

Group 4 Securitas Holdings Limited

Annual Report

for the year ended 31 December 2002

Registered number: 2380914



Group 4 Securitas Holdings Limited

Annual report for the year ended 31 December 2002

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Group 4 Securitas Holdings Limited

Directors and advisors

Directors

P V Black (appointed 6 August 2002)
G R Gibson
L N Johansen
D Miller

Secretary

D A Venus

Auditors

PricewaterhouseCoopers LLP
Temple Court
35 Bull Street
Birmingham
B4 6JT

Bankers

NatWest Bank Limited
1 St Philips Place
Birmingham
B3 2PP

Solicitors

Rickerby Watterson
Ellenborough House
Wellington Street
Cheltenham

Registered Office

Farncombe House
Broadway
Worcestershire
WR12 7LJ

Registered Number

2380914

Group 4 Securitas Holdings Limited

Directors' report for the year ended 31 December 2002

The directors submit their report and the audited financial statements of the company for the year ended 31 December 2002.

Principal activities and business review

The company is a parent company. The principal activity of its subsidiaries continues to be the provision of protection and security services

Results and dividends

The company made a loss after tax of £3,813,000 (2001: £579,000). The directors do not recommend payment of a dividend (2001: £nil) therefore the deficit of £3,813,000 (2001: £579,000) will be transferred from reserves.

On 3 May 2002, the company acquired a 99% holding in Milestone (Delaware General Partnership) for a cash consideration of US\$990. On the same date the remaining 1% interest was acquired by Armabrand Limited (a fellow group undertaking).

On 8 May 2002, the company acquired the entire share capital of Group 4 Falck Investment UK A/S for a cash consideration of US\$230,000,00 and DKK500,000. The US\$ investment was funded by an intercompany loan from Milestone DGP for US\$230,000,000.

On 8 November 2002 the company disposed of its interest in Group 4 Falck Investments UK A/S to a fellow group undertaking (Group 4 Falck A/S) for a cash consideration of US\$234,364,125 (recognised as a consideration of £148,350,504).

Prior to the disposal the company accounted for the investment in Group 4 Falck Investments UK A/S as a US\$ investment. In accordance with SSAP20 exchange gains and losses on both the investment and the corresponding loan have been taken directly to reserves.

Directors

The directors of the company who served during the year are shown on page 1. None of the directors held any beneficial interest in the shares of the company during the year (2001; none).

The directors have the following share options and warrants in the ultimate parent company, Group 4 Falck A/S, a company registered with the Danish Commerce and Companies Agency.

	Number held at 1 January 2002	Number held after share split in May 2002	Granted during year	Exercised during year	Number held at 31 December 2002
L N Johansen	23,893	95,572	43,448	-	139,020
D Miller	11,020	44,080	23,388	-	67,468
G Gibson	19,806	79,224	35,005	-	114,229
P V Black	2,233	8,932	4,227	-	13,159

Group 4 Securitas Holdings Limited

Directors' report for the year ended 31 December 2002 (continued)

Post Balance Sheet Event

On 17 June 2003, a subsidiary of the company, Group 4 Securitas (Investments) Limited sold its entire share holding in its 100% subsidiary undertakings to the ultimate group parent undertaking, Group Falck A/S. Disposal proceeds of £23.5million were satisfied by the assignment from Group 4 Falck A/S to Group 4 Securitas (Investments) Limited of the right to receive repayment of a debt owed by a fellow group undertaking, Armabrand Limited.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently with the exception of the changes arising on the adoption of the new accounting standards in the year as explained on page 7 under Note 1 'Accounting policies'. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with 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

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 28 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting.

On behalf of the Board



G R Gibson
Director
14 August 2003

Independent auditors' report to the shareholders of Group 4 Securitas Holdings Limited

We have audited the financial statements on pages 5 to 20.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

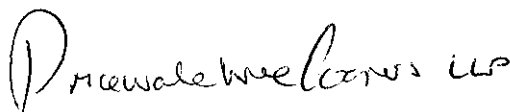
Basis of audit opinion

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 31 December 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
14 August 2003

Group 4 Securitas Holdings Limited

Profit and loss account year ended 31 December 2002

	Notes	2002 £'000	2001 (as restated) £'000
Administrative expenses		(1,659)	(648)
Operating loss	3	(1,659)	(648)
Gain on disposal of investments		2,721	-
Interest receivable and similar income	4	156	-
Amounts written off investments	7	(1,900)	-
Interest payable and similar charges	5	(3,242)	(207)
Loss on ordinary activities before taxation		(3,924)	(855)
Taxation credit on loss on ordinary activities	6	111	276
Retained loss for the financial year	13	(3,813)	(579)

All activities relate to continuing operations.

Statement of total recognised gains and losses

	Notes	2002 £'000	2001 (as restated) £'000
Loss on ordinary activities after taxation		(3,813)	(579)
Exchange adjustment:			
Loss on retranslation of foreign currency investment	7	(12,000)	-
Gain on retranslation of foreign currency borrowings		12,000	-
Net exchange adjustments		-	-
Total recognised gains and losses relating to the year		(3,813)	(579)
Prior year adjustment	1	541	
Total losses recognised since last annual report		(3,272)	

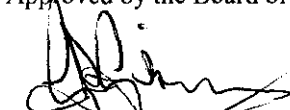
There is no material difference between the loss before taxation and the retained loss for the year as shown in the profit and loss account and their historical cost equivalents.

Group 4 Securitas Holdings Limited

Balance sheet at 31 December 2002

	Notes	2002 £'000	2001 (as restated) £'000
Fixed assets			
Investments	7	20,147	22,046
Current Assets			
Debtors	8	4,692	896
		4,692	896
Current Liabilities			
Creditors (amounts falling due within one year)	9	(10,451)	(6,423)
Net current liabilities		(5,759)	(5,527)
Total assets less current liabilities		14,388	16,519
Provisions for liabilities and charges	10	(3,486)	(1,804)
Net assets		10,902	14,715
Capital and reserves			
Called up share capital	12	17,128	17,128
Profit and loss account	13	(6,226)	(2,413)
Shareholders' funds	14	10,902	14,715
Analysed as follows:			
Equity shareholders' funds		(3,198)	615
Non-equity shareholders' funds		14,100	14,100
	14	10,902	14,715

Approved by the Board of Directors on 14 August 2003.


G R Gibson

Group 4 Securitas Holdings Limited

Notes to the accounts – 31 December 2002

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, and in accordance with applicable UK accounting and financial reporting standards. A summary of the more important accounting policies are set out below.

The transitional disclosures required under FRS 17 'Retirement Benefits' have disclosed in note 15.

The company has adopted FRS 18 'Accounting policies' and the directors confirm that the accounting policies used by the company are the most appropriate, consistently applied and adequately disclosed.

Change in accounting policy

FRS 19 'Deferred taxation' has been adopted during the current year. The adoption of this standard represents a change in accounting policy and the comparative figures have been restated accordingly.

As a result of this change in policy, a deferred tax asset in respect of the companies pension provision calculated in accordance with SSAP24, of £541,000 has been recognised in periods prior to the year ended 31 December 2002. The deferred tax asset of 1 January 2001 amounts to £339,000. Therefore, comparative figures for the year ended 31 December 2001 have been adjusted as follows:

	Retained loss for the financial year £'000	Net assets £'000
As previously reported	(781)	14,174
Effect of adoption of FRS 19:		
Prior year retained earnings	202	202
Prior year opening retained earnings	-	339
	202	541
As restated	(579)	14,715

Fixed asset investments

Foreign equity fixed asset investments in subsidiary undertakings are recognised at cost at the date of acquisition and to the extent that such investments are financed by foreign currency borrowings are translated using the rate of exchange ruling at the balance sheet date. Exchange differences are taken to reserves.

Other fixed asset investments in subsidiary undertakings are stated at cost less an appropriate provision to reflect any diminution in the value of the investment.

Group 4 Securitas Holdings Limited

Notes to the accounts – 31 December 2002 (continued)

1 Accounting policies (continued)

Leased assets

Payments under operating leases are charged against profits in the year the payments are made.

Group accounts

As the company is a wholly owned subsidiary and is included in the consolidated financial statements of a parent undertaking established under the laws of a member state of the European Union, group accounts have not been prepared by virtue of Section 228 of the Companies Act 1985.

Deferred taxation

Following the introduction of FRS 19, provision is made in full for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred tax assets are only recognised where there is a greater likelihood than not that they will be recovered. Deferred tax balances arising relate solely to pension provisions recognised in accordance with SSAP24.

Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if applicable, as specified in the matching forward contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or, if applicable, as specified in the matching forward contracts, and the gains or losses on translation are included in the profit and loss account.

Where the company has used foreign currency borrowings to finance its foreign equity investments, exchange differences on such foreign currency borrowings are taken to reserves.

Pension costs

The company operates a contributory defined benefit pension scheme. The scheme's funds are administered by trustees and are independent of the company's finances. The cost of providing pension and other post retirement benefits is charged to the profit and loss account so as to spread the cost over the employees' remaining service lives. Variations in pension costs, which are identified as a result of actuarial valuations, are amortised over the average expected service lives of the scheme members. Differences between the payments to the fund and the amounts charged in the profit and loss account are treated as either assets or liabilities in the balance sheet.

Cash flow statement

At 31 December 2002 the Company was a wholly owned subsidiary of Group 4 Falck A/S, which prepared consolidated group financial statements including a group cash flow statement. In accordance with Financial Reporting Standard 1 (revised), no cash flow statement is therefore included in these accounts.

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

2 Directors and employees

The average number of employees (including directors) during the year was 4 (2001: 3)

	2002	2001
	£'000	£'000
Directors' remuneration comprises:		
Aggregate emoluments	6	14

	2002	2001
	Number	Number
Number of directors to whom benefits are accruing under a defined benefit scheme	2	1

3 Operating loss

	2002	2001
	£'000	£'000
The operating loss is stated after charging:		
Pension costs (see notes 10 and 15)	1,682	674
Auditors remuneration : audit services	3	3
: non-audit services	-	5
Net foreign exchange gains	27	-

4 Interest receivable and similar income

	2002	2001
	£'000	£'000
Interest receivable and similar income:		
Group undertakings	156	-

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

5 Interest payable and similar charges

	2002	2001
	£'000	£'000
Bank loans and overdrafts	(177)	(95)
Group loans	(3,065)	(112)
	(3,242)	(207)

6 Taxation on loss on ordinary activities

	2002	2001 (as restated)
	£'000	£'000
Current tax		
United Kingdom corporation tax charge at 30% (2001: 30%)	394	(66)
Adjustment in respect of prior year	-	(8)
Total current tax	394	(74)
Deferred tax		
Current year	(505)	(202)
Tax credit for the year	(111)	(276)

The tax assessed for the period is higher (2001 period: higher) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002	2001
	£'000	£'000
Loss on ordinary activities before tax	(3,924)	(855)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 period: 30%)	(1,177)	(256)
Effects of:		
Adjustments to tax in respect of prior period	-	(8)
Expenses not deductible for tax purposes	1,167	(12)
Capital losses utilised	(101)	-
Other short term timing differences	505	202
	394	(74)

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

7 Fixed assets - investments

	Cost £'000
Shares in group undertakings:	
Cost and net book value at 31 December 2001	22,046
Additions	157,630
Exchange losses	(12,000)
Disposals	(145,629)
Amounts written off investments	(1,900)
Cost and net book value at 31 December 2002	20,147

The company owns the whole of the issued ordinary share capital, (unless otherwise stated) directly or indirectly, of the following companies, which are registered in England, unless otherwise indicated.

In accordance with Section 228 of the Companies Act 1985, group accounts have not been prepared. Following a review of the recoverable value of the investment in Group 4 Falck Cash Services UK Limited, the directors have recognised a write-off of £1,900,002 in the year. In the opinion of the directors, the aggregate value of the remaining investments in subsidiaries is not less than the carrying value stated.

Trading

Group 4 Securitas (Investments) Limited	
Group 4 Falck Limited	(Registered in Republic of Ireland)
Group 4 Falck Support Services Limited	(Registered in Republic of Ireland)
Euroguard Security Services Ireland Limited	(Registered in Republic of Ireland)
Secure Tec Limited	(Registered in Republic of Ireland)
Security Wardens Ireland Limited	(Registered in Republic of Ireland)
Group 4 Homewatch Limited (formerly MSA Systems Limited)	(Registered in Republic of Ireland)
Group 4 Total Security Limited	
Group 4 Falck Cash Services UK Limited (formerly Group 4 Cash-in-Transit (Scotland) Limited)	
Farleigh International Limited	
Group 4 Falck Limited	
Group 4 Securitas Northern Ireland Limited	
Group 4 Technology Limited	
Group 4 Security Systems Northern Ireland Limited	
Group 4 Monitoring Services Limited	
Securitas Technology plc	
AMAG Technology Limited (formerly Group 4 Securitas Technology Limited)	
AMAG Technology, Inc. (formerly Group 4 Securitas Technology Corporation)	(Registered in the USA)
GCS General Control Systems GmbH (formerly Securiton General Control Systems GMBH)	(Registered in Austria)
Group 4 Security Systems Limited (formerly Group 4 Systems Limited)	
Henderson Security Electronics Limited	
Milestone (Delaware General Partnership) (99% shareholding)	(Registered in the USA)

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

7 Fixed assets - investments (continued)

Dormant

Group 4 Overnight Express Limited

Group 4 Security Services Limited

Wray Security Services Limited

Euroguard Limited

Group 4 Retail Security Limited

Group 4 Securitas Limited

Security Projects International Limited

Group 4 Securitas Alarm Limited

Group 4 Factoryguards Limited

Irish Security Services Limited

(Registered in Republic of Ireland)

Group 4 Support Services Limited

(Registered in Republic of Ireland)

Group 4 Limited

A-One Guard Services Limited

Secureguard (Derry) Limited

Safeall Security Limited

Plantime Limited

Group 4 Vehicle Services Limited

The shares in Group 4 Falck Limited and Irish Security Services Limited are held by Group 4 Securitas (Investments) Limited. Group 4 Falck Support Services Limited, Euroguard Security Services Ireland Limited, Secure Tec Limited, Group 4 Homewatch Limited (formerly MSA Systems Limited), Security Wardens Ireland Limited are subsidiaries of Group 4 Falck Limited and Group 4 Support Services Limited is owned by Group 4 Falck Support Services Limited.

The shares in Group 4 Vehicle Services are held by Group 4 Limited.

The shares in Euroguard Limited, Group 4 Securitas Limited and Group 4 Retail Security Limited are held by Group 4 Total Security Limited.

The shares in Security Projects International Limited are held by Farleigh International Limited

The shares in Henderson Security Electronics Limited, AMAG Technology Limited, Plantime Limited, Group 4 Security Systems Limited, AMAG Technology, Inc., GCS General Control Systems GmbH and Securitas Technology plc are held by Group 4 Technology Limited.

The shares in Group 4 Security Systems Northern Ireland Limited, A-One Guard Services Limited, Secureguard (Derry) Limited, Group 4 Overnight Express Limited, Group 4 Security Services Limited, Group 4 Monitoring Services Limited, Wray Security Services Limited, Safeall Security Limited are held by Group 4 Securitas Northern Ireland Limited.

All other subsidiaries are directly owned by Group 4 Securitas Holdings Limited.

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

8 Debtors

	2002	2001 (as restated)
	£'000	£'000
Deferred Tax (note 11)	1,046	541
Amounts owed by group undertakings	3,646	355
	4,692	896

9 Creditors – amounts falling due within one year

	2002	2001
	£'000	£'000
Bank overdraft	5,996	3,187
Amounts owed to group undertakings	3,478	3,194
Corporation Tax	932	1
Accruals and deferred income	45	41
	10,451	6,423

10 Provisions for liabilities and charges

	Pension Provision
	£'000
At 1 January 2002	1,804
Charge for the year (see notes 3 and 15)	1,682
At 31 December 2002	3,486

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

11 Deferred tax

The deferred taxation asset, which is disclosed within debtors due within one year (see note 8) comprises:

	2002	2001 (as restated)
	£'000	£'000
Other short term timing differences (pension provision)	1,046	541

The movement in deferred tax asset is explained in note 6.

12 Called up share capital

	Authorised		Issued, called up and fully paid	
	2002	2001	2002	2001
	£'000	£'000	£'000	£'000
3,028,000 Ordinary shares of £1 each	3,028	3,028	3,028	3,028
14,100,000 6% cumulative redeemable preference shares of £1 each	14,100	14,100	14,100	14,100
	17,128	17,128	17,128	17,128

Rights of 6% cumulative redeemable preference shares

Voting rights

Preference shareholders may vote on resolutions on winding-up, reductions in share capital and variations in their class rights.

Rights on winding-up

In the event of a winding-up resolution, or a resolution relating to a return of capital being passed, the preference shareholders have first priority in a distribution, receiving 100p per share plus arrears of dividend.

Redemption details

The preference shares can be redeemed by the company either on 30 June 2003 or at an earlier date provided 28 days written notice is given to the shareholders. Redemption will be on the basis of 100p per share plus arrears of dividend.

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

13 Profit and loss account

	£'000
At 1 January 2002 – as previously reported	(2,954)
Prior year adjustment (see note 1)	541
At 1 January 2002 – as restated	(2,413)
Retained loss for the year	(3,813)
At 31 December 2002	(6,226)

The holders of the preference shares formally waived their right to a dividend for the year ended 31 December 2002.

14 Reconciliation of movement in shareholders' funds

	2002	2001
	£'000	£'000
Loss for the year and net reduction in shareholders' funds (as restated)	(3,813)	(579)
Opening shareholders' funds (previously £14,955,000 before prior year adjustment of £339,000)	14,715	15,294
Closing shareholders' funds	10,902	14,715

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

15 Pension arrangements

The company operates two funded defined benefit pension schemes for Group 4 employees in the United Kingdom. The Group 4 Pension Scheme ("the Principal Scheme") and the Group 4 Supplementary Pension Scheme ("the Supplementary Scheme") (together referred to as "the Schemes"). The Supplementary Scheme was incorporated into the Principal scheme during the year. The Principal Scheme is the only material scheme in the context of statement of standard accounting practice ("SSAP") 24 disclosures.

Benefits provided under the Principal Scheme are based on final pensionable salaries. Pensions up to the value of the Guaranteed Minimum Pension (GMP) are increased annually in line with the Retail Price Index (RPI). Under present legislation this increase is provided jointly by the Government and the Principal Scheme. The balance of pension, which does not relate to GMP, earned by service up to 5 April 1997, is increased by 3% per annum compound. Pensions earned by service from 6 April 1997 is increased at the following rates:

- i) greater of, 3% per annum or the percentage increase in the RPI for the year up to a maximum of 5% for service in Plan's 1 and 2 of the Principal Scheme. Post April 2000 the 3% minimum no longer applies.
- ii) the increase in RPI, subject to a maximum of 5% pa for service in Plan's 3 and 5
- iii) the increase in RPI for Plan 4, which is closed to new entrants

In accordance with the recommendations of the independent consulting actuary, the contribution rates are calculated using the projected unit method except for Plan 4, which uses the attained age method.

A valuation of the Principal Scheme, for funding purposes, was carried out by the consulting actuary, Bacon & Woodrow, as at 31 March 2002. The main actuarial assumptions were an annual rate of return on investments of 7%, increases in pensionable salaries of 3.75% and increases in pensions payment of 3.00% per annum for plans 1 & 2 pre April 2000 Service and 2.75% per annum for all other plans and Plans 1 and 2 post April 2000 Service. This valuation, for the whole of the Group 4 Pension Scheme in the UK, revealed that the actuarial value of the Principal Scheme liabilities at the time exceeded the market value of the Principal Scheme assets by £3,600,000. The next actuarial valuation is due on 31 March 2005.

The total pension costs charged in the profit and loss account for the year ended 31 December 2002 was £1,681,773 (2001: £674,000). As at 31 December 2002, the pension provision held on the company's balance sheet is £3,485,773 (2001: £1,804,000).

Financial Reporting Standard 17 "Retirement Benefits"

The transitional arrangements of the new accounting standard FRS17 require disclosure of the assets and liabilities as at 31 December 2002. The assets of the Schemes have been taken at market value and the liabilities have been calculated using the principal actuarial assumptions stated below. For the purpose of these financial statements, these figures are illustrative only and do not impact on the actual 31 December 2002 balance sheet.

For the purposes of FRS17, the valuation of the Scheme was carried out at 31 March 2002 and updated to 31 December 2002 by an independent actuary using the Projected Unit Method.

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

15 Pensions (continued)

Assumptions

The major assumptions used by the actuary were:

	2002	2001
	%pa	%pa
Inflation	2.30%	2.50%
Salary escalation	3.30%	3.50%
Pension escalation	2.40%	2.50%
Discount rate	5.50%	6.00%

The assets held within the Schemes and the expected rates of return were:

	Long-term rate of return expected at 31 December 2002	Value at 31 December 2002	Long-term rate of return expected at 31 December 2001	Value at 31 December 2001
		£'000		£'000
Equities	7.50%	62,173	7.75%	72,030
Government gilts	4.50%	13,791	5.50%	16,000
Corporate bonds	5.00%	699	-	-
Property	6.50%	1,102	-	-
Cash and other	4.00%	2,604	4.00%	6,270
	6.80%	80,369	7.00%	94,300
Total market value of assets		80,369		94,300
Present value of scheme liabilities		(128,180)		(107,060)
Deficit in the scheme		(47,811)		(12,760)
Related deferred tax asset		14,343		3,828
Net pension deficit		(33,468)		(8,932)

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

15 Pensions (continued)

If the above pension deficit was recognised in the financial statements, the Company's net assets and profit and loss reserve would be as follows:

Net assets

	2002	2001 (as restated)
	£'000	£'000
Net assets excluding SSAP24 pension liability	14,388	16,519
FRS17 Pension deficit (net of related deferred tax asset)	(33,468)	(8,932)
Net (liabilities)/assets including FRS 17 pension deficit	(19,080)	7,587

	2002	2001
	£'000	£'000
Profit and loss reserve excluding SSAP24 pension deficit	(2,740)	(609)
FRS17 Pension deficit (net of related deferred tax asset)	(33,468)	(8,932)
Profit and loss reserve including FRS17 pension deficit	(36,208)	(9,541)

£'000s

Analysis of amounts that would have been charged to operating profit

Current service cost and total operating charge	6,308
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Analysis of amounts that would have been credited to other finance income

Expected return on pension scheme assets	6,598
Interest on pension scheme liabilities	(6,481)
Net return	117

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

15 Pensions (continued)

	£'000s
Analysis of the amount that would have been recognised in the statement of total recognised gains and losses	
Actual return less expected return on pension scheme assets	(20,427)
Experience loss arising on the scheme liabilities	(3,239)
Changes in assumptions underlying the present value of the scheme liabilities	(9,467)
Actuarial loss recognised in the statement of total recognised gains and losses	(33,133)

	£'000s
Movement in deficit during the year	
Deficit in scheme at 1 January 2002	(12,760)
Movement in the year:	
Current service cost	(6,308)
Contributions	4,273
Other finance income	117
Actuarial loss	(33,133)
Deficit in scheme at 31 December 2002	(47,811)

16 Financial support

The directors have received assurances from Group 4 Falck A/S that it will provide sufficient finance to permit the company to meet its liabilities as and when they fall due.

17 Parent undertaking

The company is a wholly owned subsidiary of Armabrand Limited which is incorporated in Great Britain.

The ultimate parent company is Group 4 Falck A/S, a Danish company listed on the Copenhagen Stock Exchange, which is the parent undertaking of the smallest and largest group for which consolidated financial statements are available.

Copies of the Group 4 Falck A/S accounts can be obtained from the Company Secretary, Polititorvet, DK-1780 Copenhagen V, Denmark.

Group 4 Securitas Holdings Limited

Notes to the accounts - 31 December 2002 (continued)

18 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8 relating to 90% subsidiary undertakings and has not disclosed details of transactions with other undertakings, associates and joint ventures within the Group 4 Falck A/S Group.