressures of a recessionary market, achieved a good result after revenue investments in further extending the coverage of its successful alarms response teams.

Asia and the Middle East
 Thailand's buoyant economy produced notable growth in the company's guardings and cash carrying services and the opportunity has been taken to introduce intruder alarm systems design and installation services to broaden the scope of the company's activities. Profits have substantially improved this year.

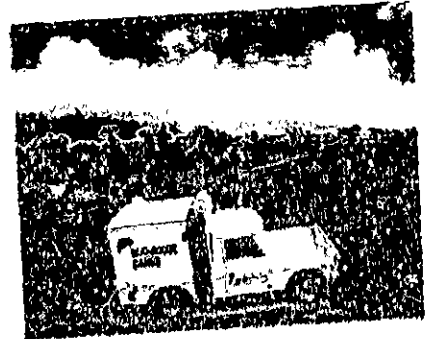
Malaysia had a good year, the improved economic conditions favouring the cash-related services. It is pleasing to report a major growth in profits in Hong Kong and Macau where there continues to be great demand for Securicor's services.

Notwithstanding strong competition, Kuwait improved on last year's profits. A new intruder alarm service was successfully established during the year.

Africa

Securicor's well-managed African operations again performed extremely well. In Malawi the introduction of a radio alarm and response service bodes well for the future and is expected to mirror the success achieved in Zambia and Kenya.

Adverse currency fluctuations substantially affected the conversion to sterling of the profits earned in Africa.



Delivering wages on a Kenyan plantation.

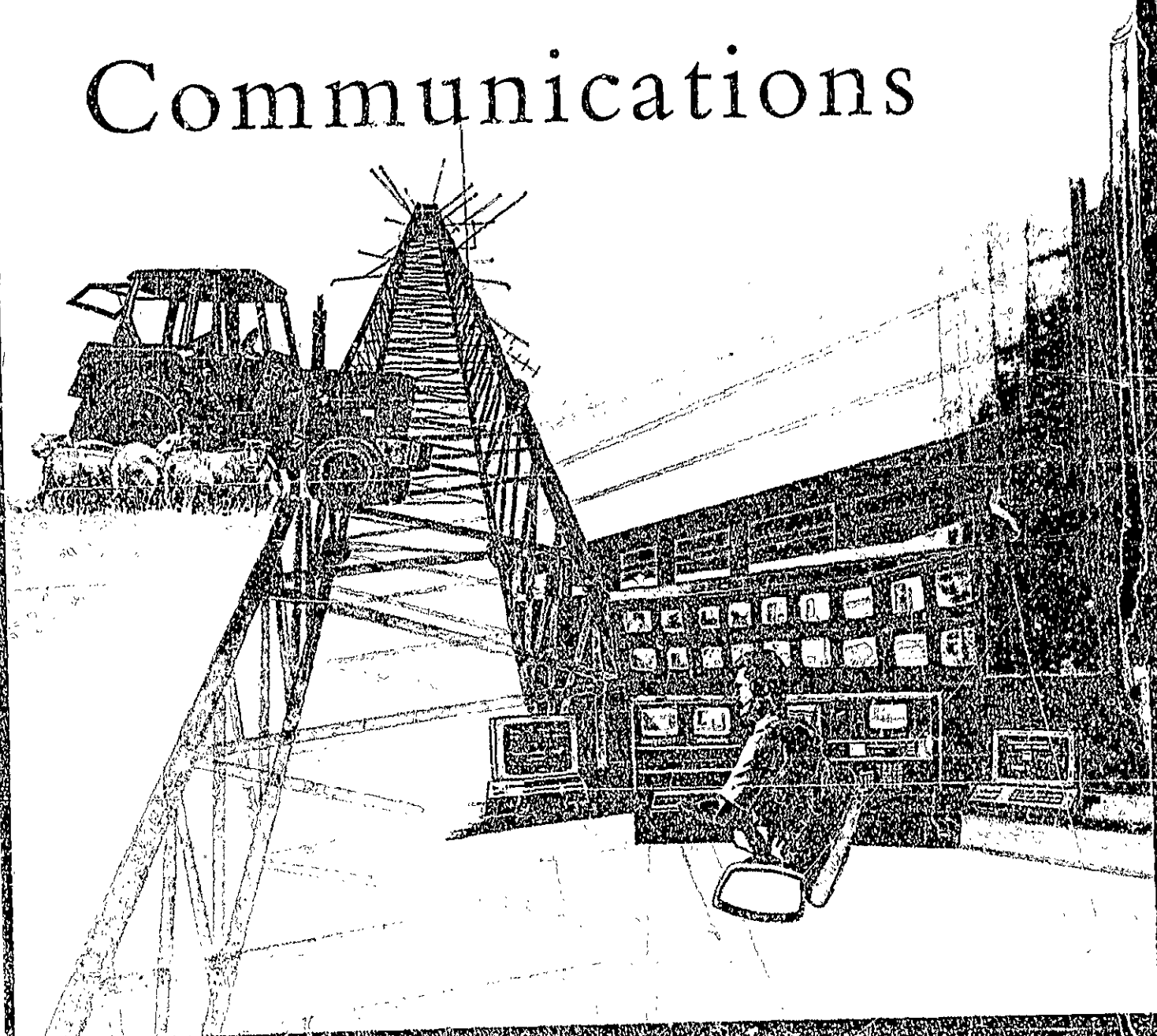


Rice movement by river in Malaysia.

*Divisional executive Architects from
left: Stephen Baller, Ian Parry,
David Pinder White, Andrew Parker,
David Monmouth, Philip Mitchenall,
Roger Wiggs (Chief Executive).*



Communications



SECURICOR RELAYPHONE
 A SECURICOR COMPANY
 10000 W. 10TH AVE., SUITE 100
 DENVER, CO 80231
 (303) 733-1111
 SECURICOR RELAYPHONE
 LIMITED

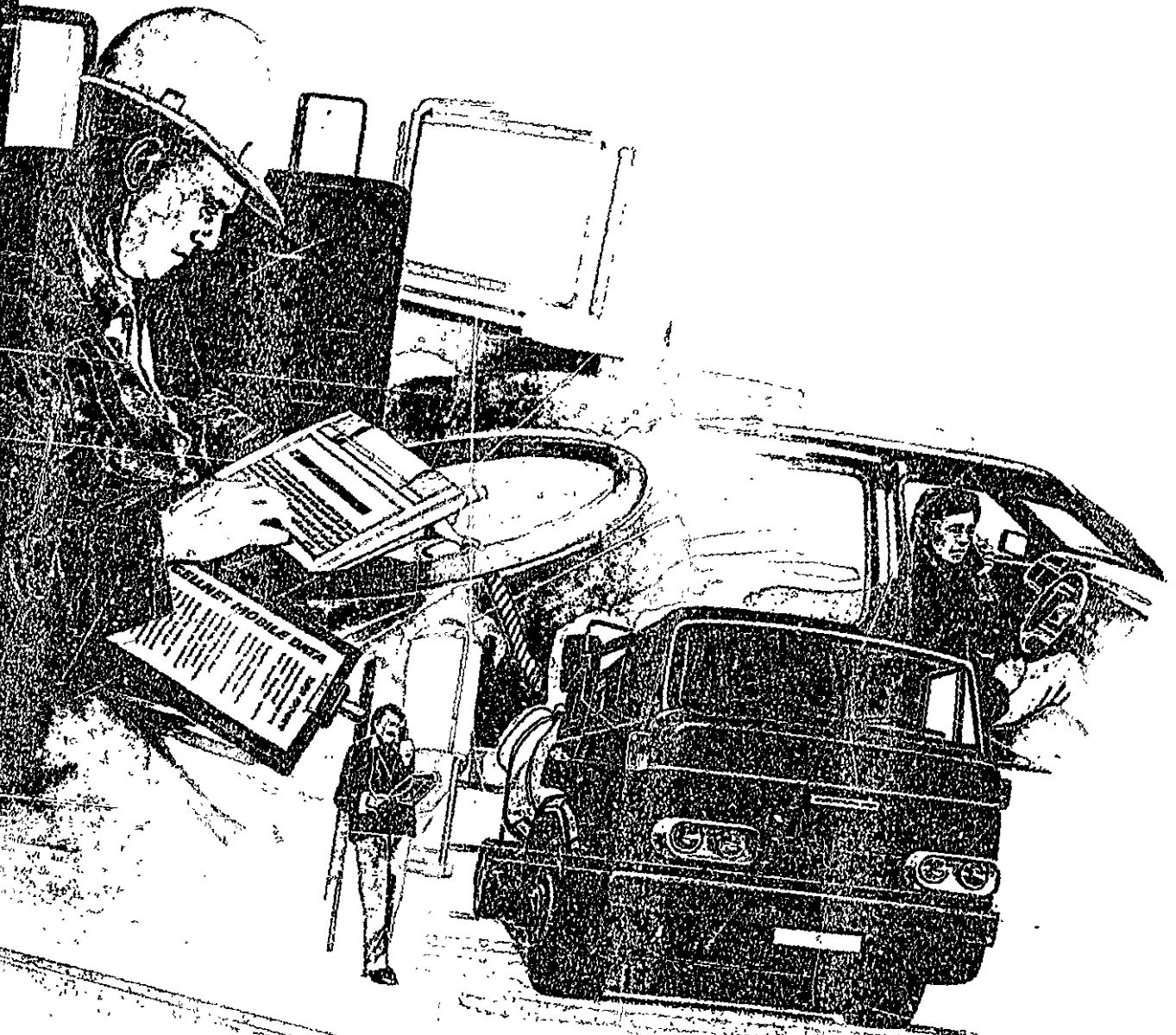
The supply, installation and maintenance of mobile communications products, including Cellnet cellular telephones, Band III mobile systems, Datatrak vehicle location, key telephone

systems, telephone answering machines and the operation of the Securicor Relayphone national mobile radio and regional Relayphone III trunked networks and manufacture of electronic systems.

In the highly competitive cellular telephone market, Securicor achieved a significant growth in the number of new subscribers, and maintained its position as a major national retailer. A complete national service network is provided,

backed with technical expertise and a quality assurance scheme supported by a commitment to the supply of superior products.

This year, the Alarmphone has been jointly developed with a major manufacturer. This unique mobile telephone, designed and marketed exclusively by Securicor, possesses the standard features of a normal cellular telephone and additionally can raise an alarm by way of a pre-recorded telephone message, for example, to a Securicor



Monitoring Centre in the event of interference with the subscriber's vehicle.

Sales of Band III radio equipment continued to grow steadily and Securicor Communications connected the ten thousandth user to the Band III system in March 1989.

Message handling and telephone answering services are offered by Securicor in London, Birmingham and Manchester.

Control Rooms provide round the clock communications

facilities to major organisations.

Securicor Communications' management team has been strengthened with the addition of new executives, bringing valuable experience of the mobile communications industry.

Ashley Communications continued to develop its private mobile radio expertise in local installation and management. It further extended its Philips main distributorship in relation to all mobile radio products. During the year, Ashley acquired a message handling service, now known as Mendip Radio. Mendip's activities also include the provision of a major base station antennae site covering the West Country.

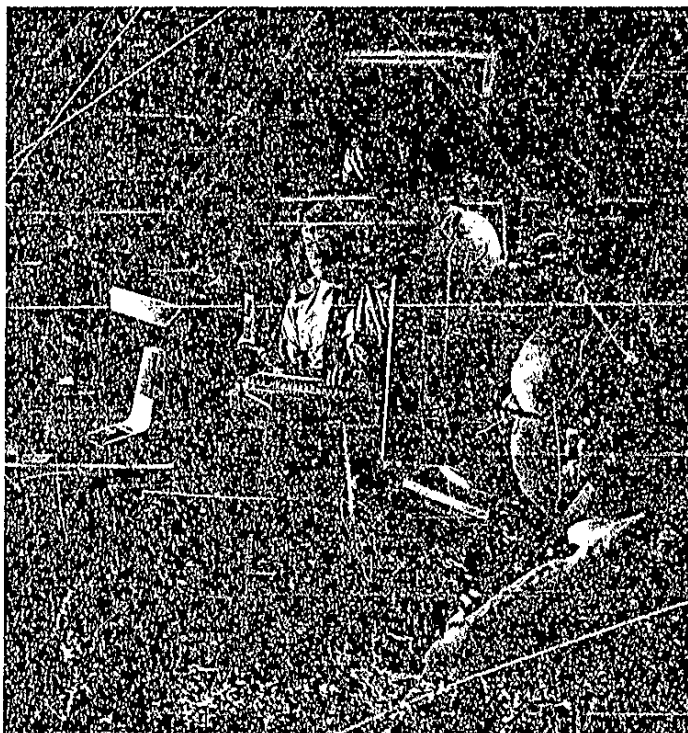
Securicor Ashley Electronics is proud of its quality assurance which is approved to British Standard 5750 Part 1. The factory's facilities now include flow soldering, comprehensive surface mount technology and automatic test equipment. These techniques have enabled the company to increase its sub-contract production for a wide variety of customers.

Considerable publicity has been gained through the outstanding success of the Securicor Communications' sponsored rally team. Toyota cars, carrying high profile advertising for Securicor Communications, took both the 1989 Shell Oils British Rally Championship and the 1989 Autosport RAC/MSA National Rally Championship.



Securicor's full back up service was crucial in securing its largest Band III subscriber.

Communications



Control rooms offer 24 hour facilities for message handling and mobile monitoring.



The Alarmphone can call you up to inform you of any interference with your car.

Network Provider
Principal companies
 TELECOM SECURICOR
 CELLULAR RADIO LIMITED
 CELLNET 25%
 BAND THREE HOLDINGS
 LIMITED 25%
 DATATRAK LIMITED

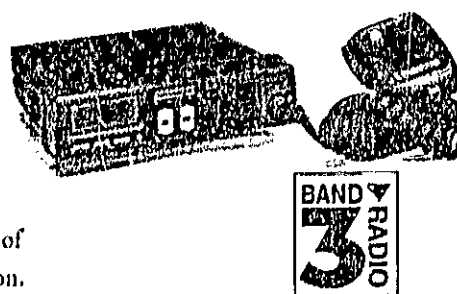
The provision of national communication networks, comprising Cellnet national cellular radio telephone services, Band III trunked mobile radio service, and the Datatrak national vehicle location system. Cellnet had another excellent year. The subscriber base continued to increase, with monthly connections well in excess of those achieved in the previous year. Cellnet mobile phones are no longer considered to be a luxury and are generally regarded as essential business tools. Network engineers have pioneered world leading technology to optimise subscriber capacity in city centres. Cellnet is committed to substantial additional invest-

ment to meet ever increasing subscriber demand.

Band III, 25% owned by Securicor, holds one of two licences to operate national trunked mobile radio systems. The network now covers 70% of the United Kingdom population. It has achieved good market awareness and its customer base is significantly larger than that of its competitor. Investment continues to expand network coverage and to increase and improve facilities available to subscribers.

Datatrak offers the only vehicle tracking and location system available in the United Kingdom. The service became fully available commercially in January 1989, and geographical coverage already extends to the Scottish Borders.

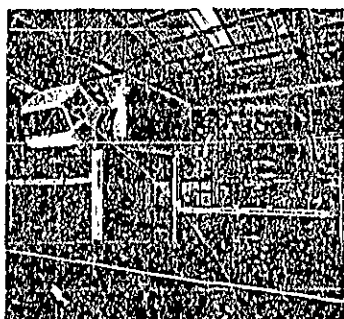
The system "won its spurs" in June when a vehicle loaded with high value cargo was recovered and the thieves apprehended, after being monitored by Datatrak street by street across London.




Cellnet
 THE CELLPHONE NETWORK

Fleet Servicing

The provision of a fleet of motor vehicles with full maintenance and transport management services to the Group's operating divisions as well as the provision of fleet maintenance services to third party customers.



Securicor's fleet of 6,000 vehicles, ranging from motor-cycles and cars to vans and heavy lorries, requires 24 hour back-up nationally. This is provided from strategically situated and managed traffic regions structured to accord with the Department of Transport's established Traffic Areas. The transport managers ensure full compliance with the company's Operator's Licence by providing technical and fleet management resources, thus ensuring vehicles are operated efficiently and cost-effectively. Considerable emphasis is placed on training to provide the skilled workshop teams with the experience needed to maintain the wide range of vehicles, many of which

The majority of the cars, vans and trucks are supplied from Securicor's wholly-owned dealerships and, when special bodies or conversions are required for the Parcels, Security Services or Communications Divisions, work is undertaken by Bedwas Bodyworks, another Securicor Group company.

Spare workshop capacity at certain selected locations is utilised to service a broad customer base of third party fleets numbering in excess of 4,000 vehicles.

Securicor's overseas companies benefit from regular visits by experienced personnel for technical support and advice.

Report of the directors

FOR THE YEAR ENDED 30TH SEPTEMBER 1989

The directors have pleasure in presenting their annual report together with the audited accounts of the Company for the year ended 30th September 1989.

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 30.

A review of business activities during the year, future developments and prospects of the group are contained in the Chairman's Statement on pages 6 and 7 and in the Review of Operations on pages 8 to 24.

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 1989)

Ordinary

- Interim dividends of 0.922p per stock unit paid on 29th September 1989.

- Final dividend of 1.992p per stock unit payable on 5th April 1990.

4. Business Acquisitions

Securicor Communications Limited acquired the customer base of the cellular telephone retail business of Tactico Cellular Radio Services Limited, a subsidiary of National Telecommunications PLC, in November 1989.

In December 1989, Securicor Limited acquired the 50% interest in Datatrak Limited held by a subsidiary of George Wimpey PLC. Datatrak is now therefore a fully-owned Securicor subsidiary.

In furtherance of the development of its European parcels business, the group entered into joint ventures in France (April 1989) and Holland (November 1989) and acquired a transport business in Luxembourg (July 1989). The French operation, known as Grimaud Securicor SARL, is jointly owned by the French transport company, Grimaud SA,

and by Securicor France SA. In Holland, Securicor Nederland BV took a 50% interest in two existing transport companies, AC Visser Transport BV and AC Visser Sachtransporten BV, the merged business being known as Securicor/Visser Transport. In Luxembourg, Securicor Express Services SARL acquired the business of Transports René Schmit.

In December 1988, Securicor Deutschland GmbH acquired a 51% interest in Frentrup GmbH, a static guarding and alarm monitoring company based near Düsseldorf.

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%.

5. Capital

The issue of 11,538,517 ordinary shares at 450p per share by way of rights was, following acceptance and payment, concluded in May, 1989.

The authorised and issued share capital of the company at 30th September 1989 is set out on page 43 (note 18 to the accounts).

Report of the directors

FUTURE ISSUES OF SHARES

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 International Stock Exchange is in the best interest of the Company.

Accordingly, the appropriate resolutions, stated in similar terms to those approved by shareholders last year, are included in the notice of the annual general meeting on page 47.

6. Tangible Fixed Assets

During the year under review group tangible fixed assets increased by £15m to £98m. The movement of fixed assets during the year is shown on page 38 (note 9 to the accounts).

7. Market Value of Interests in Land

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.

8. 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 29.

9. 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 introduction of an award scheme for employee suggestions intended to improve any aspect of the group's operations; and
 - (d) 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.

10. 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.

11. Directors

It is with great regret that the directors record the deaths of Mr Donald Blanks in April and Mr Vernon Gregg in June, 1989. Tributes to both of these former directors are in the Chairman's Statement on pages 6 and 7.

The directors listed on pages 4 and 5 have held office throughout the year ended 30th September 1989.

The directors retiring by rotation are Mr A V Alexander, Mr John Delaney and Mr Henry McKay who, being eligible, offer themselves for re-election.

The contract of service of Mr McKay is determinable at three years' notice. Neither Mr Alexander nor Mr Delaney has a contract of service.

Short biographical notes on each of the Company's directors are contained on pages 4 and 5.

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:

Report of the directors

Directors' Interests	Security Services PLC		Securicor Group PLC			
	Ordinary Stock Units		Ordinary Stock Units		A Ordinary Shares	
	1989	1988	1989	1988	1989	1988
I BENEFICIAL INTEREST						
J J Delaney	144,983	144,983	1,355,603	1,312,169	4,141,246	4,141,246
P A C Smith	18,698	16,730	8,084	7,545	150,704	140,709
E A Hollis	5,691	5,093	10,512	10,374	29,742	27,912
A V Alexander	2,843	2,544	11,839	11,758	12,516	10,986
P F H Towle	6,196	5,544	397	389	2,176	2,014
R S W H Wiggs	2,843	2,544	444	425	5,250	4,892
H W McKay	1,018	911	507	500	134	1,500
R A Graves	1,117	1,000	1,003	1,000	67	—
C C Shirtcliffe	782	700	1,021	1,014	1,430	1,278
II OTHER INTERESTS						
P A C Smith	147,787	147,787	1,098,297	1,057,818	3,583,377	3,584,577
R S W H Wiggs	142,012	142,012	1,075,077	1,035,102	3,467,858	3,467,858
*E A Hollis	147,787	—	1,242,383	—	3,805,602	—
III EXECUTIVE SHARE OPTIONS						
P F H Towle					20,000	20,000
R S W H Wiggs					48,500	40,000
H W McKay					29,000	23,000
R A Graves					26,000	20,000
C C Shirtcliffe					35,200	29,200

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 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

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. Save as indicated, no material changes in these holdings have taken place since 30th September 1989.

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

*Acquired after 30th September 1989

Report of the directors

12. 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%)

£88,109 cumulative preference stock (88.1%)

(ii) Provident Mutual Life

Assurance Association

8,907,441 ordinary stock units (8.1%).

13. 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. Aggregate contributions, both in cash and in kind during the year, amounted to £225,000.

There were no political contributions.

14. Taxation Status

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

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.

By Order of the Board

N Griffiths

Secretary

Sutton Park House
15 Carshalton Road
Sutton
Surrey SM1 4LE
2nd March 1990

Statement of accounting policies

1 Basis of consolidation

The consolidated accounts incorporate the accounts of Security Services PLC, its subsidiaries, and the group's share of profits and reserves of its related companies, except as stated in note 19 to the accounts, for the year ended 30th September 1989.

The results of related companies 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 1989. The principal related company 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 subsidiaries 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 and services 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 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 1982

	Notes	1982 £000	1981 £000
Turnover	1		
U.K.		372,345	334,368
Overseas		58,112	46,777
		430,457	381,145

Profit on ordinary activities before taxation	1 and 2		
Security and Parcels:			
U.K.		15,020	18,553
Overseas		2,080	2,031
Finance and investments		1,890	848
Communications (including cellular retailing)		(3,599)	(1,363)
Cellnet Cellular Radio		12,834	1,740
		28,225	21,809
Taxation	3	11,922	9,867
Profit on ordinary activities after taxation	4	16,303	11,942
Outside shareholders' interests		(1)	14
		16,304	11,928
Extraordinary items	5	—	(244)
		16,304	11,684
Dividends	6	3,197	2,453
Profit for the year retained	19	13,107	9,231

Retained profit			
Parent company		4,755	1,726
Subsidiary companies		665	7,656
Related companies		7,687	(151)
		13,107	9,231

Earnings per ordinary stock unit	7	15.7p	11.9p
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Consolidated balance sheet

AT 30TH SEPTEMBER 1989

	Notes	1989 £000	1988 £000
Fixed assets			
Intangible assets	8	244	336
Tangible assets	9	97,738	82,924
Investments	10	19,817	8,408
		117,799	91,670
Current assets			
Stocks	11	10,643	8,437
Debtors	12	64,600	58,021
Bank and deposit balances		36,972	9,435
Quoted investments	13	1,080	1,080
		113,295	76,973
Creditors: due within one year			
Bank overdrafts and short term loans	14	4,115	4,012
Corporation tax		10,145	8,496
Proposed dividend		2,183	1,628
Other	15	66,002	58,378
		82,445	72,514
Net current assets		30,850	4,459
Total assets less current liabilities		148,649	96,129
Creditors: due after more than one year			
Loans	16	8,448	17,260
Corporation tax		5,249	7,651
		13,697	24,911
Provision for liabilities and charges	17	167	32
Net assets		134,785	71,186
Capital and reserves			
Called up share capital	18	27,504	24,619
Revaluation reserve		1,216	1,216
Other reserves	19	106,065	45,351
		134,785	71,186

Roger Wiggs
Richard Graves
2nd March 1990

Directors

Source and application of funds

FOR THE YEAR END 30 SEPTEMBER 1964

	1963	1964	1965
	£000	£000	£000
Source of funds			
Profit on ordinary activities before taxation		28,225	21,809
Deduct: Profit on disposal of fixed assets			
and investments	1,571		119
Exchange adjustments	10		297
Extraordinary items	—		70
Retained in related companies	12,905		1,612
		14,486	2,098
		13,739	19,711
Add: Depreciation of fixed assets	21,518		19,399
Amortisation of development expenditure	94		95
		21,612	19,494
Total generated from operations		35,351	39,205
Funds from other sources:			
Sales of fixed assets and investments	3,277		4,015
Increase in loans	—		4,762
Issue of shares	51,136		—
Increase in creditors	7,376		16,083
Loans repaid by related company	—		2,373
Increase in hire purchase creditors	284		—
		62,073	27,233
		97,424	66,438
Application of funds			
Purchase of fixed assets	37,833		39,357
Dividends paid	2,642		2,303
Tax paid	7,322		6,620
Investments in related companies	3,681		3,257
Investments in subsidiary companies	508		197
Purchase of goodwill	371		50
Increase in debtors	6,579		11,527
Decrease in hire purchase creditors	—		358
Increase in stocks	2,206		1,143
Decrease in loans	8,848		—
		69,990	64,812
		27,434	1,626
Movement in short term funds			
Increase in cash resources	27,537		2,468
(Increase) in bank overdrafts	(103)		(842)
		27,434	1,626

Parent company balance sheet

AT 19TH SEPTEMBER 1989

	Notes	1989 £000	1988 £000
Fixed assets			
Tangible assets	9	4,722	1,948
Investments	10	9,228	6,728
		13,950	8,676
Current assets			
Debtors	12	57,228	46,808
Bank and deposit balances		29,685	516
Quoted investments	13	1,080	1,080
		87,993	48,404
Creditors: due within one year			
Bank overdrafts and short term loans	14	—	6
Corporation tax		597	853
Proposed dividends		2,183	1,628
Other	15	3,191	4,670
		5,971	7,157
Net current assets		82,022	41,247
Total assets less current liabilities		95,972	49,923
Creditors: due after more than one year			
Loans	16	6,000	16,000
Provision for liabilities and charges	17	167	9
Net assets		89,805	33,914
Capital and reserves			
Called up share capital	18	27,504	24,619
Other reserves	19	62,301	9,295
		89,805	33,914

Roger Wiggs
Richard Graves
2nd March 1990

Directors

Notes to the accounts

	1989 £000	1988 £000
1 Turnover and profits		
Turnover - Security and Parcels:		
U.K.	345,446	309,731
Republic of Ireland, Channel Islands and Isle of Man	17,783	15,093
Rest of Europe	25,768	19,498
Africa	9,025	8,326
Asia and rest of world	4,936	3,860
	403,558	356,508
Turnover (U.K.) - Communications (including cellular retailing but excluding Cellnet)	26,899	24,637
Total turnover	430,457	381,145
Cost of sales	335,171	292,697
Gross profit	95,286	88,448
Administrative expenses	80,034	68,325
Operating profit	15,252	20,123
Share of profits of related companies:		
Cellnet Cellular Radio	12,834	1,740
Others	139	(54)
Profit on ordinary activities before taxation	28,225	21,809
Profit on ordinary activities - geographical analysis:		
U.K.	26,145	19,778
Republic of Ireland, Channel Islands and Isle of Man	822	294
Rest of Europe	(508)	140
Africa	1,177	1,232
Asia and rest of world	589	365
	28,225	21,809
Operating profit has been arrived at after taking account of:		
Audit fees	345	305
Depreciation of tangible fixed assets	21,518	19,399
Amortisation of development expenditure	94	95
Operating lease rentals payable		
- Properties	9,644	8,444
- Vehicles and equipment	5,929	4,374
Operating lease rentals receivable	(6,809)	(7,303)
Investment income (quoted)	(153)	(153)
(Profits)/losses on disposal of assets: - Properties	(361)	(669)
- Other tangible assets	(1,210)	550
Net finance cost:		
- Loans and overdrafts wholly repayable within five years		
Repayable by instalments	90	27
Repayable other than by instalments	1,121	820
- Loans of which any portion is due after five years	1,823	1,221
	3,034	2,068
- Interest receivable	(2,697)	(1,132)
	337	936

Notes to the accounts

	1989 £000	1988 £000
2 Directors and employees		
Staff costs, including directors' emoluments:		
Wages and salaries	225,565	198,079
Social security costs	18,473	16,082
Pension costs	9,616	8,872
	253,654	223,033

Directors' emoluments

Remuneration of directors of Security Services PLC:

Executive services	521	436
Fees	46	47
	567	483

The remuneration of the Chairman was £49,379 (£43,392)

The remuneration of the highest paid director was £91,167 (£73,746)

The number of directors whose pre-tax emoluments fell within the following bands and the number of U.K. employees whose emoluments exceeded £30,000 were:

Emoluments	Number of directors		Number of employees	
	1989	1988	1989	1988
£5,001 to £10,000	1	1		
£15,001 to £20,000	1	—		
£20,001 to £25,000	—	1		
£30,001 to £35,000	2	1	19	18
£35,001 to £40,000	1	1	12	5
£40,001 to £45,000	—	2	6	3
£45,001 to £50,000	1	2	4	—
£50,001 to £55,000	—	1	1	—
£60,001 to £65,000	2	—	—	—
£65,001 to £70,000	1	—	—	—
£70,001 to £75,000	1	2	—	—
£90,001 to £95,000	1	—	—	—

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

	Number of employees	
	1989	1988
U.K.	22,523	22,455
Overseas	15,732	15,147
	38,255	37,602

Notes to the accounts

	1989 £000	1988 £000
3 Taxation		
U.K. corporation tax at 35% (35%)	10,378	9,957
Deferred tax (note 17)	135	(1,175)
Overseas tax	1,415	996
	11,928	9,778
Adjustments for previous years:		
U.K. corporation tax	(6)	90
Overseas tax	—	(1)
	11,922	9,867

The charge for taxation includes £5,218,000 (£1,762,000) in respect of share of profits of related companies.

	1989 £000	1988 £000
4 Net profit on ordinary activities after taxation		
Attributable to Security Services PLC	7,952	4,179

The parent company is exempt from presenting a profit and loss account in accordance with section 228 (7) of the Companies Act 1985.

	1989 £000	1988 £000
5 Extraordinary items		
Head office relocation costs	—	(2,134)
Surplus on disposal of head office properties	—	2,035
Other business disposals	—	29
	—	(70)
U.K. corporation tax	—	(174)
	—	(244)

Notes to the accounts

	1989 £000	1988 £000
6 Dividends		
Preference	3	3
Ordinary:		
Interim (paid) 0.922p (0.838p) per stock unit	1,011	822
Final (proposed) 1.992p (1.66p) per stock unit	2,183	1,628
	3,197	2,453

7 Earnings per ordinary stock unit

The calculation of earnings per ordinary stock unit is based upon earnings of £16,301,000 (£11,925,000) being group profits after taxation, minority interests and fixed preference dividend and 104,062,574 (99,917,497) average ordinary stock units in issue during the year. The comparative figure has been adjusted to reflect the rights issue concluded in May 1989.

	Consolidated £000
8 Intangible fixed assets	
Development expenditure	
At cost at 30th September, 1988 and 1989	738
Amortisation – at 30th September 1988	400
– provision for year	94
– at 30th September 1989	494
Net book value	
At 30th September 1989	244
At 30th September 1988	338

Notes to the accounts

	Freehold premises £000	Leasehold premises long term £000	Leasehold premises short term £000	Equipment and vehicles £000	Plant held for operating leases £000	Total £000
9 Tangible fixed assets						
Consolidated						
Cost and valuations						
At 30th September 1988	15,693	5,011	12,673	104,260	17,026	154,663
Additions at cost	4,599	38	2,234	27,115	3,847	37,833
Foreign currency adjustments	61	(3)	(66)	59	3	44
Subsidiaries acquired	125	—	—	98	—	223
Transfers	1,131	(1,131)	—	—	—	—
	21,609	3,915	14,841	131,522	20,876	192,763
Cost of disposals	185	26	399	11,569	385	12,564
At 30th September 1989	21,424	3,889	14,442	119,953	20,491	180,199
Net book value is arrived at as follows:						
Professional valuation 1986	—	—	138	—	—	138
Professional valuation 1980	282	—	34	—	—	316
Directors' valuation 1973	1,000	—	—	—	—	1,000
Cost	20,142	3,889	14,270	119,953	20,491	178,745
Total cost and valuations (above)	21,424	3,889	14,442	119,953	20,491	180,199
Accumulated depreciation:						
At 30th September 1988	868	511	3,670	57,166	9,524	71,739
Provision for the year	225	68	564	18,777	1,884	21,518
Foreign currency adjustments	8	1	6	45	2	62
Disposals withdrawn	(22)	(5)	(260)	(10,376)	(195)	(10,858)
Transfers	118	(118)	—	—	—	—
At 30th September 1989	1,197	457	3,980	65,612	11,215	82,461
Net book value						
At 30th September 1989	20,227	3,432	10,462	54,341	9,276	97,738
At 30th September 1988	14,825	4,500	9,003	47,094	7,502	82,924
Note:						
Plant held under finance leases and included in tangible fixed assets (above):						
Net book value	£1.403m.					
Accumulated depreciation	£1.404m.					

Notes to the accounts

	Freehold properties £000	Leasehold properties long term £000	Leasehold properties short term £000	Total £000
9. Tangible fixed assets continued				
Parent Company				
Cost				
At 30th September 1988	1,118	499	912	2,529
Additions at cost	2,883	—	—	2,883
	4,001	499	912	5,412
Cost of disposals	—	—	71	71
At 30th September 1989	4,001	499	841	5,341
Accumulated depreciation				
At 30th September 1988	143	74	364	581
Provision for the year	15	9	44	68
Disposals withdrawn	—	—	(30)	(30)
At 30th September 1989	158	83	378	619
Net book value				
At 30th September 1989	3,843	416	463	4,722
At 30th September 1988	975	425	548	1,948

Note: Long leases are for terms not less than 50 years unexpired.

Depreciation rates

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

Freehold and long leasehold buildings	2%
Short leaseholds	over the life of the lease
Plant and equipment	10%-25%
Motor vehicles	10%-33⅓%

	Consolidated £000	Parent company £000
10 Investments		
Related companies		
Shares at cost less amount written off		
At 30th September 1988	8,213	2,667
Additions	1,799	—
At 30th September 1989	10,012	2,667
Loans		
At 30th September 1988	118	—
Additions	1,882	—
At 30th September 1989	2,000	—
Share of post acquisition reserves		
At 30th September 1988	77	—
Foreign currency adjustments	41	—
Retained profits for year	7,687	—
At 30th September 1989	7,805	—
	19,817	2,667

Notes to the accounts

10. Investments continued

	Consolidated £000	Parent company £000
Subsidiary companies		
Shares at cost, less amount written off		
At 30th September 1988	—	4,061
Additions in year	—	2,500
At 30th September 1989	—	6,561
Total Investments		
At 30th September 1989	19,817	9,228
At 30th September 1988	8,408	6,728

During the year the group continued its investment in related companies engaged in the establishment of a national trunked mobile radio service (Band Three Holdings Limited) and a national vehicle location system (Datatrak Limited). The cost of these investments, included above, has been capitalised on the basis of the group's established policy on development expenditure stated on page 29, note 4. No amortisation has been provided on these investments whilst they remain in their development stage and accordingly no account has been taken of their post acquisition reserves, the inclusion of which would reduce the net assets of the group by £3.986m at 30th September 1989.

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

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 will be consolidated in accordance with the accounting policies on page 29.

	Consolidated	
	1989 £000	1988 £000
11 Stocks		
Raw materials	589	476
Work in progress	702	500
Finished goods including consumables	9,352	7,461
	10,643	8,437

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

	Consolidated		Parent company	
	1989 £000	1988 £000	1989 £000	1988 £000
12 Debtors				
Trade debtors	51,257	50,181	—	—
Holding company and fellow subsidiaries	—	—	111	—
Subsidiary companies - dividends	—	—	6,220	3,500
- other	—	—	49,895	43,280
Other debtors	5,653	4,052	551	28
Prepayments and accrued income	6,564	3,110	451	—
Related companies	1,126	678	—	—
	64,600	58,021	57,228	46,808

Included in consolidated prepayments is £833,000 (nil) falling due after more than one year.

Notes to the accounts

	Consolidated		Parent company	
	1989	1988	1989	1988
	£000	£000	£000	£000
13. Quoted investments				
Quoted investments at cost	1,080	1,080	1,080	1,080
Market value	1,405	1,464	1,405	1,464

	Consolidated		Parent company	
	1989	1988	1989	1988
	£000	£000	£000	£000
14 Bank overdrafts and short term loans				
Bank overdrafts and advances	4,075	3,920	—	6
Short term loans (secured)	40	74	—	—
Short term loans (unsecured)	—	18	—	—
	4,115	4,012	—	6

At 30th September 1989 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 £778,000.

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

(i) short term liabilities of £2,618,000.

(ii) long term liabilities of £7,525,000.

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

	Consolidated		Parent company	
	1989	1988	1989	1988
	£000	£000	£000	£000
15 Creditors				
Amounts falling due within one year:				
Trade creditors	14,822	13,062	—	—
Holding company and fellow subsidiaries	9,407	9,437	—	2,067
Subsidiary companies	—	—	3,105	2,320
Related companies	478	163	—	—
Other taxation and social security	16,841	15,021	—	—
Accruals and deferred income	15,846	10,164	—	—
Other creditors	7,844	10,015	86	283
Hire purchase and finance leases	764	516	—	—
	66,002	58,378	3,191	4,670

Notes to the accounts

	Consolidated		Parent company	
	1989	1988	1989	1988
	£000	£000	£000	£000
16 Loans				
Total loans				
Secured loans	924	645	—	—
Unsecured loans	7,305	16,432	6,000	16,000
Hire purchase and finance leases	219	183	—	—
	8,448	17,260	6,000	16,000
Repayable within one to two years				
Secured	4	—	—	—
Unsecured	4	—	—	—
Hire purchase and finance leases	178	129	—	—
Repayable within two to five years				
Secured	712	70	—	—
Unsecured	63	9	—	—
Hire purchase and finance leases	41	54	—	—
Not wholly repayable within five years				
Secured	208	636	—	—
Unsecured	7,233	16,362	6,000	16,000
	8,448	17,260	6,000	16,000

Secured loans are secured on property and other assets of the group, and are mainly repayable by monthly instalments during 1990-2000 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 1988	32	9
Charged to profit and loss account	135	158
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 £3,424,000 (£3,862,000).

Notes to the accounts

	1989		1988	
	Authorized	Issued and fully paid	Authorized	Issued and fully paid
	£	£	£	£
18 Share Capital				
Security Services PLC				
4.5% (now 3.15% + tax credit)				
Cumulative preference stock	100,000	100,000	100,000	100,000
Ordinary stock units of 25p each	27,403,978	27,403,978	24,519,349	24,519,349
Ordinary shares of 25p each	2,496,022	—	2,380,651	—
	30,000,000	27,503,978	27,000,000	24,619,349

Rights issue

A rights issue was concluded in May 1989 to raise working capital. Details are given in the report of the directors on page 25.

	Consolidated	Parent company
	£000	£000
19 Other reserves		
Share premium		
At 30th September 1988	130	130
Premium on shares issued during the year	48,251	48,251
At 30th September 1989	48,381	48,381
Capital reserves		
At 30th September 1988	896	—
add profits of subsidiaries capitalised	54	—
At 30th September 1989	950	—
Revenue reserves		
At 30th September 1988	44,325	9,165
Retained profits for year	13,107	4,755
	57,432	13,920
less: transfer to capital reserves (above)	54	—
goodwill written off	657	—
foreign exchange adjustments	(13)	698
At 30th September 1989	56,734	13,920
Total other reserves	106,065	62,301

Notes to the accounts

20. Holding company

The Company's holding company is Securicor Group PLC, incorporated in England, holding 50.75% (1988 - 50.75%) of the equity capital.

	1989		1988	
	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	475	616	217	317
between one and two years	211	1,721	71	991
between two and five years	532	1,343	583	311
after five years	8,905	2	7,681	—
	10,123	3,682	8,552	1,619

22 Pensions

The costs of the group's defined benefit pension schemes amounted in the year to £9,561m (£8,200m). 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	5,852	—
Authorised but not contracted	6,630	—

Notes to the accounts

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 1990*

Europe

Securicor International Limited	United Kingdom
Securicor Limited	United Kingdom
Securicor Cleaning Limited	United Kingdom
Securicor Office Services Limited	United Kingdom
Mint Security Limited	United Kingdom
Auto Parts Express (Freight) Limited	United Kingdom
Securicor Ashley Electronics Limited	United Kingdom
Securicor Granley Systems Limited	United Kingdom
Pony Express International Limited	United Kingdom
Securicor Communications Limited	United Kingdom
Telecom Securicor Cellular Radio Limited (27%)	United Kingdom
Ashley Communications U.K. Limited	United Kingdom
Securicor Express International Limited	United Kingdom
Band Three Holdings Limited (25%)	United Kingdom
Datatrak Limited	United Kingdom
Securicor Stronghold Limited (76%)	United Kingdom
City Safe Wholesale Limited (76%)	United Kingdom
Aer Securicor Limited (50%)	United Kingdom
Scotshield Guarding Limited	United Kingdom
Securicor Deutschland GmbH	Germany
Frentsurp GmbH (51%)	Germany
Securicor Nederland BV	Holland
Securicor Amsterdam BV	Holland
Geldnet BV (25%)	Holland
Securicor France SA	France
Securicor Investissements SA	France
Grimaud Securicor SARL (50%)	France
Securicor Luxembourg SA	Luxembourg
Securicor Express Services SARL	Luxembourg
Securicor Belgium SA	Belgium
Securicor Transports SA	Belgium
Continental Courier Company NV (64%)	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, Middle and Far East	
Securicor Kenya Limited	Kenya
Securicor (Malawi) Limited (99%)	Malawi
Securicor Zambia Limited	Zambia
Al Mulla Security Services Co. WLL (49%)	Kuwait

Notes to the accounts

*Incorporated and operational
as at January 1989*

24. Principal group companies continued

Securicor Hong Kong Limited	Hong Kong
Securicor Macau Limitada	Macau
Securicor (Malaysia) Sdn. Bhd. (49%)	Malaysia
Securicor (Thailand) Limited (49%)	Thailand
Caribbean	
Securicor Trinidad Limited (33%)	Trinidad & Tobago

All shareholdings in subsidiary companies are in ordinary shares. Holdings in related companies are stated in note 25. A full list of subsidiary companies will be annexed to the Company's annual return to the Registrar of Companies.

25. Related companies

	<i>Issued capital</i>	<i>Attributable to group</i>
Telecom Securicor Cellular Radio Limited	£10,000,000	27%
Geldnet BV	DFI 3,000,000	25%
Al Mulla Security Services Co. WLL	KID 50,000	49%
Securicor (Malaysia) Sdn. Bhd.	M\$ 1,400,000	49%
Securicor (Thailand) Limited	Baht 24,000,000	49%
Band Three Holdings Limited	£8,000,000	25%
Securicor Trinidad Limited	TTS 1,500,000	33%
Aer Securicor Limited	£250,000	50%
Grimaud Securicor SARL	FF1,000,000	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 29 to 46 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 1989, 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
2nd March 1990

Milne Ross

MILNE ROSS
Chartered Accountants

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Notice is hereby given that the ninety-fourth annual general meeting of Security Services PLC will be held at the Richmond Hill Hotel, Richmond Hill, Richmond, Surrey on Wednesday 28th March 1990 at 12.15 p.m.

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

To receive and consider the reports of the directors and auditors and the accounts of the Company for the year ended 30th September 1989.

II To confirm payment of the dividend on the cumulative preference stock.

iii To confirm the payment of the interim dividend and to declare a final dividend.

iv To re-elect the following directors who retire by rotation:

Mr A V Alexander

Mr John Delaney

Mr Henry McKay

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

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

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, pursuant to the authority conferred on the directors for the purposes of section 80 of that Act by resolution (a) above, 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 4LE

2nd March 1990

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 26th March 1990.

If Subject to the recommendation as to the payment of the final dividend being adopted at the annual general meeting the dividends will be payable on 5th April 1990 to the holders registered on 9th March 1990.

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.