

SECURICOR MANAGEMENT SERVICES LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 1995

Company No: 835411

Baker Tilly

Chartered Accountants

2 Bloomsbury Street

London WC1B 3ST



DIRECTORS AND OFFICERS

DIRECTORS

RSWH Wiggs
CC Shirtcliffe
NE Griffiths
JJ Pack
DE Fielding
PT Humphrey
RP Taylor
RJ Teal

SECRETARY

Mrs AP Munson

REGISTERED OFFICE

Sutton Park House
15 Carshalton Road
Sutton
Surrey SM1 4LD

AUDITORS

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

DIRECTORS' REPORT

The directors submit their report and the financial statements of Securicor Management Services Limited for the year ended 30 September 1995.

PRINCIPAL ACTIVITY

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

REVIEW OF THE BUSINESS

The result for the year is as expected and proposals are currently under consideration to improve the company's deficiency of net assets.

Future results, subject to the outcome of the above proposals, are expected to be break even.

RESULTS

The results for the year are set out in the profit and loss account on page 6.

The company is precluded from the payment of a dividend.

DIRECTORS

The following directors have held office since 1 October 1994:-

RSWH Wiggs
CC Shirtcliffe
NE Griffiths
JJ Pack
DE Fielding
PT Humphrey
RP Taylor
RJ Teal

The company is a member of the Securicor group of companies, with the ultimate holding company being Securicor Group Plc.

DIRECTORS' INTERESTS IN SHARES

No director, who is not also a holding company director, had any interest in the share capital of the company, or its fellow subsidiary Security Services Plc, or its ultimate holding company, Securicor Group Plc, other than as stated below:-

	Securicor Group Plc				Security Services Plc	
	'A' ordinary shares		ordinary stock units		ordinary stock units	
	1995	1994	1995	1994	1995	1994
DE Fielding	-	-	3	3	-	-
RJ Teal	9,050	6,253	-	-	2,937	2,937

DIRECTORS' REPORT

FIXED ASSETS

The significant changes in fixed assets during the year are detailed in note 6 to the financial statements.

CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions totalling £57,833.


MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of properties at 30 September 1995 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 the succeeding financial year.

By order of the Board



MRS AP MUNSON
Secretary

2 January 1996

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 6 to 13.

Respective responsibilities of directors and auditors

As described on page 4 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 1995 and of its loss 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

2 January 1996

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 1995

	Notes	1995	1994
TURNOVER		24,634,810	23,447,404
Cost of sales		-	-
Gross profit		24,634,810	23,447,404
Operating expenses (net)	1	24,609,647	23,436,625
OPERATING PROFIT		25,163	10,779
Interest payable	2	(25,163)	(10,779)
RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	-	-
Taxation	5	(135,631)	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION, RETAINED	11	£(135,631)	£ -

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

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

No separate reconciliation of the movement in shareholders' funds has been presented as the only movement in the year relates to the retained result.

BALANCE SHEET
30 September 1995

	Notes	1995	1994
FIXED ASSETS			
Tangible assets	6	6,632,603	3,524,891
CURRENT ASSETS			
Debtors	7	7,786,252	5,384,604
Cash at bank and in hand		3,000	3,000
		<u>7,789,252</u>	<u>5,387,604</u>
CREDITORS			
Amounts falling due within one year	8	(4,200,001)	(4,755,838)
NET CURRENT ASSETS		<u>3,589,251</u>	<u>631,766</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,221,854</u>	<u>4,156,657</u>
CREDITORS			
Amounts falling due after more than one year	9	(10,366,201)	(4,165,373)
		<u>£(144,347)</u>	<u>£(8,716)</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	(144,447)	(8,816)
		<u>£(144,347)</u>	<u>£(8,716)</u>

Approved by the board on 2 January 1996
and signed on its behalf by:

.....
Director

.....
Director

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 5 to 15 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1995

	1995	1994
1. OPERATING EXPENSES (Net)		
Administration expenses	24,778,947	23,605,925
Rent receivable	(169,300)	(169,300)
	<u>£ 24,609,647</u>	<u>£ 23,436,625</u>
2. INTEREST PAYABLE		
On bank loans, overdrafts and other loans wholly repayable within 5 years	<u>£ 25,163</u>	<u>£ 10,779</u>
3. RESULT ON ORDINARY ACTIVITIES BEFORE TAXATION		
The result on ordinary activities before taxation is stated after charging: Depreciation and amounts written off tangible fixed assets:		
Charge for the year:	463,751	354,062
Auditors' remuneration		
- audit fee	11,000	9,000
- other services	-	40,000
Charitable donations	57,833	52,000
Loss on disposal of assets	23,674	29,304
Operating lease rentals:		
- land and buildings	1,957,000	1,924,781
- other	22,033	326,192
and after crediting:		
Rent receivable	<u>169,300</u>	<u>169,300</u>
4. EMPLOYEES		
The average weekly number of persons (including directors) employed by the company during the year was:	No.	No.
Management	114	120
Administration	37	89
	<u>151</u>	<u>209</u>
Staff costs for the above employees are:		
Wages and salaries	4,284,261	4,108,132
Social security	393,886	393,914
Other pension costs	424,021	147,581
	<u>£ 5,102,168</u>	<u>£ 4,649,627</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1995

	1995	1994
DIRECTORS' REMUNERATION		
Other emoluments (including pension contributions and benefits in kind)	£1,072,317	£ 827,872
The directors' fees and other emoluments disclosed above (excluding pension contributions) including amounts paid:		
Chairman and highest paid director	£ 275,663	£ 207,875
The number of other directors who received emoluments (excluding pension contributions) in the following ranges was:	No.	No.
£0 - £5,000	-	1
£ 35,001 - £ 40,000	1	-
£ 55,001 - £ 60,000	-	1
£ 60,001 - £ 65,000	1	-
£ 70,001 - £ 75,000	-	1
£ 80,001 - £ 85,000	-	1
£ 85,001 - £ 90,000	1	-
£ 90,001 - £ 95,000	-	1
£ 95,001 - £100,000	1	1
£110,001 - £115,000	1	-
£130,001 - £135,000	-	1
£135,001 - £140,000	1	-
£165,001 - £170,000	1	-
	<u>7</u>	<u>7</u>

PENSIONS

The company's share of the costs of the group's defined benefit pensions schemes amounted to £424,021 (1994: £147,581).

The pensions costs are assessed on the advice of independent qualified actuaries using the projected unit credit method. The most recent actuarial valuation was 5 April 1994. 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 Group Plc.

	1995	1994
5. TAXATION		
Based on the result for the year:		
UK Corporation tax at 33% (1994: 33%)	75,000	-
Underprovision in previous year	60,631	-
	<u>£ 135,631</u>	<u>£ -</u>

The charge for the year arises from the disallowance of certain expenses for corporation tax purposes and which therefore represent permanent timing differences.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1995

6. TANGIBLE FIXED ASSETS

	Freehold property	Leasehold Properties Long term	Short term	Equipment and vehicles	TOTAL
Cost:					
1 October 1994	-	331,146	1,959,326	3,460,030	5,750,502
Transfer from group undertakings	-	-	-	1,459	1,459
Additions	2,602,532	20,738	196,310	787,641	3,607,221
Disposals	-	-	-	(189,349)	(189,349)
Transfer to group undertakings	-	-	-	(17,033)	(17,033)
Reclassification	200	(200)	407,807	(407,807)	-
30 September 1995	2,602,732	351,684	2,563,443	3,634,941	9,152,800
Depreciation:					
1 October 1994	-	13,825	616,453	1,595,333	2,225,611
Transfer from group undertakings	-	-	-	699	699
Disposals	-	-	-	(159,097)	(159,097)
Charge for year	20,092	4,402	122,861	316,396	463,751
Transfer to group undertakings	-	-	-	(10,767)	(10,767)
30 September 1995	20,092	18,227	739,314	1,742,564	2,520,197
Net Book Value:					
30 September 1995	2,582,640	333,457	1,824,129	1,892,377	£ 6,632,603
30 September 1994	-	317,321	1,342,873	1,864,697	£3,524,891

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1995

	1995	1994
7. DEBTORS		
Due within one year:		
Trade debtors	8,923	1,181
Amounts owed by group undertakings	4,667,509	3,489,552
Amounts owed by associated undertakings	1,266	-
Other debtors	2,034,670	325,456
Prepayments and accrued income	1,073,884	1,568,415
	<u>£ 7,786,252</u>	<u>£ 5,384,604</u>
8. CREDITORS		
Amounts falling due within one year:		
Bank loans and overdrafts	1,783,556	334,924
Trade creditors	-	840,481
Amounts owed to group undertakings	488,060	289,091
Amounts owed to associated undertakings	-	46,764
Other taxation and Social Security costs	358,160	322,987
Corporation tax	135,631	-
Other creditors	836,868	2,473,363
Accruals and deferred income	597,726	448,228
	<u>£ 4,200,001</u>	<u>£ 4,755,838</u>
9. CREDITORS		
Amounts falling due after more than one year:		
Amounts due to group undertakings	<u>£ 10,366,201</u>	<u>£ 4,165,373</u>
10. SHARE CAPITAL		
Authorised:		
100,000 ordinary shares of £1 each	<u>£ 100,000</u>	<u>£ 100,000</u>
Allotted, issued and fully paid:		
100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
11. PROFIT AND LOSS ACCOUNT		
1 October 1994	(8,816)	(8,816)
Loss for the year	(135,631)	-
30 September 1995	<u>£(144,447)</u>	<u>£(8,816)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1995

	1995	1994
12. COMMITMENTS UNDER OPERATING LEASES		
At 30 September 1995 the company had annual commitments under non-cancellable operating leases as follows:		
Land and Buildings		
within one year	68,500	124,900
between 2 to 5 years	14,000	14,000
after 5 years	1,874,206	1,874,206
	<u>£ 1,956,706</u>	<u>£ 2,013,106</u>

13. 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.

14. ULTIMATE PARENT COMPANY

Securicor Management Services Limited is a subsidiary undertaking of Security Services Plc. The ultimate holding company is Securicor Group Plc and both companies are registered in England and Wales. Copies of the group accounts of Securicor Group Plc and Security Services Plc can be obtained from Sutton Park House, 15 Carshalton Road, Sutton, Surrey SM1 4LD.