

Securicor Management Services Limited

FINANCIAL STATEMENTS

for the year ended

30 September 2000



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COMPANIES HOUSE 15/06/01

Securicor Management Services Limited

DIRECTORS AND OFFICERS

DIRECTORS

RSWH Wiggs
CC Shirtcliffe
NE Griffiths
A Chapman
NC Norton
PM Stansfield
NC Youngman

SECRETARY

AP Munson

COMPANY NUMBER

835411 (England and Wales)

REGISTERED OFFICE

Sutton Park House
15 Carshalton Road
Sutton
Surrey SM1 4LD

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

Securicor Management Services Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Securicor Management Services Limited for the year ended 30 September 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was to provide administrative and management services to the Securicor Group of companies.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors consider that the company's state of affairs is satisfactory and that future results will be of a similar nature.

DIVIDENDS

The company is precluded from the payment of a dividend.

DIRECTORS

The following directors have held office during the year:

RSWH Wiggs
 CC Shirtcliffe
 NE Griffiths
 JJ Pack (resigned 24 February 2000)
 A Chapman
 NC Norton
 PM Stansfield
 NC Youngman (appointed 1 March 2000)

DIRECTORS' SHARE OPTIONS

No director, who is not also a holding company director, had any interest in the share capital of the company or its ultimate parent company, Securicor plc, other than stated below.

Over shares of Securicor (1996) plc

	Option	At 30.9.99	Option price	Exercised date	Exercise numbe	Market value at exercise	Gain before tax
A Chapman	A	25,510	245p	8.11.99	12,24	614p	45,166
				9.11.99	13,27	612p	48,701
	B	12,500	280p	9.11.99	12,50	612p	41,500
	D	4,974	196p	1.10.99	4,97	591p	19,647
	E	8,070	489.25p	9.11.99	8,07	612p	9,906
NC Norton	A	16,370	245p	8.11.99	12,24	614p	45,166
				9.11.99	4,49	612p	16,478
	B	8,210	280p	9.11.99	8,21	612p	27,257
	C	8,940	441.5p	9.11.99	8,94	612p	15,243

Securicor Management Services Limited

DIRECTORS' REPORT

	Option	At 30.9.99	Option price	Exercised date	Exercise numbe	Market value at exercise	Gain before tax
	E	4,974	196p	1.10.99	4,97	591p	19,647
PM Stansfield	A	19,790	245p	8.11.99	12,24	614p	45,166
				9.11.99	7,55	612p	27,709
	B	9,820	280p	9.11.99	9,82	612p	32,602
	C	8,490	441.5p	9.11.99	8,49	612p	14,475
	E	3,979	196p	1.10.99	3,97	591p	15,717
	F	870	224p	Rolled over (see below)			
NC Youngman	A	12,850	245p	8.11.99	12,24	614p	45,166
				9.11.99	61	612p	2,239
	B	5,890	280p	9.11.99	5,89	612p	19,555
	D	5,620	489.25p	9.11.99	5,62	612p	6,899
	E	994	196p	1.10.99	4,97	591p	3,926
	G	385	354p	Rolled over (see below)			

Option A Executive Share Option Scheme, normally exercisable between June 1999 and June 2006.

Option B Executive Share Option Scheme, normally exercisable between June 2000 and June 2007.

Option C Executive Share Option Scheme, normally exercisable between June 2001 and June 2008.

Option D Executive Share Option Scheme, normally exercisable between December 2001 and December 2008

Option E Sharesave Scheme, exercisable between October 1999 and March 2000.

Option F Sharesave Scheme, exercisable between October 2000 and March 2001.

Option G Sharesave Scheme, exercisable between October 2001 and March 2002.

Mr Stansfield rolled over option F above as follows:

- Option F - converted into an option over 3,557 shares in Securicor plc at 54.79 per share.

Mr Youngman rolled over option G above as follows:

- Option G - converted into an option over 1,574 shares in Securicor plc at 86.58 per share.

Save for those rolled over, all the above options were exercised between 1 October 1999 and 9 November 1999. The total gain from share options made by the directors under the Scheme of Arrangement relating to the disposal of the group's interest in BT Cellnet and from the maturity of the 1996 Sharesave issue is shown above.

The market price of the ordinary shares at 30 September 2000 was 140p. Due to the Scheme of Arrangement in November 1999 there is no equivalent price for 30 September 1999. The market price of the ordinary shares at 11 November 1999 (their first day of listing) was 149.375p.

The highest and lowest market prices of an ordinary share during the period 11 November 1999 to 30 September 2000 were 189.0p and 116.75p respectively.

Securicor Management Services Limited

DIRECTORS' REPORT

Over shares of Securicor plc

	Option	Option price	At 11.11.99	Granted during year	Outstanding at 30.09.00
A Chapman	C	164p	-	40,000	40,000
	D	133.75p	-	30,000	30,000
	E	107p	-	9,053	9,053
NC Norton	C	164p	-	45,000	45,000
	D	133.75p	-	30,000	30,000
	E	107p	-	9,053	9,053
PM Stansfield	C	164p	-	25,000	25,000
	D	133.75p	-	15,000	15,000
	E	107p	-	9,053	9,053
	H	54.79p	3,557	-	3,557
NC Youngman	C	164p	-	35,000	35,000
	D	133.75p	-	25,000	25,000
	E	107p	-	3,005	3,005
	I	86.58p	1,574	-	1,574

Option C Executive Share Option scheme, normally exercisable between December 2002 and December 2009.

Option D Executive Share Option Scheme, normally exercisable between June 2003 and June 2010

Option E Sharesave Scheme, normally exercisable between October 2003 and March 2004.

Option H Sharesave Scheme, exercisable between October 2000 and March 2001.

Option I Sharesave Scheme, exercisable between October 2001 and March 2002.

Further details in respect of Share Option Schemes are disclosed in the financial statements of the ultimate holding company.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

	At 30.9.00	At 11.11.99	At 30.09.99 (shares in Securicor (1996) plc)
A Chapman	51,054	51,054	-
NC Norton	37,654	37,654	-
PM Stansfield	42,079	42,079	-
NC Youngman	13,042	13,042	-

Securicor Management Services Limited

DIRECTORS' REPORT

PAYMENT OF SUPPLIERS

It is the company's policy to pay suppliers in accordance with the payment terms negotiated with them. Thus, prompt payment is normally made to those suppliers meeting their obligations. At 30 September 2000 the trade creditors of the company represented 30 days of annual purchases.

FIXED ASSETS

The significant changes in fixed assets during the year are detailed in note 7 to the financial statements.

CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions totalling £11,695 (1999: £23,312).


MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of properties at 30 September 2000 would exceed the net book values included in the financial statements. They are unable to quantify this excess in the absence of a professional valuation, the costs of which are not considered justifiable in view of the company's intention to retain ownership of its existing properties for use in its business for the foreseeable future.

AUDITORS

In accordance with section 386, Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. Accordingly, Baker Tilly, Chartered Accountants, are deemed to be reappointed for succeeding financial years.

By order of the board



AP Munson
Secretary

8 December 2000

Securicor Management Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF SECURICOR MANAGEMENT SERVICES LIMITED

We have audited the financial statements on pages 8 to 16

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

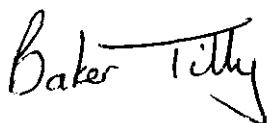
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY

Registered Auditor
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

8 December 2000

Securicor Management Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 2000

	Notes	2000 £	1999 £
TURNOVER	1	18,587,736	22,932,408
Cost of sales		-	-
Gross profit		18,587,736	22,932,408
Operating expenses (net)	2	(18,487,736)	(22,068,630)
OPERATING PROFIT		100,000	863,778
Interest receivable		27,774	-
Interest payable	3	(251,766)	(863,778)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(123,992)	-
Taxation	6	(30,000)	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION, RETAINED	14	(153,992)	-

The operating loss for the year arises from the company's continuing operations.

The retained loss for the year represents the company's historical cost profit.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000 £	1999 £
(Loss)/profit for the financial year	(153,992)	-
Prior year adjustment	-	(703,000)
Total recognised gains and (losses) relating to the year	(153,992)	(703,000)

Securicor Management Services Limited

BALANCE SHEET

30 September 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	7	13,226,315	16,773,312
		<u> </u>	<u> </u>
CURRENT ASSETS			
Debtors	8	7,891,316	11,248,498
Cash at bank and in hand		-	-
		<u>7,891,316</u>	<u>11,248,498</u>
CREDITORS: Amounts falling due within one year	9	(3,073,861)	(4,604,514)
NET CURRENT ASSETS		<u>4,817,455</u>	<u>6,643,984</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		18,043,770	23,417,296
CREDITORS: Amounts falling due after more than one year	10	(16,266,376)	(23,420,196)
PROVISION FOR LIABILITIES AND CHARGES	11	(634,386)	(700,000)
		<u>1,143,008</u>	<u>(702,900)</u>
CAPITAL AND RESERVES			
Called up share capital	12	2,000,000	100
Profit and loss account	13	(856,992)	(703,000)
	14	<u>1,143,008</u>	<u>(702,900)</u>

Approved by the board on 8 December 2000

NE Griffiths

Director

Securicor Management Services Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards and based upon the continued support of group companies.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Freehold property		over 50 years
Leasehold property	- long lease	over 50 years
	- short lease	over the term of the lease
Equipment and vehicles		over 2 to 10 years.

DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

LEASED ASSETS AND OBLIGATIONS

All leases are "operating leases" and the annual rentals are charged to the profit and loss on a straight line basis over the lease term.

PENSION CONTRIBUTIONS

The costs of providing pensions for employees are charged to the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the average working life of employees.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of services provided to group companies.

PROVISIONS

The cost of a meeting lease requirements on unoccupied properties are provided for at a discounted rate. Interest is calculated at an applicable interest rate and charged to the profit and loss account in external interest payable.

Expenditure incurred in the year is charged to the provision.

Securicor Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2000

1	1	2000	1999
	TURNOVER	£	£
	Turnover	17,998,934	22,459,617
	Rent receivable	588,802	472,791
		<u>18,587,736</u>	<u>22,932,408</u>

All turnover was derived from the company's principal business in the UK.

2	2	2000	1999
	OPERATING EXPENSES (net)	£	£
	Administration expenses	18,487,736	22,068,630

3	3	2000	1999
	INTEREST PAYABLE	£	£
	On bank loans, overdrafts and other loans wholly repayable within five years:		
	bank overdrafts	10,238	21,653
	other - intra company	213,460	785,125
	- other	28,068	57,000
		<u>251,766</u>	<u>863,778</u>

4	4	2000	1999
	LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	£	£
	Loss on ordinary activities before taxation is stated after charging:		
	Depreciation and amounts written off tangible fixed assets:		
	Charge for the year - owned assets	511,871	633,242
	Auditors' remuneration - audit	12,000	11,000
	- other services	120,700	-
	Charitable donations	11,695	23,312
	Operating lease rentals:		
	land and buildings	1,082,624	1,017,146
	and after crediting:		
	Rent receivable	588,802	472,791
	Profit on disposal of fixed assets	336,261	40,669
	Interest receivable	27,774	-

Securicor Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2000

5	EMPLOYEES	2000 No.	1999 No.
	The average weekly number of persons (including directors) employed by the company during the year was:		
	Management	30	30
	Administration	66	69
		<u>96</u>	<u>99</u>

Staff costs for the above employees are:

	2000 £	1999 £
Wages and salaries	4,215,881	4,466,466
Social security	135,037	149,276
Other pension costs	72,030	94,626
	<u>4,422,948</u>	<u>4,710,368</u>

DIRECTORS' REMUNERATION

	2000 £	1999 £
Aggregate emoluments	<u>1,531,422</u>	<u>1,612,836</u>
Directors' fees and other emoluments include amounts paid to the highest paid director:		
Aggregate emoluments	483,895	513,531
Accrued pension	50,287	233,000

PENSIONS

The company's share of the costs of the group's defined benefit pensions schemes amounted to £72,030 (1999: £94,626).

The pension costs are assessed on the advice of independent qualified actuaries using the projected unit credit method. The most recent actuarial valuation was 5 April 1999. The assets of the schemes are held in separate trustee administered funds.

Full particulars of the pension scheme are disclosed in the published accounts of Securicor plc.

6	TAXATION	2000 £	1999 £
	Based on the result for the year		
	UK corporation tax	<u>30,000</u>	<u>-</u>

Securicor Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2000

7 TANGIBLE FIXED ASSETS

	<i>Freehold property £</i>	<i>Leasehold Properties Long term £</i>	<i>Equipment Short term and vehicles £</i>	<i>Total £</i>
Cost or valuation				
1 October 1999	17,265,129	93,091	64,785	21,158,864
Additions	-	-	209,308	209,308
Disposals	(2,823,554)	-	(827,509)	(3,651,063)
30 September 2000	14,441,575	93,091	64,785	17,717,109
Depreciation				
1 October 1999	1,624,394	26,061	11,852	4,385,552
Charged in the year	267,781	3,828	4,027	511,871
Disposals	(82,366)	-	(324,263)	(406,629)
30 September 2000	1,809,809	29,889	15,879	4,490,794
Net book value				
30 September 2000	12,631,766	63,202	48,906	13,226,315
30 September 1999	15,640,735	67,030	52,933	16,773,312

8 DEBTORS

	2000 £	1999 £
Due within one year:		
Trade debtors	316,959	16,310
Amounts owed by group undertakings	1,822,754	7,883,550
Amounts owed by associated undertakings	770,000	772,077
Other debtors	3,289,314	2,305,406
Prepayments and accrued income	1,692,289	271,155
	7,891,316	11,248,498

Securicor Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 September 2000

9	CREDITORS: Amounts falling due within one year	2000 £	1999 £
	Bank loans and overdrafts	235,756	809,741
	Trade creditors	1,093,801	1,040,282
	Amounts owed to group undertakings	332,357	645,601
	Amounts owed to associated undertakings	32,925	38,012
	Other taxation and social security costs	444,036	379,480
	Other creditors	297,824	182,404
	Accruals and deferred income	637,162	1,508,994
		<u>3,073,861</u>	<u>4,604,514</u>

10	CREDITORS: Amounts falling due in more than one year	2000 £	1999 £
	Amount owed to group undertakings	16,266,376	23,420,196
		<u>16,266,376</u>	<u>23,420,196</u>

11	PROVISIONS FOR LIABILITIES AND CHARGES	Onerous Leases £
	At 1 October 1999	700,000
	Utilised in the year	(93,682)
	Transfer from profit and loss	28,068
	30 September 2000	<u>634,386</u>

The above provision has been recognised for expected short fall in rent receivable against rent payable on various leased properties.

12	SHARE CAPITAL	2000 £	1999 £
	Authorised:		
	3,000,000 (1999:100,000) ordinary shares of £1 each	3,000,000	100,000
	Allotted, issued and fully paid:		
	2,000,000 (1999 :100) ordinary shares of £1 each	2,000,000	100
		<u>2,000,000</u>	<u>100</u>

On 4 August 2000 the authorised share capital was increased to £3,000,000 £1 ordinary shares. On the same day, 1,990,000 £1 ordinary shares were issued at par and paid through the capitalisation of the interest free loan with Security Services plc, in order to improve the capital base of the company.

Securicor Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2000

13	PROFIT AND LOSS ACCOUNT	2000 £	1999 £
	1 October 1999	(703,000)	-
	Prior year adjustment	-	(703,000)
		<u>(703,000)</u>	<u>(703,000)</u>
	Retained loss for the year	(153,992)	-
	30 September 2000	<u>(856,992)</u>	<u>(703,000)</u>
14	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS	2000 £	1999 £
	Loss for the financial year	(153,992)	-
	Prior year adjustment	-	(703,000)
		<u>(153,992)</u>	<u>(703,000)</u>
	Net decrease in shareholders' funds	(153,992)	(703,000)
	Issued share capital	1,999,900	-
	Opening shareholders' funds	(702,900)	100
	Closing shareholders' funds	<u>1,143,008</u>	<u>(702,900)</u>
15	COMMITMENTS UNDER OPERATING LEASES	2000 £	1999 £
	At 30 September 2000 the company had annual commitments under non-cancellable operating leases as follows:		
	Land and Buildings		
	within one year	67,000	70,000
	between 2 to 5 years	127,000	127,000
	after 5 years	811,106	811,106
		<u>1,005,106</u>	<u>1,008,106</u>
16	CONTINGENT LIABILITIES		
a)	The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other group companies' unpaid debts in this connection.		
b)	The company, together with certain other group companies, is jointly and severally liable under the terms of a guarantee provided in respect of a revolving credit loan facility granted to Security Services Plc.		

Securicor Management Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 2000

17 PRIOR YEAR ADJUSTMENT

As a result of the new accounting standard FRS12 - Provisions, Contingent Assets and Contingent Liabilities that was adopted with effect from 1 October 1999, the company has made prudent provision against estimated future liabilities for all onerous property contracts which relate to leased properties sub-let at a short fall and to long-term idle properties. The provision is based on the value of future net cash outflows relating to rent, rates, service charges and costs of marketing the properties. The figures for 1998 were restated to incorporate this new accounting policy.

18 ULTIMATE PARENT COMPANY

At 30 September 2000 the ultimate holding company was Securicor plc which is registered in England and Wales. Copies of the group accounts of Securicor plc can be obtained from Sutton Park House, 15 Carshalton Road, Sutton, Surrey SM1 4LD.

19	CAPITAL COMMITMENTS	2000 £	1999 £
	At 30 September 2000 the following capital commitments were present:		
	Contracted but not provided for	NIL	NIL

20 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS8 that transactions do not need to be disclosed with companies 90% or more of whose voting rights are controlled within the group.

The following amounts were outstanding from related parties at the year end:

	Activity	Debtor year end balance £	Creditor year end balance £
Securicor Omega Express Limited	Distribution	622,730	27,895
Securicor Omega International Limited	Distribution	17,745	-
Securicor Omega Container Logistics Limited	Distribution	31,530	-
Securicor Omega Logistics Limited	Distribution	29,566	-
Securicor Vehicle Services Limited	Distribution	37,452	3,635
Securicor Fuelserve Limited	Distribution	19,495	-
Rentmaster Ltd	Distribution	7	-
Rosier Tankers Ltd	Distribution	11,475	-
Eccleston Vehicle Services Ltd	Distribution	-	1,395

All the above companies are 50% owned by fellow subsidiary undertakings of Securicor Management Services Limited.

Services to these companies totalling £8,904,854 (1999: £1,890,055) were provided by Securicor Management Services Limited. Interest was also paid to Securicor Omega Holdings Limited of £Nil (1999 : £250,442) by Securicor Management Services Limited.