

REPORT AND ACCOUNTS

1988



# SECURITY SERVICES

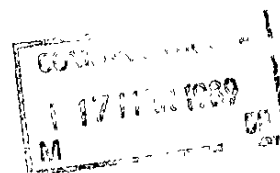
PLC

THE HOLDING COMPANY OF SECURICOR LIMITED

AND SECURICOR INTERNATIONAL LIMITED

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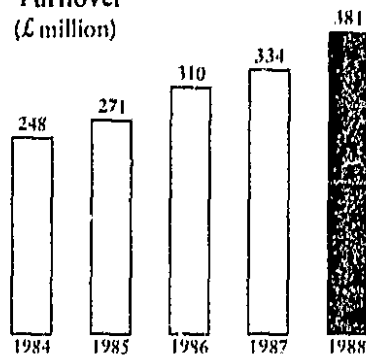
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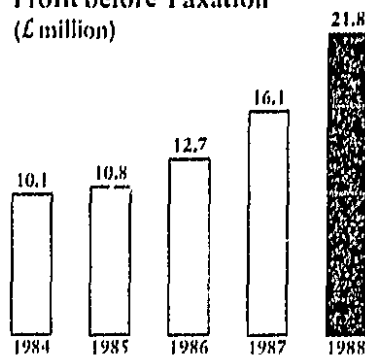
## FINANCIAL HIGHLIGHTS

	1988	1987	Change
TURNOVER	£181m	£134m	+14%
PROFIT BEFORE TAX	£21.8m	£16.1m	+35%
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	£11.7m	£9.7m	+21%
EARNINGS PER SHARE	12.2p	9.8p	+24%
DIVIDENDS PER SHARE	2.498p	2.268p	+10%
NET ASSETS	£71.2m	£63.2m	+13%
RETURN ON NET ASSETS	31%	25%	—

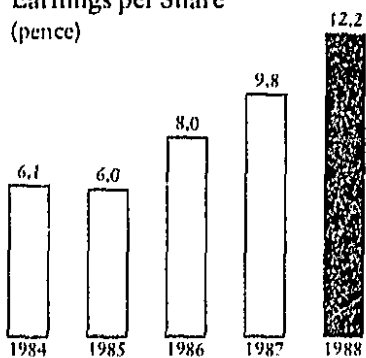
Turnover  
(£ million)



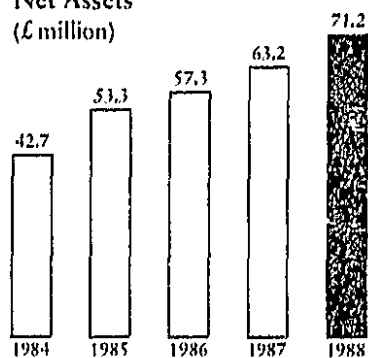
Profit before Taxation  
(£ million)



Earnings per Share  
(pence)



Net Assets  
(£ million)



## TEN YEAR FINANCIAL SUMMARY

	1988 £million	1987 £million	1986 £million	1985 £million	1984 £million	1983 £million	1982 £million	1981 £million	1980 £million	1979 £million
Turnover	381	334	310	271	248	231	206	182	164	135
Profit before taxation	21.8	16.1	12.7	10.8	10.1	8.9	9.4	8.0	6.2	5.4
Profit attributable to shareholders	11.7	9.7	6.7	5.9	2.0	5.0	5.8	4.7	4.9	4.4
Profit retained	9.2	7.4	4.6	4.1	0.5	3.7	4.7	3.6	4.0	3.6
Fixed assets	91.7	75.7	68.9	61.8	59.6	52.7	48.1	42.7	35.3	32.5
Net assets	71.2	63.2	57.3	53.3	42.7	42.2	39.2	34.6	28.7	25.0
Earnings per ordinary share	12.2p	9.8p	8.0p	6.0p	6.1p	6.0p	7.0p	5.7p	6.1p	5.6p
Dividends per ordinary share	2.498p	2.268p	2.062p	1.874p	1.70p	1.55p	1.41p	1.28p	1.16p	1.06p
Return on net assets	31%	25%	22%	20%	24%	21%	24%	23%	22%	22%
Borrowings	£21.8m	£16.5m	£14.6m	£13.9m	£14.5m	£10.3m	£7.7m	£6.5m	£6.5m	£6.6m
Debt/Equity Ratio	31%	26%	25%	26%	34%	24%	20%	19%	23%	26%

## DIRECTORS AND OFFICERS

### Peter Smith OBE\*

#### Chairman

is 68 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 British Security Industry Association since its inception in 1966, including its Chairman in 1977-1981, and of the Royal Warrant Holders Association since 1976, including its President in 1982-1983. He was awarded the OBE for services to the security industry in 1981 and as a director of Eatch Lovell PLC.

### Executive Directors

#### Roger Wiggs Chief Executive

is 49 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 July 1988.

#### Richard Graves Deputy Chairman

is 60 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 August 1988. He is chairman of Metal Closures Group PLC.

#### Henry McKay

is 49 and joined the group's security operations in Scotland in 1968. He was promoted general manager of the subsidiary company 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 Shirlcliffe FCA

is 44 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.

#### Donald Blanks FCCA Secretary

is 53 and joined the group in 1961. He was appointed Secretary in 1973 and to the boards of Security Services PLC in 1985 and Securicor Group PLC in 1986.

### Non-executive Directors

#### Fred Hollis FCCA, FCT\*

is 70 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 on the subsidiary boards of London Hotels Limited, as Chairman, and Crosskeys Limited, and is also Chairman of the group pension scheme trustee company. He is a non-executive director of Metal Closures Group PLC.

#### Peter Towle\*

is 65 and joined Securicor Limited as director 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 executive duties in 1988. He continues to serve as an executive consultant on all communications and alarms activities including membership of the boards of the Cellnet, Band Three and Datatrak joint venture companies.

#### John Delaney\*

is 70 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.

#### A. V. Alexander CBE

is 60 and was appointed a non-executive director of Securicor Group PLC and Security Services PLC in 1977. He is a director of Sedgwick Group PLC and a member of the British Invisible Exports Council, the Securities and Investments Board and an honorary vice-president of the British Insurance Brokers' Association of which he was chairman from 1982 to 1987.

#### Vernon S. Gregg FCA\*

is 72 and following his long association with the group was, on his retirement as a practising accountant, appointed to the boards of Security Services PLC in 1979 and Securicor Group PLC in 1980. He continues to be active in group treasury management and client liaison.

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

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Telephone: 01-770 7000

#### REGISTRARS AND

#### TRANSFER OFFICE

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6 Greencoat Place  
London SW1P 1PL  
Telephones: 01-828 4321

#### AUDITORS

Milne Ross  
Chartered Accountants  
Chapel House  
24 Nuford Place  
London W1H 6AE

## CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 30TH SEPTEMBER 1988



Peter Smith,  
Chairman

## Results

Profits before tax which this year include the first contribution from our investment in Telecom Securicor Cellular Radio (Cellnet) amounted to £21.8 million, an increase of 35.7% over the previous year. Even before taking account of the contribution made by Cellnet, pre-tax profits derived from the group's other core operations amounted to £20 million which yet again represented a record level of achievement and an increase of 24.8% over the previous year.

The element of profit derived from the major United Kingdom operations in security, communications and parcels again reflected substantial increase and demonstrated the overall solidity of the commercial base from which they are derived.

The results of overseas operations show a substantial improvement over the previous year (despite adverse exchange variances amounting to £266,000).

Additional details of the individual activities and operations of the Group's principal divisional and international subsidiaries are given in the Review which follows this opening statement.

## Personnel and Administration

In thanking management and employees worldwide for their outstanding loyalty and dedication during the year it is my proud privilege to refer by way of appreciation to the courageous conduct of our security guards

which prompted the issue by the Group of no fewer than ten awards for bravery and twenty-two for meritorious conduct. At the same time, it is with very great sadness, and profound sympathy for the next-of-kin, that I record the murder by bandits of two of our employees, namely Stanley William Curtis of Enfield Branch, who was killed on duty on 20th April 1988; and John Leonard Woodward of Birmingham Branch, who suffered a fatal attack on 10th August 1988. I am sure that all involved in our Group of companies will wish to join with me in paying tribute to the courage of those who, in the current battle against crime, so selflessly commit themselves to an interest which surely extends beyond the commercial to that of the wider public.

As forecast in my Review last year, Roger Wiggs succeeded Peter Towle as Group Chief Executive in July 1988, and I would like to compliment Roger on the excellent and imaginative impact which he has already made in his new executive role. In November 1988, he brought to fruition the Group's first comprehensive management conference. This was held over a continuous period of three days, and brought together all the Group's senior managers from both the United Kingdom and overseas. The principal objective was to promote a corporate entrepreneurial purpose, determination, and strategy to carry the Group successfully into the 1990s. Outstanding features of the conference were

## CHAIRMAN'S STATEMENT

presentations by individual managers for evaluation of a large number of development projects which they had been challenged to devise in advance of the conference and the lectures given by specialists drawn both from within and outside the Group on marketing and other important topics. The conference proved to be of enormous value in demonstrating the strength of entrepreneurial potential throughout management within the Group as a whole; and not least in enhancing among all concerned a great sense of corporate unity.

On 1st August 1988, Richard Graves was appointed to be Deputy Chairman of Securicor Group PLC and Security Services PLC following the retirement of Eric Hollis from these appointments. I am delighted that, through his continued service on the boards of both group companies, we retain the benefit of Eric Hollis's specialist knowledge and experience.

In the Spring of 1988, the Group moved its principal administrative and clerical headquarters staff to fresh leasehold offices in Sutton, Surrey. The move has enabled the Group to bring together in one modern office building all the personnel comprised in these important departments and thus eliminate the previous expense and inconvenience resulting from geographical separation which continued expansion of the Group had produced in recent years. The move involved a gratifyingly small amount of staff redundancy, and disposal by the sale of our leasehold interest in the vacated office premises at Vigilant House, Gillingham Street, produced a small net extraordinary cost after providing for all the expenses of the move.

I am well aware of the interest regularly displayed by shareholders, particularly at our Annual General Meeting, in expressing approval of the Group's contributions to charity in cash and in kind. I am therefore particularly proud to announce that in common with other leading companies, we have joined "The Per Cent Club". In broad terms the qualification for membership is a commitment to contribute no less than half a percent of U.K. pre-tax profits to the community in cash or in kind. The aggregate of our contributions to charity, job creation, train-

ing, local development, the arts or music more than fulfil this commitment.

## Current Outlook and Future Prospects

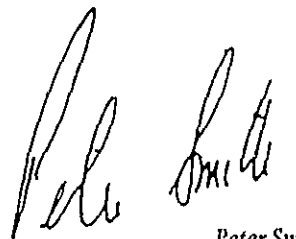
In the context of advocacy of the need for State regulation, recent months have, once again, featured press and public comment concerning the spectacular growth of the industrial security industry. Such comment has occasionally included somewhat ambiguously expressed critical reference to the status and quality of some companies currently offering security services to the public.

It may therefore be timely to record the leading part played by the Securicor Group of Companies, firstly in the promotion, support and development of the British Security Industry Association since its foundation twenty-two years ago; and secondly, more recently, in the establishment of that association's Inspectorates, which monitor the adherence by member companies to high ethical, professional and operational standards of practice and performance.

I believe that the contribution made by the Securicor Group, in common with other leading participating companies within the Industry, to the machinery of self regulation thus established, is fully appreciated by government as being well worthy of public confidence.

With that background it is, I believe, not without significance that the return of public demand for high-grade quality service, to which I referred last year, has continued to be manifest to us.

With the exciting prospect of increasing contribution from our investment in communication technology to add to our well-established capacity for advance within our other core businesses, I remain confident of our ability to achieve continued and gratifying progress in the current year.



Peter Smith

## REVIEW OF UK OPERATIONS

FOR THE YEAR ENDED 30TH SEPTEMBER 1988

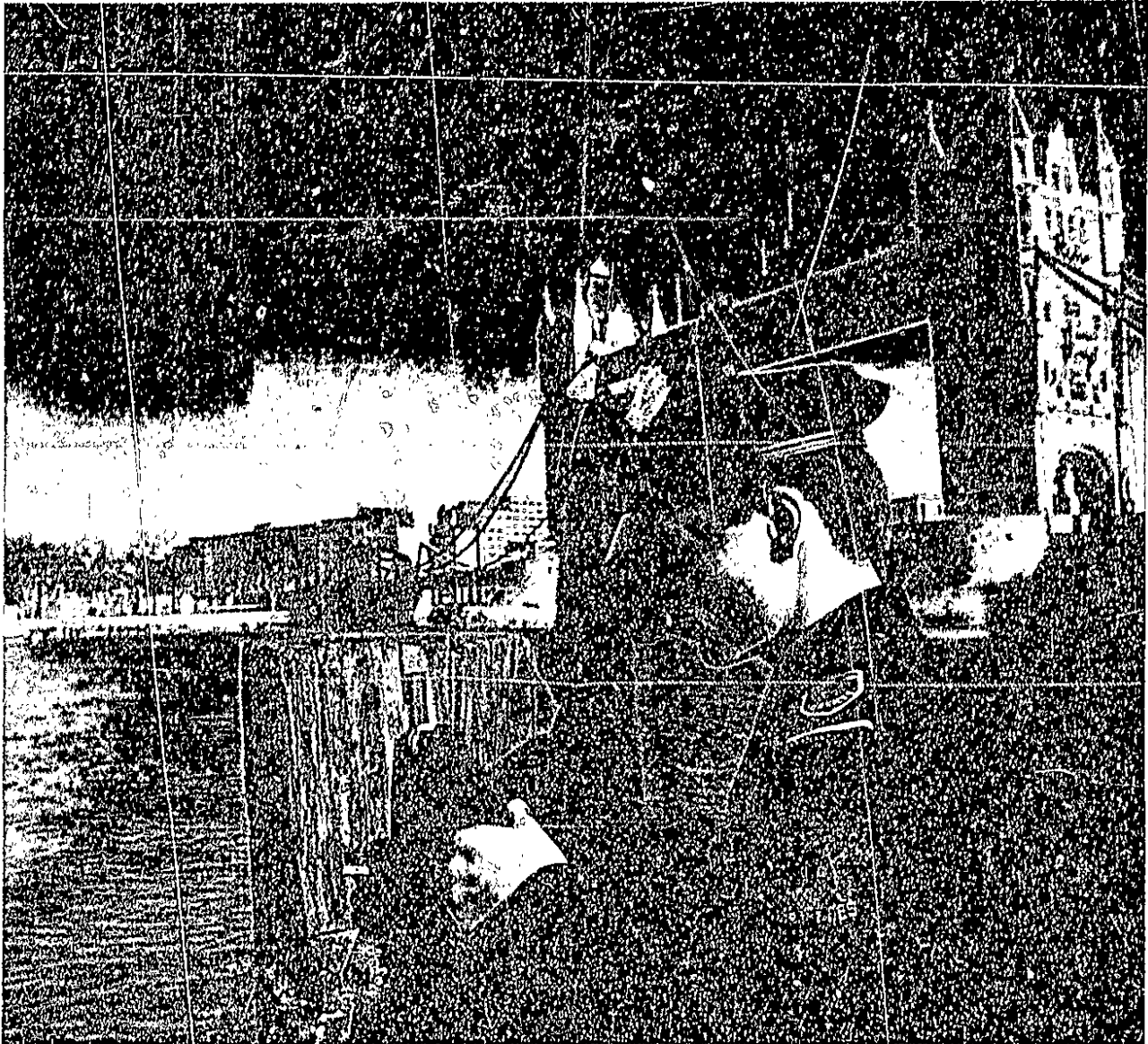
### SECURITY

Principal operating companies:  
Securicor Limited (Security Division)  
Mint Security Limited

*Principal activities: The transportation and care of cash and valuables, security guards and patrols, banking support, cash processing, cash dispenser replenishment and bank-note screening services, office and industrial cleaning and the sale and installation of security products.*

The successful development of Securicor's Guarding and Patrol Services division has continued this year with the introduction of cost effective computerised rostering and management control systems. This, coupled with the use of the latest technology such as Guard Control System (GCS), ensures that Securicor remains the quality leader in a competitive market.

*Guarding services use Guard Control System (GCS), the latest technology.*





## REVIEW OF UK OPERATIONS

### SECURITY

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

Scotshield, a separate guarding company set up in Scotland to satisfy a particular market niche, has had its first successful year of operation.

Mint Security enjoyed another good year in London and the Midlands, its main operational areas, and with the opening of a new branch in South Yorkshire, it continues to expand. In addition it has consolidated its position in Ulster and, here too, it can look forward to continued growth.

Services consisting of the carrying, counting and distribution of cash have continued to make impressive progress. Whilst there have been some gains in wage packaging business, the greatest increase has been achieved by the banking support services.

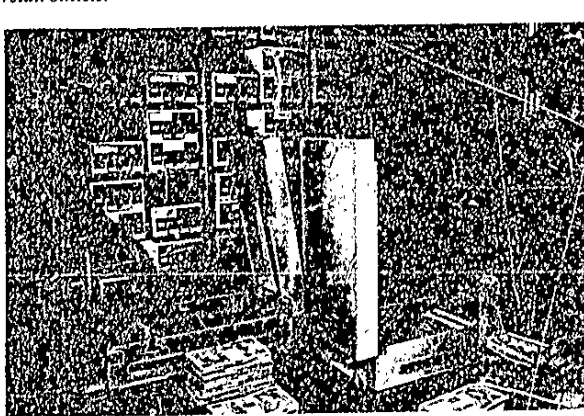
Cash Transportation

Cash dispenser maintenance.

Cash dispenser replenishment.



Cash processing for nationwide retail outlets.



"Cashserv", a cash dispenser replenishment service, was launched earlier this year as an enhancement of our "Tellerserv" service. Clients can now choose from a variety of replenishment features. The fastest growing element involves the provision of first line maintenance whereby specially trained crews deal with routine maintenance tasks in order to keep the dispensers operating at optimum level. As well as cash replenishment services provided to financial institutions, there has been growth in similar services provided to in-house or remote site dispensers, for example on industrial sites or in supermarkets.

"Cashserv"

REVIEW OF UK OPERATIONS

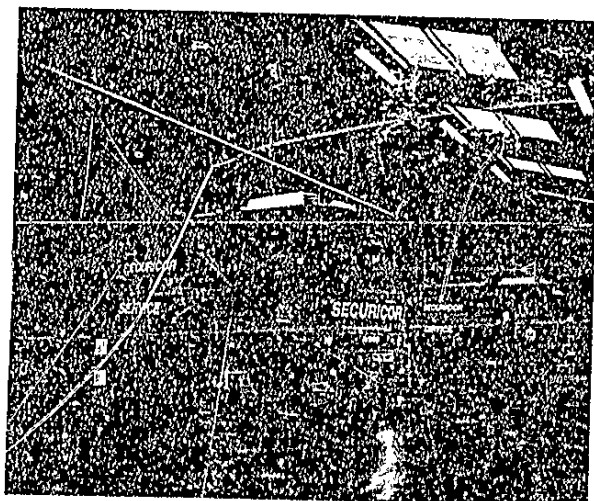
SECURITY



Cash carrying has made impressive progress.

**Cash Handling** Cash processing for nationwide retail outlets as well as the provision of cash in bulk to Building Societies and other large cash users, has achieved considerable growth. Moreover, banknote screening, cheque and credit card slip consolidation and delivery, cassette replenishment, coin storage and distribution are all part of a growing activity within our banking support services.

The new Safe Link terminal at Bloxwich.



A new Safe Link terminal at Bloxwich close to the M6 and M5 opened on schedule at the end of September and provides for further expansion of this unique nationwide overnight security delivery service. Onboard fire safes used on the vehicles involved are proving invaluable for the storage of items such as unencoded cheques which could not readily be reconstituted in the event of destruction or loss.

Safe Link



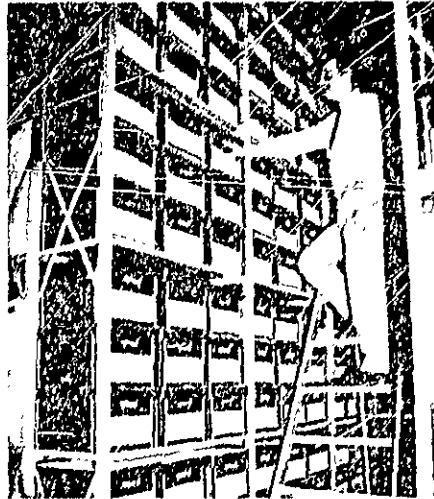
On-board fire safes.

## REVIEW OF OPERATIONS

### SECURITY

**Office Services** Extensions of the shredding division are planned in the South West and North of England by way of expansion of this service.

**Archiving facilities** using the latest mobile racking equipment.



A new secure storage vault has recently been commissioned in central London incorporating increased archiving facilities using the latest mobile racking equipment. Both are answering a demand for what is becoming an essential industry requirement.

**The new Securicor Stronghold mobile fitting service.**



The design and testing of the newly developed 'Viccas' lock has been completed. It provides an advance upon the conventional approach to access control and early interest in the product is encouraging.



The businesses of Southern Stronghold Limited and City Safe Wholesale Limited, two companies based in Southampton and specialising in the sale and fitting of security locks and equipment were acquired by purchase in October 1987.

The retail operation has been renamed 'Securicor Stronghold' and will be expanded through further outlets each offering direct sales of security equipment backed by a mobile fitting service.

Supply of security products will be made to wholly owned units as well as to other outlets through City Safe Wholesale's new warehouse utilising the Securicor parcels service for next day delivery.

This development strategy is advancing well with encouraging results.

**Sale and Installation** of Security Products

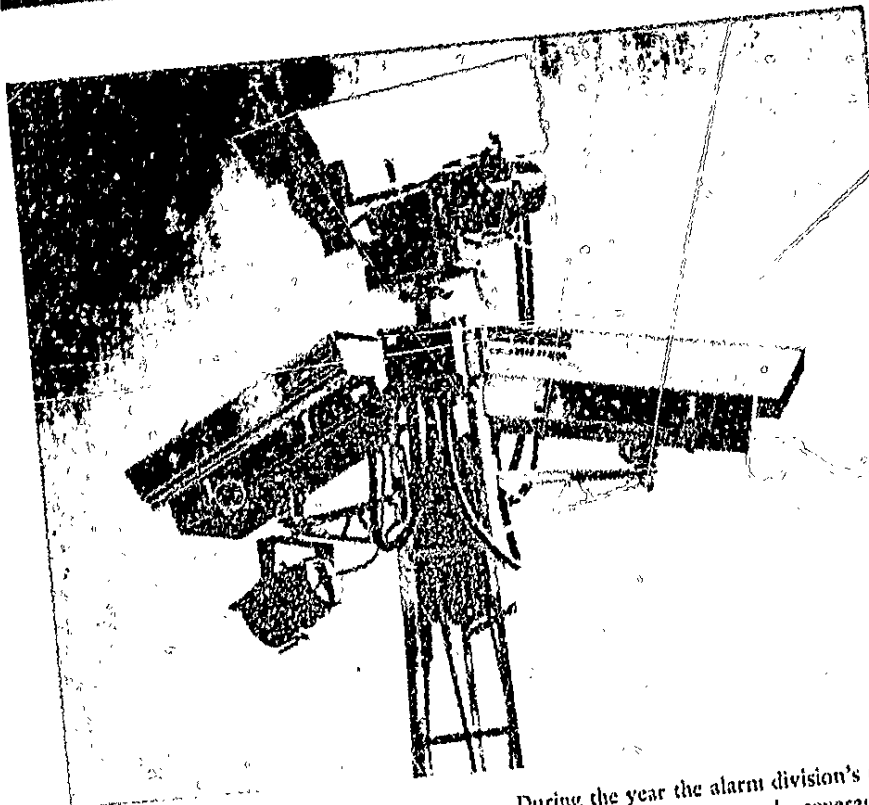
*Early interest in the VICAS lock is encouraging.*

The provision of office cleaning services to industry continues to play a valuable role within Securicor's range of services. Current diversifications and developments into janitorial services include the supply and maintenance of decorative plants and pest control.

**Cleaning**

REVIEW OF UK OPERATIONS

COMMUNICATIONS AND ALARMS



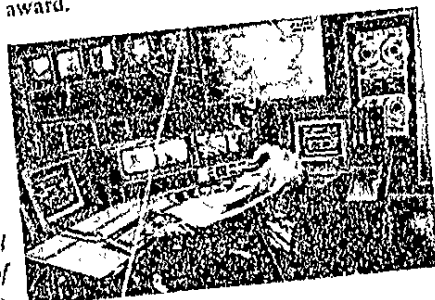
CCTV forms part of integrated system control for major sites.

Alarms

Principal operating companies:  
Securicor Granley Systems Limited  
Securicor Ashley Electronics Limited

*Principal activities: The manufacture, supply, installation and maintenance of Intruder, Fire, 'Close-Circuit Television' (CCTV) and Access Control systems.*

The very high technical standard of its investment in the Manchester and London Control Centres was recognised by the valuable award to Securicor Granley of certificates of competence with British Standard 5979. Very few companies are able to meet the exacting demands necessary to obtain this award.



High technical standard of control centres.

During the year the alarm division's unique security signalling network coverage was extended to include most major towns and cities in the United Kingdom.

The Genesis 'Integra' system launched at the Security Industry Exhibition - IFSEC '88 - in April provides for localised integrated system control for major sites and complexes. It embraces Intruder, Fire, CCTV and Access surveillance systems. Customer demand for the Genesis technology continues to grow and is providing ever increasing order levels. Additional Genesis products have been developed by Securicor Ashley Electronics at its factory in Avon, including a smaller capacity version of the Valiant Control Panel and an entirely new passive infra-red movement detector. Both will be in production in the New Year together with a new domestic intruder alarm panel. One of the company's conspicuous successes during the year was the award of certification to British Standard 5750, demonstrating that all activities from development through to production are carried out to the highest recognised commercial standard.

## REVIEW OF LA OPERATIONS

### COMMUNICATIONS AND ALARMS

#### Communications

##### Principal operating companies:

Securicor Communications Limited

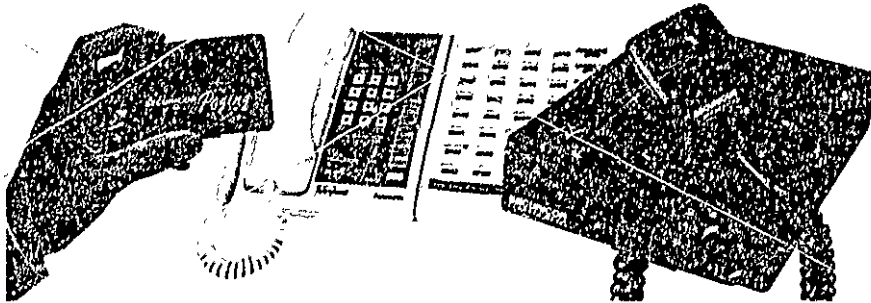
Ashley Communications U.K. Limited

*Principal activities:* The supply, installation and maintenance of mobile communications products, including Cellnet cellular telephones, key telephone systems, telephone answering machines and the operation of the Securicor Relayphone national mobile radio and regional Relayphone III trunked networks.

The development of cellular mobile tele-

phones continues with value added services involving data transmission now being offered. A comprehensive range of key telephone systems is being marketed successfully and is supplemented by our ability to install and service PABX telephone systems. During the year, our 'Relayphone' communications system was substantially updated to multi-site technology, believed at

that time to be the first such system in the country. In the North it covers a 25-mile wide corridor spanning the M62 from Hull to Liverpool. Separately, in the South West from Birmingham to Exeter, it covers the M5 in a similar manner. Spare capacity on this network is being marketed to commercial fleet operators. Securicor Communications is a major service provider to the new Band III network which has steadily increased its U.K. coverage during the year.



*Some of the products available from Securicor Communications.*

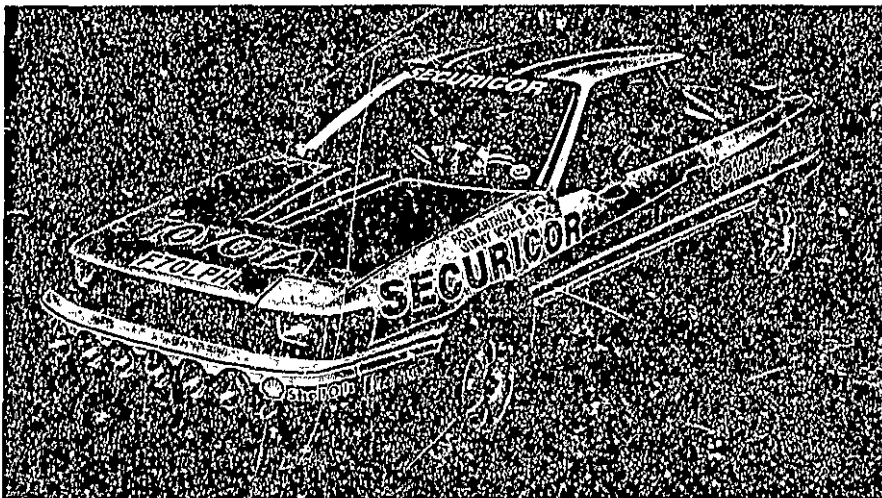
phones continues with value added services involving data transmission now being offered.

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During the year, our 'Relayphone' communications system was substantially updated to multi-site technology, believed at

Ashley Communications extended its main distributorship agreement with Philips to include that company's range of new cellular products. It was also appointed a service provider for Band III trunked radio.

Activities in the promotion of communications services through sponsorship of motor rallying have continued. In the Open, National and Scottish Rallies drivers sponsored by Securicor achieved notable successes.

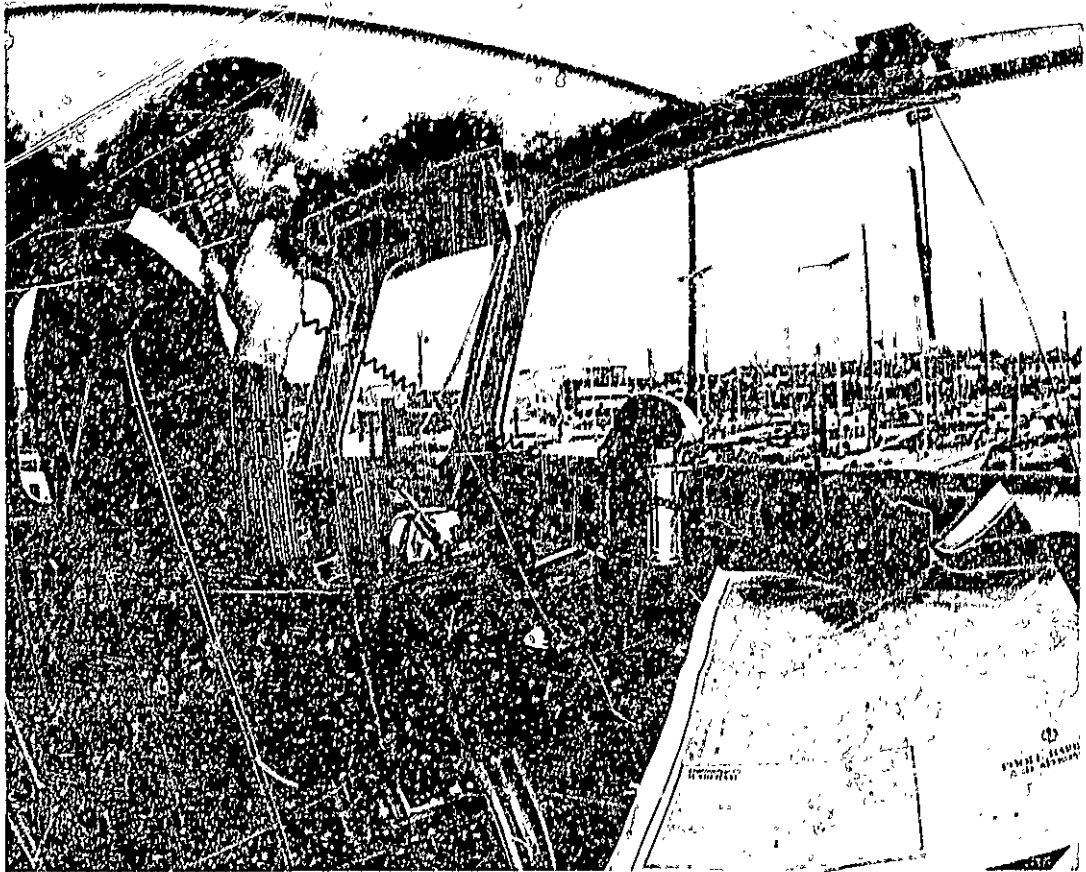


*Rally drivers, sponsored by Securicor, achieved notable success.*



REVIEW OF OPERATIONS

COMMUNICATIONS AND ALARMS



'Cellnet' broke all records in obtaining new customers.



Network Provision

Principal operating companies:

Telecom Securicor Cellular Radio Limited (27%)

Band Three Holdings Limited (25%)

Datatrak Limited (50%)

*Principal activities: The provision of national communication networks, the provision of Cellnet national cellular radio telephone service, the provision of Band III trunked mobile radio service, the provision of Datatrak national vehicle location system.*

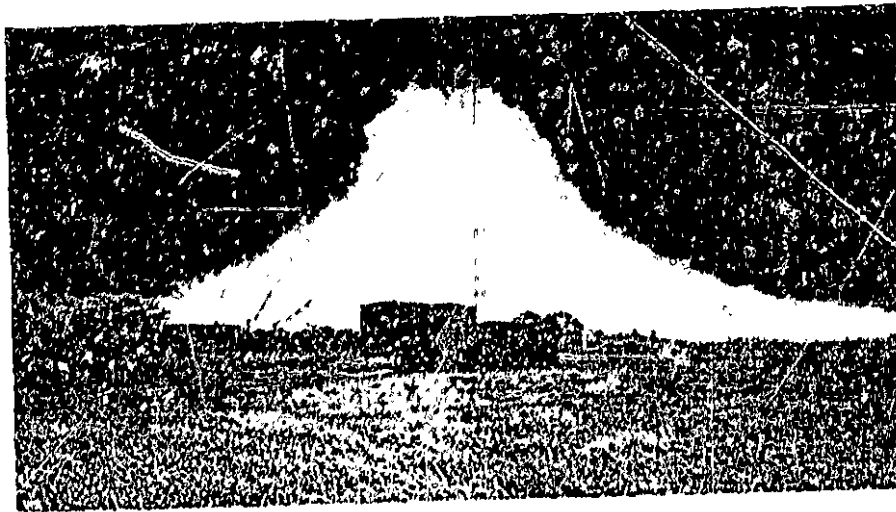
'Cellnet', jointly owned with British Telecom, had an extremely good year, breaking all records in obtaining new customers.

Investment has continued and will be maintained in order to satisfy the expanding level of demand for a service which has now established itself as essential for a wide range of business users. Cellnet is committed to satisfying at all times the requirement of adequate capacity and reliable service.

Telecom  
Securicor  
Cellular Radio  
Limited  
'Cellnet'

## REVIEW OF OPERATIONS

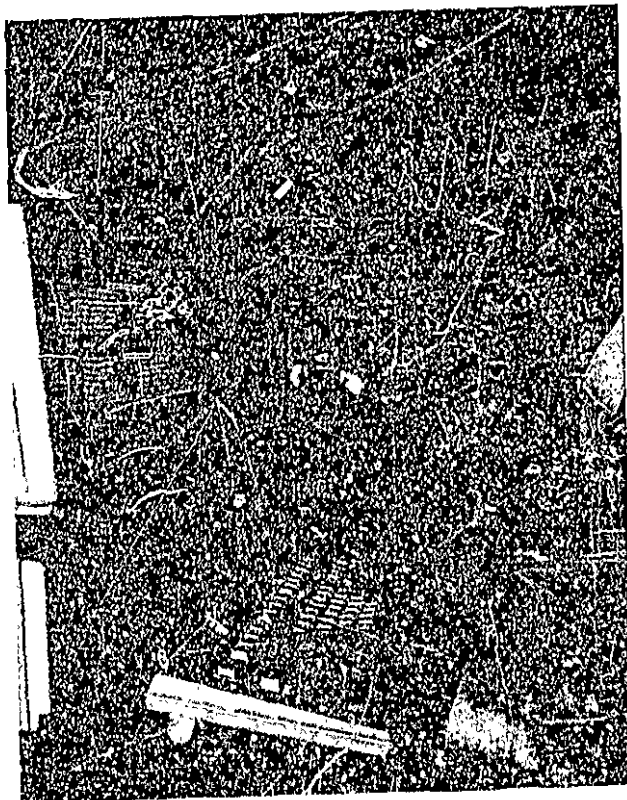
### COMMUNICATIONS AND ALARMS



Datatrak is a national vehicle location system with an exceptional degree of accuracy.

Band Three Holdings Limited

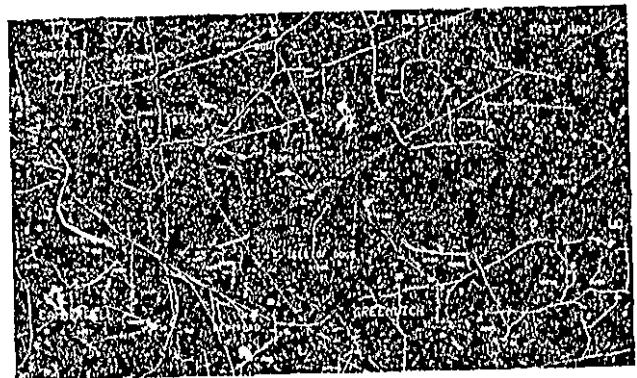
Band III Radio, in which Securicor Communications has a 25% interest, is one of the two new national trunked mobile radio systems. It succeeded in offering service substantially ahead of its competitor and by the end of September 1988 had no less than 46 operational sites. The service has proved excellent and extremely popular with users.



Datatrak, a 50-50 joint venture with George Wimpey, offers a national vehicle location system to an exceptional degree of accuracy. This entirely new high technology development progressed during the year towards the commercial stage which it reached in the autumn. Trial users have been most impressed with its accuracy and reliability and initial orders enable us to look forward with confidence to developing the market both in the U.K. and abroad, in 1989.

Datatrak Limited

Both Datatrak Limited and Band Three Holdings Limited remained in the development stage during the year. In accordance with previous accounting policy their operations are not reflected in the Group profit figures. Telecom Securicor Cellular Radio Limited moved into cumulative profit during the year. The Group's share of its net profit after absorbing all prior year development losses has accordingly been included in the consolidated accounts.



Trial users have been impressed with the accuracy and reliability of Datatrak.

REVIEW OF OPERATIONS

PARCELS

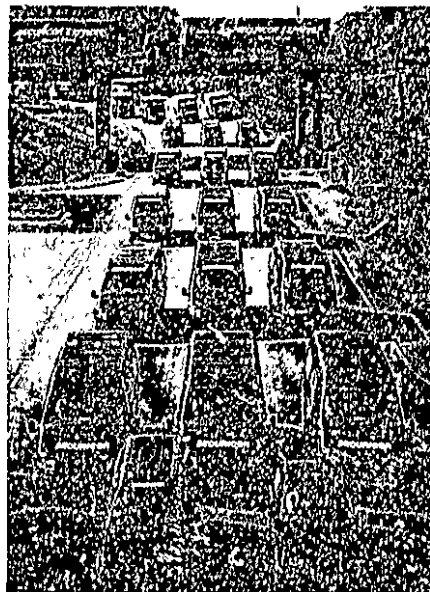


Principal operating companies:  
Securicor Limited (Parcels Division)  
Securicor Express International Limited  
Auto Parts Express (Freight) Limited  
Pony Express International Limited

*Principal activities: Parcels, document and mail express delivery services; motor cycle messengers and specialised couriers.*

Securicor  
Express Parcels

A record year was achieved with turnover substantially above budget. The provision of additional resources continued with new branches opening at Oxford, Preston, Croydon and Enfield. The new terminal at Bristol was completed in November 1988 and opened during the first week in December. The unit is currently capable of sorting more than 4000 parcels per hour and can be expanded substantially to meet future demands.



*The new parcels terminal at Bristol.*

*Parcels again achieved a record year.*



## REVIEW OF UK OPERATIONS

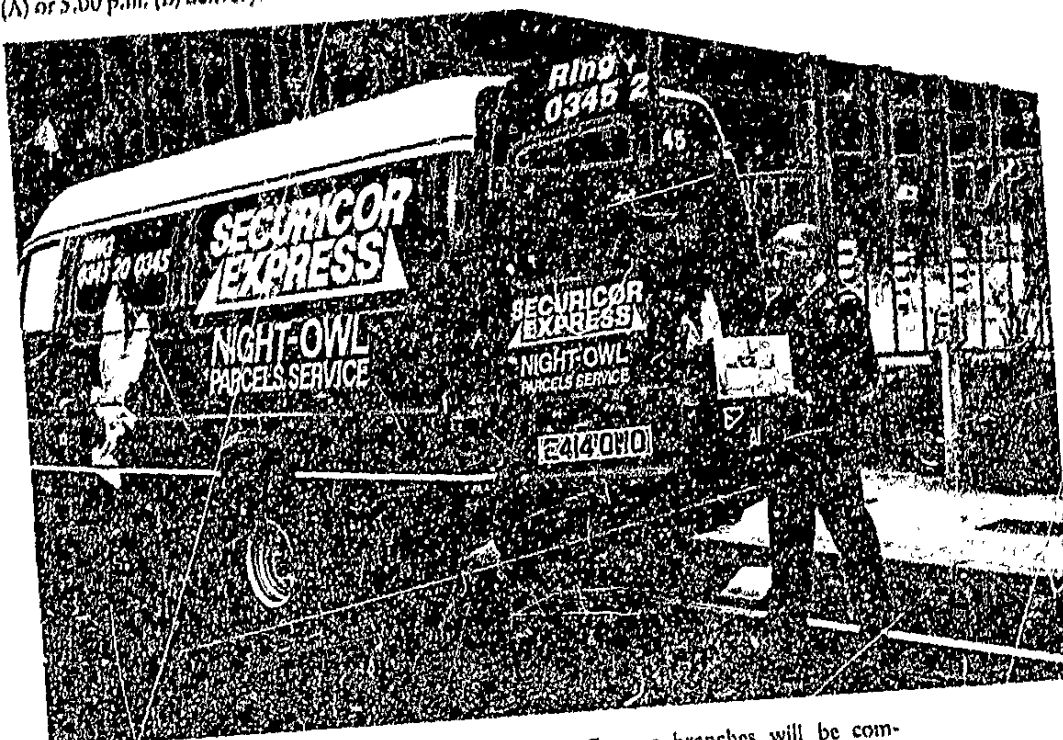
### PARCELS

**Night-Owl Services** The very successful Swifty service has been extended to provide a more flexible timed delivery for casual customers wishing to use the parcels service. Now called Night-Owl, it offers a next day 9.00 a.m. (Swiftly) 12 noon (A) or 5.00 p.m. (B) delivery.

and developing the best system and now the programme of installation and integration is well in hand.

New collection, recording and delivery systems have been designed to give customers increased efficiency and reliability. All

Night-Owl offers next day delivery services.



#### Customer Support

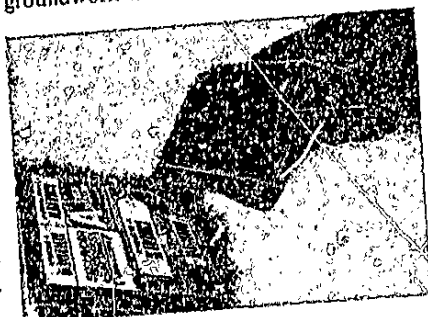
Determination to maintain Securicor's position as the country's leading private express parcels carrier is reflected in awareness of customers' demands and expectations for even higher service levels in all aspects of our operation. Over £8 million has been allocated to the development of a new parcels computer system. Extensive and exhaustive groundwork has been involved in devising

Securicor Express branches will be computerised during 1989, and linked with two central mainframes. This integrated network will be extended to support our European parcels service.

Customer quotations, contracts, invoices and proof of delivery schedules will all be generated automatically, and large volume customers will be able to use electronic data interchange facilities to transmit and receive information.

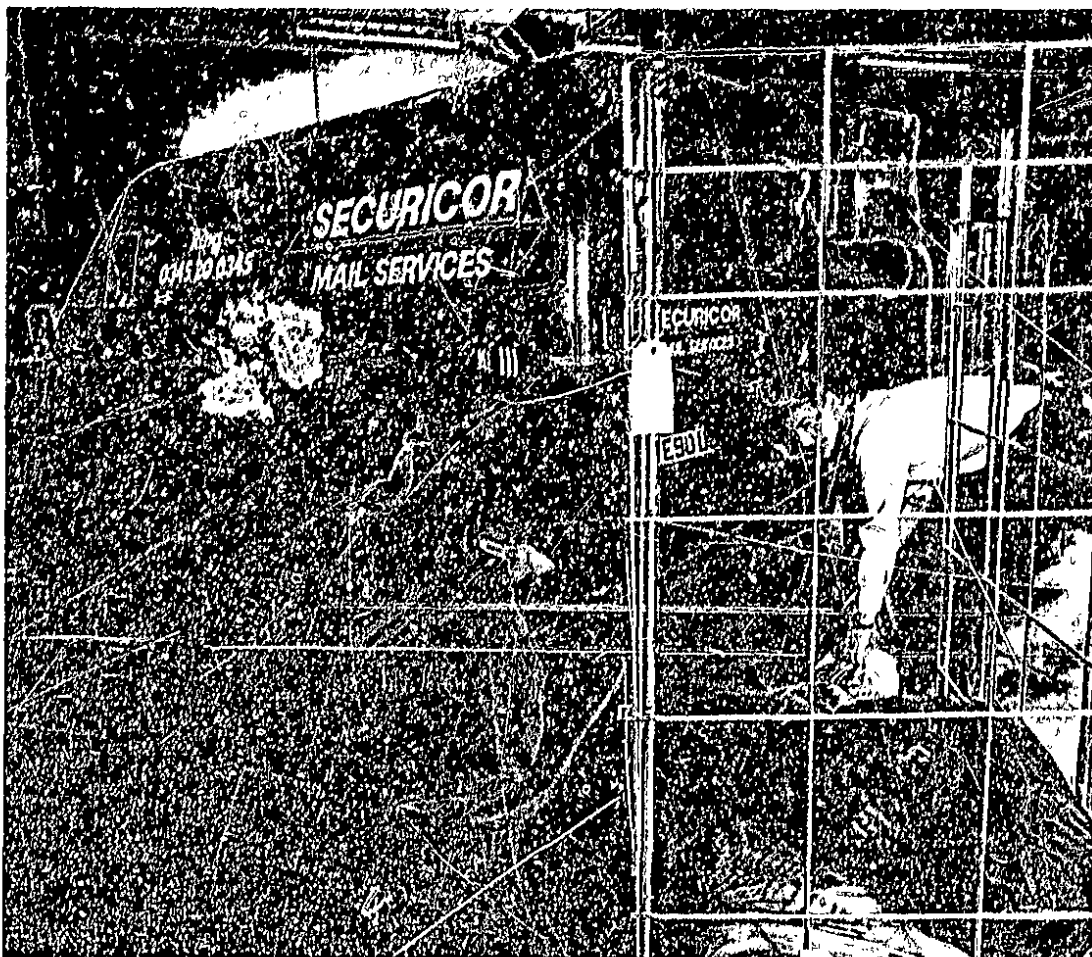
There will also be a new and improved countrywide sorting system based on county areas, together with three new Customer Service Centres. Securicor will thus be able to give customers an even faster and more comprehensive telephone response. The Company will also be able to react more swiftly to unscheduled requests for collections.

Computer systems using bar coding to meet customer needs.



## REVIEW OF U.K. OPERATIONS

### PARCELS



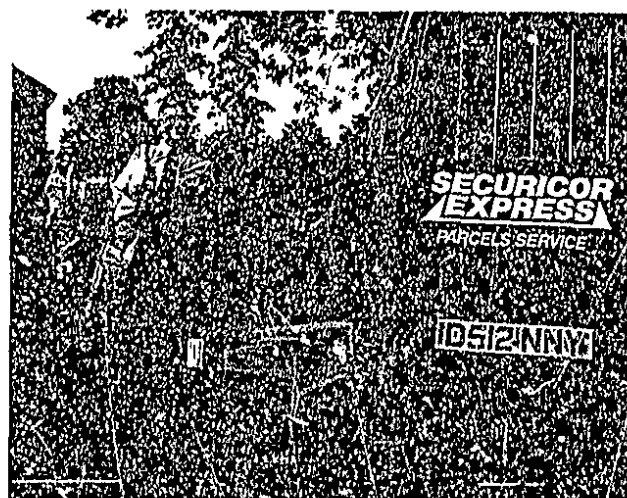
Airstream from Securicor.

#### Securicor Mail Services

A major landmark was achieved by the signing of the first private carrier contract agreement with the Post Office involving the launch of a joint enterprise entitled "AIR-STREAM FROM SECURICOR". This service offers British business a flexible and cost effective first class international mail consolidation service. It covers all types of letters and printed matter. Unlike a remail operation which involves third country postings and consequent delays, Airstream from Securicor postings will be stamped with a British postal impression thus providing a faster and more secure service. In the wake of rapid expansion Securicor Mail Services can now offer additional features including enveloping, labelling, insertion, collation and stamping and thus provide customers with a single resource for all their business mail requirements. The service at present operates

solely from the U.K. but plans are in hand to expand these services so as to take advantage of the Single European Market.

*Luggage Line, a joint venture with British Airways.*



## REVIEW OF UK OPERATIONS

### PARCELS

**Auto Parts Express (Freight) Limited** In a competitive market the company achieved commendable results and continues to flourish in its particular niche specialising in service to the automotive industry and similar urgent demand businesses.

**Pony Express International Limited** During the year the company recorded excellent progress, increasing the number of its branches from 12 to 16 with a further 3 already planned for 1989. The Heathrow office, specifically opened to handle British Airways passenger baggage, is

now being used by almost all major airlines. The possibility of conducting similar operations at other airports is being studied.

The Code of Practice for motorcycle couriers, recently announced by Westminster Council, has been fully supported by Pony Express. Representatives of the company are included on the Council's Steering Committee. The launch of the Code created a great deal of media interest and resulted in a feature on Pony Express being shown on B.B.C. Television.

*Pony Express recorded excellent progress.*



## REVIEW OF INTERNATIONAL OPERATIONS

FOR THE YEAR ENDED 30TH SEPTEMBER 1988



*Principal activities in 19 countries outside the United Kingdom: Provision of security guards, carriage of cash and valuables, express movement of parcels, installation of alarm systems, radio alert emergency services, secure archiving and secure tape storage.*

Europe The improvement in performance shown by our European companies reflects the investment which has continued to be made. During the year a joint venture partnership with Aer Lingus, Aer Securicor, was formed to develop the international parcels operations between the Republic of Ireland, the U.K. and the Continent of Europe. With the

emphasis very clearly being centred on a Single European Market by 1992 and increasing competitive pressures, Aer Securicor is a logical step in the development of the international network.

Securicor Ireland made substantial progress in all divisions with a particularly good performance by its security services.

In Belgium the downturn in the fortunes of the parcels operations has been arrested and, with the recent acquisition of another express parcels company enabling management to reduce reliance on expensive sub-contract transport, an upward trend is already evident.

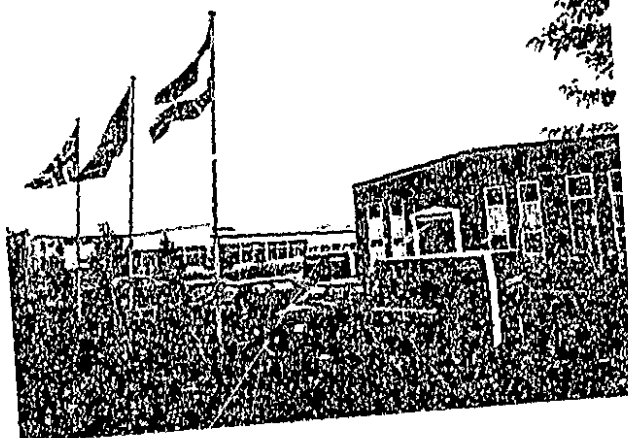
*Aer Securicor network operations.*

## REVIEW OF INTERNATIONAL OPERATIONS



Operations in Holland remain strong.

Luxembourg — 'Branch of the Year'.

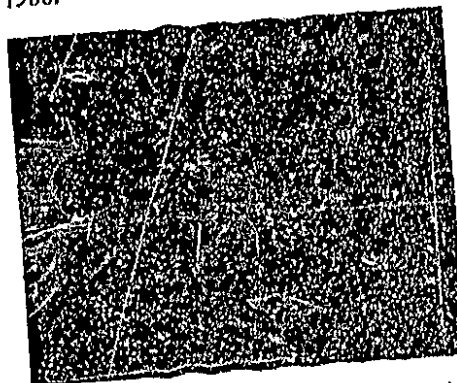


G.T.N., our joint venture cash-in-transit company is now profitable.

The Luxembourg company performed well and received a managerial achievement award of both the Branch and the Award of the Year trophies. A new building was completed adjacent to the existing No. 4 building providing much needed capacity for the growing parcels activity, secure storage and archiving facilities.

Operations in France have improved although further revenue investment in the expansion of the parcel network has temporarily depressed profitability. The current year gives prospect of worthwhile gains facilitated by the refurbishment of our main security services and vaulting premises in Courbevoie, Paris, completed in February, 1989.

Once again our Offshore Islands operations in Jersey, Guernsey and the Isle of Man, which seldom fail to advance their profits year on year, produced excellent results in 1988.



Great emphasis is placed on training.

In Germany a joint venture parcels operation proved unsuccessful and was discontinued. In spite of this our company remained profitable and has recently concluded an acquisition to increase its guarding activities. Our wholly owned operations in Holland have remained strong in security services where the recent introduction of secure tape storage proved beneficial. Costs associated with parcels development and charged against revenue resulted in a downturn in profit but improvement should come through in 1989.

The African countries have continued to do well against a background of soaring inflation. During the year there have been further reductions in local currency values against sterling in both the Malawian Kwacha and the Kenyan Shilling, resulting in an exchange loss of £145,000. Although the Zambian Kwacha held its value during the year, a 25% devaluation was announced in November 1988.

The Zambian company successfully contended with severe recruiting problems and strong inflationary trends. Radio Alert, an alarm and response service, was successfully introduced.



## REVIEW OF INTERNATIONAL OPERATIONS

Strong management in Kenya has once again produced an excellent result and the company continues to lead in the field of security services. The Nairobi Head Office was expanded to provide much needed new space for the handling of increasing volumes of parcels.

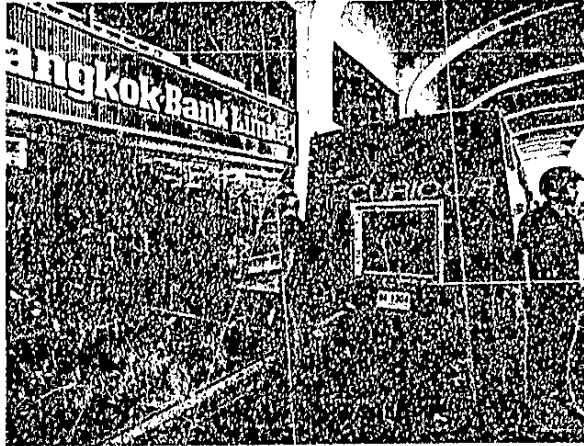
The operation in Malawi had another good year and produced better than expected results, although the shortage of foreign exchange has again prevented the launch of the Alarm Response service.

Asia and the Middle East

In Malaysia the difficult market conditions which prevailed during the year under review restricted the profits of the cash in transit and guarding services. However, the cash guard service was launched and improvements in the economy justify optimism over future prospects.

The expansion of the parcels operation has continued and remains a priority in this very competitive market. Further growth is expected in 1989.

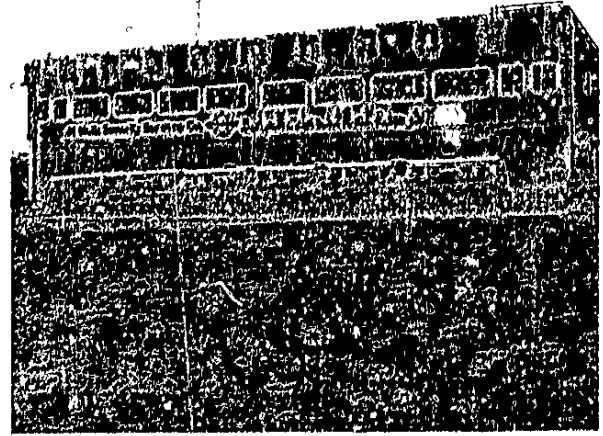
In order to expand the range of services available to customers, the alarms division was launched following licensing approval for a central monitoring station at the Head Office control room.



Security services in Thailand continue to prosper.

In Thailand the guarding service has continued to prosper. The company successfully retained by tender a major contract involving more than 120 personnel. Good results have again been recorded in Hong Kong despite a background of continuing labour shortage.

The Macau company reported record results substantially occasioned by the success of the cash in transit service.

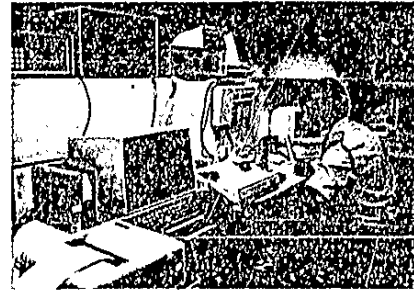


The new security centre in Kuwait was officially opened.

In Kuwait the new Security Centre was officially opened in February by Sheik Jaber Al Abdulla Al Jaber Al Sabah. Competition remains strong. Nevertheless the company has retained its hold on the cash in transit business and, in the second half of the year, it gained a number of additional guarding contracts.

In Trinidad the joint venture acquired two companies in the alarm installation and monitoring field. They will complement the existing alarm activation response service and control room facilities. The rapid progress of the guarding and cash-in-transit operations established at the inception of the company in 1987 have ensured that Securicor has now become the largest security company in Trinidad.

Caribbean



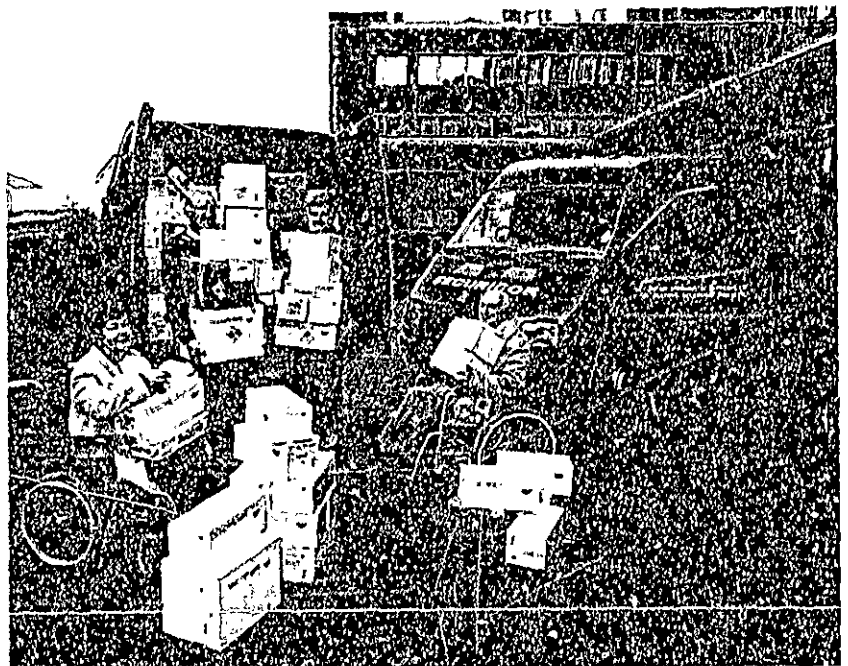
Alarm monitoring in Trinidad.

# SECURICO

Support for Charities and



Our "Plant a Tree" campaign, featuring the well-known botanist and television personality David Bellamy, helped Sutton school children replace trees destroyed in the October 1987 storms.



In addition to direct donations to charities, Multiple Sclerosis, Help the Aged and The Montagu Trust received the active support of our staff and branch network.

# DR CARES

## Community Activities



*Jillian Vernon, 20, receiving the £4,000 Securicor Courage Award, created to mark the 25th anniversary of Securicor in Ireland, for showing exemplary courage in the face of adversity. Jillian, who was born with spina bifida, has had 20 separate operations. She plans to use the award to finance a course in dress design.*



*A search to find the next generation of British sprinters for the 1992 Olympics was the driving force behind the "Sprinting for Britain" challenge. With the support of top athletes like Linford Christie, seen here with some of the trialists, and schools and athletics boards nationwide, the scheme has proved so successful that the Group has decided to sponsor the event for another two years.*



## REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 30TH SEPTEMBER 1988

The directors have pleasure in presenting their annual report together with the audited accounts of the Company for the year ended 30th September, 1988.

### 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 U.K. and internationally, include express parcels, document delivery and mail services; the transportation and care of cash and valuables; cash processing; security guards and patrols; the retailing and installation of locks, security equipment and communications products; electronic surveillance and alarm systems; mobile communications and the provision of communications systems networks.

### 2 ► Group Results

The consolidated profit for the year and the appropriation thereof are shown in the consolidated profit and loss account set out on page 28.

A review of business activities during the year, future developments and prospects of the group are contained in the Chairman's Statement on pages 5 and 6 and in the Review of Operations on pages 7 to 21.

### 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, 1988).

#### Ordinary

- An interim dividend of 0.838p per stock unit paid on 30th September, 1988.
- A final dividend of 1.66p per stock unit payable on 5th April, 1989.

### Business Acquisition ◀ 4

As previously reported, the acquisition of a 76% interest in this company (formerly named Southern Stronghold Limited) was completed in October, 1987. The company operates in retailing and installation of locks, security equipment and alarm systems.

The consideration for the acquisition was satisfied by the issue of 40,000 ordinary stock units of Security Services PLC.

### Capital ◀ 5

The authorised and issued share capital of the company at 30th September, 1988 is set out on page 42, note 18 to the accounts.

On 9th October, 1987 the Company issued 40,000 ordinary stock units in consideration for the acquisition of a 76% interest in Securicor Stronghold Limited (paragraph 4).

Shareholders are invited to renew the directors' general authority to enable them

### Future Issues of Shares

(a) to allot shares up to the amount of the unissued capital of the Company, namely £2,380,651, in nominal value, and

(b) to allot shares wholly for cash other than to existing shareholders such allotments being limited to 5% of the issued equity securities of the Company, namely £1,225,967 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 International Stock Exchange guidelines, is in the best interests 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 46.

## REPORT OF THE DIRECTORS

### 6 ► Tangible Fixed Assets

During the year under review group fixed assets increased by £15.5m to £82.9m. The movement of fixed assets during the year is shown on page 37 (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 32.

### 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 phased introduction at branch level of video recorders and monitors as an enhanced means of corporate communication and training which involve the active participation of employees; and

(c) the circulation on an individual basis of the group's in-house magazine, the "Securicor Guardian".

The "Branch of the Year" competition with its particular emphasis on customer service continues to stimulate employee awareness in this vital area.

### Employment of Disabled Persons ► 10

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.

### Directors ► 11

The directors listed on page 4 have held office throughout the year ended 30th September, 1988.

The directors retiring by rotation are Mr Eric Hollis, Mr Christopher Shirlcliffe and Mr Donald Blanks who, being eligible, offer themselves for re-election.

The contract of service of Mr Eric Hollis is determinable at three months' notice and those of Mr Christopher Shirlcliffe and Mr Donald Blanks at three years' notice.

Short biographical notes on each of the Company's directors are contained on page 4.

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	
	1988	1987	1988	1987	1988	1987
(i) Beneficial Interest						
J. J. Delaney	144,983	144,983	1,312,169	1,312,169	4,141,246	4,196,246
P. A. C. Smith	16,730	16,730	7,545	7,545	140,709	140,709
E. A. Hollis	5,093	4,843	10,374	10,374	27,912	29,912
A. V. Alexander	2,544	2,544	11,758	11,758	10,986	10,986
P. F. H. Towle	5,544	5,544	389	389	2,014	2,014
R. S. W. H. Wiggs	2,544	2,544	425	425	4,892	4,892
V. S. Gregg	7,505	7,505	10,258	10,258	21,395	21,395
H. W. McKay	911	911	500	500	1,500	—
R. A. Graves	1,000	1,000	1,000	1,000	—	—
C. C. Shirecliffe	700	700	1,014	1,014	1,278	1,278
D. O. Blanks	1,959	1,959	1,126	1,126	911	911
(ii) Other Interests						
P. A. C. Smith	147,787	147,787	1,057,818	1,057,818	3,584,577	3,588,577
R. S. W. H. Wiggs	166,562	166,562	1,035,102	1,035,102	3,467,858	3,467,858
V. S. Gregg	142,012	142,012	1,200,340	1,200,340	3,818,293	3,822,293
(iii) Executive Share Options						
P. F. H. Towle					20,000	33,500
R. S. W. H. Wiggs					40,000	53,500
H. W. McKay					23,000	32,000
R. A. Graves					20,000	20,000
C. C. Shirecliffe					29,200	29,200
D. O. Blanks					29,200	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; V. S. Gregg 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. No material changes in these holdings have taken place since 30th September, 1988.

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

## REPORT OF THE DIRECTORS

### 12 ► Substantial Holdings

At 1st March, 1989 the directors have been notified of the following substantial interests in the share capital of the Company:

**Securicor Group PLC**

49,773,528 ordinary stock units (50.75%)  
£88,109 cumulative preference stock  
(88.1%)

**Provident Mutual Life Assurance Association**  
8,380,000 ordinary stock units (8.5%)

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

### Taxation Status ◀ 14

### Auditors ◀ 15

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.

### 13 ► Political and Charitable Contributions

The group has continued its support of charities, the community, job creation and training, local development, the arts, sport and music during the year. Aggregate contributions, both in cash and in kind, amounted to £260,000. Examples of the support provided by the group to charities and community projects appear on pages 22 and 23 of the report and accounts.

There were no political contributions.

*By Order of the Board*  
D. O. Blanks  
Secretary

Sutton Park House  
Carshalton Road  
Sutton  
Surrey SM1 4LE

10th March, 1989

**CONSOLIDATED PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 30TH SEPTEMBER 1988**

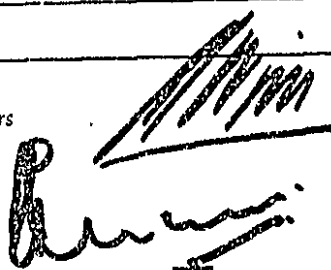
	Notes	1988 £000	1987 £000
<b>Turnover</b>	<b>1</b>		
U.K.		334,368	290,181
Overseas		46,777	43,815
		<b>381,145</b>	<b>333,996</b>
<b>Profit on Ordinary Activities Before Taxation</b>	<b>1 &amp; 2</b>		
Security, Communications & Parcels:			
U.K.		17,190	13,869
Overseas		2,031	1,575
Property, Investments and Finance		848	631
Cellnet Cellular Radio		1,740	—
		<b>21,809</b>	<b>16,075</b>
Taxation	3	9,867	6,477
<b>Profit on Ordinary Activities After Taxation</b>	<b>4</b>	<b>11,942</b>	<b>9,598</b>
Outside shareholders' interests		14	—
		<b>11,928</b>	<b>9,598</b>
Extraordinary Items	5	(244)	55
		<b>11,684</b>	<b>9,653</b>
Dividends	6	2,453	2,227
<b>Profit for the Year Retained</b>	<b>19</b>	<b>9,231</b>	<b>7,426</b>
<b>Retained Profit</b>			
Parent Company		1,726	1,170
Subsidiary Companies		7,656	6,333
Related Companies		(151)	(77)
		<b>9,231</b>	<b>7,426</b>
<b>Earnings per Ordinary Stock Unit</b>	<b>7</b>	<b>12.2p</b>	<b>9.8p</b>

**CONSOLIDATED BALANCE SHEET**

AT 30TH SEPTEMBER 1988

	Notes	1988 £000	1987 £000
<b>Fixed Assets</b>			
Intangible assets	8	338	433
Tangible assets	9	82,924	67,458
Investments	10	8,408	7,798
		<b>91,670</b>	<b>75,689</b>
<b>Current Assets</b>			
Stocks	11	8,437	7,294
Debtors	12	58,021	46,494
Bank and deposit balances		9,435	6,967
Quoted investments	13	1,080	1,080
		<b>76,973</b>	<b>61,835</b>
<b>Creditors: due within one year</b>			
Bank overdrafts and short term loans	14	4,012	3,170
Corporation tax		8,496	7,479
Proposed dividend		1,628	1,478
Other	15	58,378	42,297
		<b>72,514</b>	<b>54,424</b>
<b>Net Current Assets</b>		<b>4,459</b>	<b>7,411</b>
<b>Total Assets less Current Liabilities</b>		<b>96,129</b>	<b>83,100</b>
<b>Creditors: due after more than one year</b>			
Loans	16	17,260	12,854
Corporation tax		7,651	5,834
		<b>24,911</b>	<b>18,688</b>
<b>Provision for liabilities and charges</b>	17	<b>32</b>	<b>1,207</b>
<b>Net Assets</b>		<b>71,186</b>	<b>63,205</b>
<b>Capital and Reserves</b>			
Called up share capital	18	24,619	24,609
Revaluation reserve		1,216	1,216
Other reserves	19	45,351	37,380
		<b>71,186</b>	<b>63,205</b>

Roger Wiggs }  
 Richard Graves } Directors  
 10th March, 1989



**SOURCE AND APPLICATION OF FUNDS**

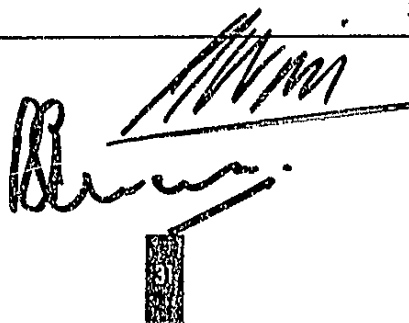
FOR THE YEAR ENDED 30TH SEPTEMBER 1988

	1988	1987
£000	£000	£000
<b>Source of Funds</b>		
Profit on ordinary activities before taxation	21,809	16,075
<i>Deduct:</i>		
Profits on disposal of fixed assets and investments	119	271
Exchange adjustments	297	258
Extraordinary items	70	—
Retained in related companies	1,612	—
	2,098	529
	19,711	15,546
<i>Add:</i>		
Depreciation of fixed assets	19,399	16,940
Amortisation of development expenditure	95	95
Retained in related companies	—	44
Extraordinary items	—	88
	19,494	17,167
<b>Total generated from operations</b>	<b>39,205</b>	<b>32,713</b>
<b>Funds from other sources:</b>		
Sales of fixed assets and investments	4,015	3,775
Increase in loans	4,762	3,279
Increase in creditors	16,083	—
Loans repaid by related company	2,373	—
Decrease in stocks	—	1,048
	27,233	8,102
	66,438	40,815
<b>Application of Funds</b>		
Purchase of fixed assets	39,357	24,716
Dividends paid	2,303	2,092
Tax paid	6,620	5,431
Investments in related companies	3,257	2,858
Investments in subsidiary companies	197	1,016
Purchase of goodwill	50	119
Increase in debtors	11,527	5,183
Decrease in hire purchase creditors	358	342
Increase in stocks	1,143	—
Decrease in creditors	—	562
	64,812	42,319
	1,626	(1,504)
<b>Movement in Short Term Funds</b>		
Increase/(decrease) in cash resources	2,468	(2,543)
(Increase)/decrease in bank overdrafts	(842)	1,039
	1,626	(1,504)

**PARENT COMPANY BALANCE SHEET****AT 30TH SEPTEMBER 1988**

	Notes	1988 £000	1987 £000
<b>Fixed Assets</b>			
Tangible assets	9	1,948	2,350
Investments	10	6,728	6,650
		<b>8,676</b>	<b>9,000</b>
<b>Current Assets</b>			
Debtors	12	46,808	37,434
Bank and deposit balances		516	1,478
Quoted investments	13	1,080	1,080
		<b>48,404</b>	<b>39,992</b>
<b>Creditors: due within one year</b>			
Bank overdrafts and short term loans	14	6	—
Corporation tax		853	558
Proposed dividend		1,628	1,478
Other	15	4,670	2,437
		<b>7,157</b>	<b>4,473</b>
<b>Net Current Assets</b>		<b>41,247</b>	<b>35,519</b>
<b>Total Assets less Current Liabilities</b>		<b>49,923</b>	<b>44,519</b>
<b>Creditors: due after more than one year</b>			
Loans	16	16,000	12,000
Corporation tax		—	264
		<b>16,000</b>	<b>12,264</b>
Provision for liabilities and charges	17	9	12
<b>Net Assets</b>		<b>33,914</b>	<b>32,243</b>
<b>Capital and Reserves</b>			
Called up share capital	18	24,619	24,609
Other reserves	19	9,295	7,634
		<b>33,914</b>	<b>32,243</b>

Roger Wiggs }  
 Richard Graves } *Directors*  
 10th March, 1989





# STATEMENT OF ACCOUNTING POLICIES

## 1 ► Basis of Consolidation

The consolidated accounts incorporate the accounts of Security Services P.L.C., its subsidiaries, and the group's share of profits and reserves of its related companies, except as stated in note 10 to the accounts, for the year ended 30th September, 1988.

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, 1988. 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, up to a limit of:

Freehold buildings	50 years
Long term leasehold buildings	50 years
Short term leasehold buildings	49 years
Plant and Equipment	10 years
Motor Vehicles	10 years

No depreciation is provided on freehold or long leasehold land.

## 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.

## Stocks ◀ 5

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.

## Deferred Taxation ◀ 6

Provision is made for deferred taxation at known rates of U.K. 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.

## Overseas Currencies ◀ 7

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 except as stated in note 24. All foreign exchange adjustments, including those arising on consolidation and on U.K. borrowings arranged to finance overseas investments, have been transferred to reserves (note 19 to the accounts).

## Goodwill ◀ 8

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

## Leases ◀ 9

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.

## NOTES TO THE ACCOUNTS

## 1 ► Turnover and Profits

	1988 £000	1987 £000
Turnover – Security, Communications and Parcels:		
U.K.	334,368	290,181
Republic of Ireland, Channel Islands and Isle of Man	15,093	14,224
Rest of Europe	19,498	17,925
Africa	8,326	8,255
Asia	3,860	3,411
Rest of World	—	—
<b>Total Turnover</b>	<b>381,145</b>	<b>333,996</b>
<b>Cost of sales</b>	<b>292,697</b>	<b>253,992</b>
<b>Gross profit</b>	<b>88,448</b>	<b>80,004</b>
<b>Administrative expenses</b>	<b>68,325</b>	<b>64,025</b>
<b>Operating profit</b>	<b>20,123</b>	<b>15,979</b>
Share of profits of related companies:		
Cellnet Cellular Radio	1740	—
Others	(54)	96
<b>Profit on ordinary activities before taxation</b>	<b>21,809</b>	<b>16,075</b>
Profit on ordinary activities – geographical analysis:		
U.K.	19,778	14,500
Republic of Ireland, Channel Islands and Isle of Man	294	(200)
Rest of Europe	140	65
Africa	1,232	1,249
Asia and Rest of World	365	461
	<b>21,809</b>	<b>16,075</b>
Operating profit has been arrived at after charging:		
Audit fees	305	275
Depreciation of tangible fixed assets	19,399	16,940
Amortisation of development expenditure	95	95
Interest on bank advances, short term loans and finance leases	831	862
Interest on long term loans	1,237	1,045
Operating lease rentals:		
Vehicles and equipment	4,374	3,183
Properties	8,444	8,151
and after crediting:		
Operating lease rentals receivable	7,303	5,465
Interest receivable	1,132	891
Investment income (quoted)	153	153
Profits/(Losses) on disposal of assets:		
Properties	669	(354)
Other tangible assets	(550)	625

## NOTES TO THE ACCOUNTS

2 ► Directors and Employees	1988 £000	1987 £000
Staff costs, including directors' emoluments:		
Wages and salaries	198,079	176,631
Social security costs	16,082	14,460
Pension costs	8,872	7,592
	223,033	198,683

Directors' emoluments		
Remuneration of directors of Security Services PLC:		
Executive services	436	351
Fees	47	45
	483	396

The remuneration of the Chairman was £43,392 (£36,056)

The remuneration of the highest paid director was £73,746 (£63,583)

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	
	1988	1987	1988	1987
Up to £5,000	—	1		
£5,001 to £10,000	1	—		
£15,001 to £20,000	—	1		
£20,001 to £25,000	1	—		
£25,001 to £30,000	—	2		
£30,001 to £35,000	1	—	18	8
£35,001 to £40,000	1	2	5	3
£40,001 to £45,000	2	3	3	—
£45,001 to £50,000	2	—	—	—
£50,001 to £55,000	1	—	—	—
£60,001 to £65,000	—	2	—	—
£70,001 to £75,000	2	—	—	—

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

U.K.	22,455	21,148
Overseas	15,147	14,429
	37,602	35,577

## NOTES TO THE ACCOUNTS

3 ► Taxation	1988 £000	1987 £000
U.K. Corporation Tax at 35% (35%)	9,957	7,294
Deferred Tax (note 17)	(1,175)	(1,689)
Overseas Tax	996	799
	9,778	6,404
Adjustments for previous years:		
U.K. Corporation Tax	90	93
Overseas Tax	(1)	(20)
	9,867	6,477

The charge for taxation includes £1,762,000 (£1,12,000) in respect of share of profits of related companies.

4 ► Net Profit on Ordinary Activities After Taxation	1988 £000	1987 £000
Attributable to Security Services PLC	4,179	3,397

The parent company is exempt from presenting a Profit and Loss Account in accordance with section 228 (7) of the Companies Act 1985.

5 ► Extraordinary Items	1988 £000	1987 £000
Head Office relocation costs	(2,134)	—
Surplus on disposal of Head Office properties	2,035	—
Other business disposals	29	88
	(70)	88
U.K. corporation tax	(174)	(33)
	(244)	55

## NOTES TO THE ACCOUNTS

## 6 ► Dividends

	1988 £000	1987 £000
Preference	3	3
Ordinary:		
Interim (paid) 0.838p (0.761p) per stock unit	822	746
Final (proposed) 1.66p (1.507p) per stock unit	1,628	1,478
	<u>2,453</u>	<u>2,227</u>

## 7 ► Earnings per Share

The calculation of earnings per share is based upon earnings of £11,925,000 (£9,595,000) (being group profits after taxation and fixed preference dividend) and 98,077,396 (98,037,396) ordinary stock units in issue during the year.

## 8 ► Intangible Fixed Assets

	Consolidated £000
Development Expenditure	
At cost at 30th September, 1987 and 1988	738
Amortisation – at 30th September, 1987	305
– provision for year	95
	<u>400</u>
Net Book Value	
At 30th September, 1988	338
At 30th September, 1987	<u>433</u>

## NOTES TO THE ACCOUNTS

## 7 ► Tangible Fixed Assets

## Consolidated

	Freehold Properties	Leasehold Properties Long term	Leasehold Properties Short term	Equipment & Vehicles	Plant held for operat- ing leases	Total
	£000	£000	£000	£000	£000	£000
<b>Cost and Valuations</b>						
At 30th September, 1987	9,448	3,961	12,001	89,154	15,443	130,007
Additions at cost	7,021	1,112	2,060	26,584	2,580	39,357
Foreign currency adjustments	(108)	(41)	(97)	(881)	—	(1,127)
Subsidiaries acquired	15	—	—	10	—	25
	16,376	5,032	13,964	114,867	18,023	168,262
Cost of disposals	683	21	1,291	10,607	997	13,599
At 30th September, 1988	15,693	5,011	12,673	104,260	17,026	154,663

Net book value is arrived at as follows:

Professional valuation 1986	—	—	351	—	—	351
Professional valuation 1980	280	—	59	—	—	339
Directors' valuation 1973	1,000	—	—	—	—	1,000
Cost	14,413	5,011	12,263	104,260	17,026	152,973
Total cost and valuations (above)	15,693	5,011	12,673	104,260	17,026	154,663

Accumulated depreciation:

At 30th September, 1987	777	420	3,386	49,401	8,565	62,549
Provision for the year	161	108	518	16,876	1,736	19,399
Foreign currency adjustments	(12)	(3)	(9)	(488)	—	(512)
Disposals withdrawn	(58)	(14)	(225)	(8,629)	(777)	(9,703)
Subsidiaries acquired	—	—	—	6	—	6
	868	511	3,670	57,166	9,524	71,739

Net book Value

At 30th September, 1988	14,825	4,500	9,003	47,094	7,502	82,924
At 30th September, 1987	8,671	3,541	8,615	39,753	6,878	67,458

Note:

Plant held under finance leases and included in tangible fixed assets (above):

Net book value — £0.810m.

Accumulated depreciation — £1.440m.

## NOTES TO THE ACCOUNTS

9 ► Tangible Fixed Assets *continued*

Parent Company	Freehold Properties £000	Leasehold Properties Long term £000	Leasehold Properties Short term £000	Total £000
Cost				
At 30th September, 1987	1,397	499	992	2,888
Additions at cost	—	—	—	—
	1,397	499	992	2,888
Cost of disposals	279	—	80	359
At 30th September, 1988	1,118	499	912	2,529
Accumulated depreciation:				
At 30th September, 1987	154	65	319	538
Provision for the year	16	9	45	70
Disposals withdrawn	(27)	—	—	(27)
	143	74	364	581
Net book Value				
At 30th September, 1988	975	425	548	1,948
At 30th September, 1987	1,243	434	673	2,350

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

## 10 ► Investments

	Consolidated		Parent Company	
	1988 £000	1987 £000	1988 £000	1987 £000
Related companies				
Shares and advances at cost	8,331	7,447	2,667	5,040
Post acquisition reserves	77	351	—	—
	8,408	7,798	2,667	5,040
Subsidiary companies				
Shares at cost less amount written off	—	—	4,061	1,610
Balance Sheet	8,408	7,798	6,728	6,650

## NOTES TO THE ACCOUNTS

## 10 ► Investments continued

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 in 'Related Companies - shares and advances at cost' (above) is as follows:

	£000
At 30th September, 1987	1,745
Investments during year	2,873
At 30th September, 1988	4,618

The cost of these investments has been capitalised on the basis of the group's established policy on development expenditure stated on page 32, 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 £1.999 million at 30th September, 1988.

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

## 11 ► Stocks

	Consolidated	
	1988	1987
	£000	£000
Raw materials	476	577
Work in progress	500	577
Finished goods including consumables	7,461	6,140
	8,437	7,294

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

## 12 ► Debtors

	Consolidated		Parent Company	
	1988	1987	1988	1987
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	50,181	39,571	—	—
Holding company and fellow subsidiaries	—	—	—	1,796
Subsidiary companies	—	—	46,780	35,598
Other debtors	4,052	2,744	28	40
Prepayments and accrued income	3,110	3,838	—	—
Related companies	678	341	—	—
	58,021	46,494	46,808	37,434



## NOTES TO THE ACCOUNTS

## 13 ► Quoted Investments

	Consolidated		Parent Company	
	1988	1987	1988	1987
	£000	£000	£000	£000
Quoted investments at cost	1,080	1,080	1,080	1,080
Market value	1,464	1,445	1,464	1,445

## 14 ► Bank Overdrafts and Short Term Loans

	Consolidated		Parent Company	
	1988	1987	1988	1987
	£000	£000	£000	£000
Bank overdrafts and advances	3,920	3,114	6	—
Short term loans (secured)	74	33	—	—
Short term loans (unsecured)	18	23	—	—
	4,012	3,170	6	—

At 30th September, 1988 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 £1,472,000
- (ii) long term liabilities of £572,000

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

- (i) short term liabilities of £2,312,000
- (ii) long term liabilities of £16,019,000

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

## 15 ► Creditors

	Consolidated		Parent Company	
	1988	1987	1988	1987
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade creditors	13,062	9,433	—	—
Holding company and fellow subsidiaries	9,437	2,979	2,067	—
Subsidiary companies	—	—	2,320	2,222
Related companies	163	47	—	—
Other taxation and social security	15,021	13,560	—	—
Accruals	10,164	6,053	—	—
Other creditors	10,015	9,707	283	215
Hire purchase and finance leases	516	518	—	—
	58,378	42,297	4,670	2,437

## NOTES TO THE ACCOUNTS

## 16 ► Loans

	Consolidated		Parent Company	
	1988	1987	1988	1987
	£000	£000	£000	£000
Total loans				
Secured loans	645	315	—	—
Unsecured loans	16,432	12,000	16,000	12,000
Hire purchase and finance leases	183	539	—	—
	17,260	12,854	16,000	12,000
Repayable from 1 to 2 years				
Hire purchase and finance leases	129	429	—	—
Repayable from 2 to 5 years				
Hire purchase and finance leases	54	110	—	—
Secured	70	—	—	—
Unsecured	9	—	—	—
Not wholly repayable within 5 years				
Secured	636	315	—	—
Unsecured	16,362	12,000	16,000	12,000
	17,260	12,854	16,000	12,000

Secured loans are secured on property and other assets of the group, and are mainly repayable by monthly instalments during 1989–2000 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 lender's current cost of funds.

## 17 ► Provision for Liabilities and Charges

	Consolidated	Parent Company
	£000	£000
Deferred Taxation		
Balance at 30th September, 1987	1,207	12
Transfer to profit and loss account	1,175	3
	32	9

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 £3,862,000 (£3,781,000).

## NOTES TO THE ACCOUNTS

## 18 ► Share Capital

Security Services PLC	Authorised £	1988	Authorised £	1987
		Issued & fully paid £		Issued & fully paid £
4.5% (now 3.15% + tax credit) Cumulative Preference Stock	100,000	100,000	100,000	100,000
Ordinary Stock units of 25p each	24,519,349	24,519,349	<del>22,894,549</del>	<del>22,894,549</del>
Ordinary Shares of 25p each	2,380,651	—	2,390,651	—
	27,000,000	24,619,349	27,000,000	24,609,349

On 9th October, 1987, 40,000 ordinary stock units were issued in consideration for the purchase of a 76% interest in Southern Stronghold Limited (now Securicor Stronghold Limited). Paragraph 4 of the Director's Report on page 24 refers to this issue.

## 19 ► Other Reserves

	Consolidated		Parent Company
	£000	£000	£000
Share Premium			
Premium on shares issued during the year		130	130
		130	130
Capital Reserves			
Balance at 30th September, 1987		834	—
add profits of subsidiaries capitalised		62	—
		896	—
Revenue Reserves			
Balance at 30th September, 1987		36,546	7,634
Retained profits for year		9,231	1,726
		45,777	9,360
less: transfer to capital reserves (above)	62		—
goodwill written off	354		195
foreign exchange adjustments	1,036	1,452	—
		44,325	9,165
Balance Sheet		45,351	9,295

The retained profits of overseas subsidiary companies if distributed as dividends would be liable to U.K. and/or overseas tax (subject to double taxation relief), and in some cases are the subject of local remittance restrictions. Of the total group revenue reserves £101,000 (£106,000) is regarded as being subject to such restrictions.

## NOTES TO THE ACCOUNTS

## 20 ► Holding Company

The Company's holding company is Securicon Group PLC, incorporated in England, holding 50.75% (1987 = 50.75%) of the equity capital.

## 21 ► Operating Lease Commitments

	£000
Obligations of the group during the year ending 30th September, 1989 are:	
Leases:	
expiring within one year	534
continuing within one year	1,062
between two and five years	894
after five years	7,681
	<u>10,171</u>

Lease commitments are mainly in respect of land and buildings.

## 22 ► Pension Arrangements

The group operates pension schemes under which contributions paid by employers and employees are held in funds that are separate from the group's finances, and which are administered by trustees.

Based on the annual review and latest actuarial valuations, present funding arrangements are considered sufficient to meet the future liabilities of these schemes.

## 23 ► Capital Commitments

	<u>Consolidated</u>	<u>Parent Company</u>
	£000	£000
Contracted	1,125	—
Authorised but not contracted	2,269	—

## 24 ► Post Balance Sheet Event

Due to deterioration in the rates of exchange in relation to Sterling since 30th September, 1988 of the currencies of Zambia, Kenya and Malawi the profits and losses and assets and liabilities of group companies resident in these countries have been converted at the rates ruling on 13th January, 1989.

The effect of this adjustment has been to reduce consolidated reserves by £238,000.

## NOTES TO THE ACCOUNTS

## 25 Principal Group Companies

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

	Incorporated and Operational
United Kingdom	United Kingdom
Securicor International Limited	United Kingdom
Securicor Limited	United Kingdom
Securicor Cleaning 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 (50%)	United Kingdom
Securicor Stronghold Limited (76%)	United Kingdom
City Safe Wholesale Limited (76%)	United Kingdom
Aer Securicor Limited (50%)	United Kingdom
Pony Express (Northern Ireland) Limited	United Kingdom
Scotshield Guarding Limited	United Kingdom
Securicor International Technology Limited	United Kingdom
Europe	Germany
Securicor Deutschland GmbH	Holland
Securicor Nederland BV	Holland
Securicor Amsterdam BV	Holland
Geldtransport Nederland VOF (50%)	France
Securicor France SA	France
Securicor Investissements SA	Luxembourg
Securicor Luxembourg SA	Belgium
Securicor Belgium SA	Belgium
Securicor Transports SA	Ireland
Securicor Ireland Limited	Jersey
Securicor Jersey Limited	Guernsey
Securicor Guernsey Limited	Isle of Man
Securicor Isle of Man Limited	Ireland
Securicor Express International Ireland Limited	Belgium
Continental Courier Company NV (51%)	
Africa, Middle & Far East	Kenya
Securicor Kenya Limited	Malawi
Securicor (Malawi) Limited (99%)	Zambia
Securicor Zambia Limited	Kuwait
Al Mulla Security Services Co. WLL (49%)	Malaysia
Securicor (Malaysia) Sdn. Bhd. (49%)	Hong Kong
Securicor Hong Kong Limited	Macau
Securicor Macau Limitada	Thailand
Securicor (Thailand) Limited (49%)	
Caribbean	Trinidad & Tobago
Securicor Trinidad Limited (33%)	

All shareholdings in subsidiary companies are in ordinary shares. Holdings in related companies are stated in note 26. A full list of subsidiary companies will be annexed to the Company's annual return to the Registrar of Companies.

## NOTES TO THE ACCOUNTS

26 ► Related Companies	Issued Capital	Attributable to group
Telecom Securicor Cellular Radio Limited	£10,000,000	27%
Geldtransport Nederland VOF	Dfl 2,000,000	50%
Al Mulla Security Services Co. WLL	KD 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%
Datatrak Limited	£5,000,000	50%
Securicor Trinidad Limited	TTS 1,500,000	33%
Aer Securicor Limited	£250,000	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 28 to 45 in accordance with approved 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, 1988, and of the profit and source and application of funds of the Group for the year ended on that date and comply with the Companies Act 1985.

MILNE ROSS  
Chartered Accountants

Chapel House  
24 Nutford Place  
London W1H 6AE  
10th March, 1989

## NOTICE OF MEETING

Notice is hereby given that the ninety-third annual general meeting of Security Services PLC will be held at the Richmond Hill Hotel, Richmond Hill, Richmond, Surrey on Wednesday, 5th April, 1989 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, 1988.

(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 Eric Hollis  
Mr Christopher Shirlcliffe  
Mr Donald Blanks.

(v) 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."

By Order of the Board  
D. O. Blanks  
Secretary

Sutton Park House  
Carshalton Road  
Sutton  
Surrey SM1 4LE  
10th March, 1989

### 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 3rd April, 1989.

(ii) Subject to the recommendation as to payment of the final dividend being adopted at the annual general meeting

the dividend will be payable on 5th April, 1989 to the holders registered on 9th March, 1989.

(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.



**PROXY****Annual General Meeting**

I/We, being (a) member(s) of Security Services PLC hereby appoint

or, failing him the chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf, as indicated below, at the annual general meeting of the company to be held on Wednesday, 5th April, 1989 and at any adjournment thereof.

**Ordinary Business**

Resolution	For	Against
(i) To adopt the Directors' Report and Statement of Accounts	<input type="checkbox"/>	<input type="checkbox"/>
(iii) To declare a final dividend	<input type="checkbox"/>	<input type="checkbox"/>
(iv) To re-elect directors retiring by rotation:		
(a) Mr Eric Hollis	<input type="checkbox"/>	<input type="checkbox"/>
(b) Mr Christopher Shirlcliffe	<input type="checkbox"/>	<input type="checkbox"/>
(c) Mr Donald Blanks	<input type="checkbox"/>	<input type="checkbox"/>
(v) To re-appoint Messrs Milne Ross, Chartered Accountants, as Auditors	<input type="checkbox"/>	<input type="checkbox"/>

**Special Business**

Resolution		
A To grant the directors general power to allot shares up to a maximum of the unissued capital	<input type="checkbox"/>	<input type="checkbox"/>
B To grant the directors general power to allot shares wholly for cash, other than to existing shareholders, up to a maximum of 5% of the issued equity capital	<input type="checkbox"/>	<input type="checkbox"/>

Signed this \_\_\_\_\_ 1989

Signature \_\_\_\_\_

Name and address  
(in block letters) \_\_\_\_\_

**Notes**

- 1 Please indicate with an 'X' in the appropriate space how you wish your votes to be cast. Unless otherwise instructed your proxy will vote or abstain as he thinks fit.
- 2 To be valid this proxy must be deposited at the office of the registrars of the company not later than 48 hours before the time fixed for the holding of the meeting.
- 3 In the case of a corporation, this proxy must be under its common seal or under the hand of an officer or attorney duly authorised.
- 4 In the case of joint holders the vote of the senior, according to the order of names on the Register of Members, who tenders a vote will be accepted to the exclusion of the votes of the other joint holders.



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