

Securicor Cash Services Limited

FINANCIAL STATEMENTS

for the year ended

30 September 1999



Securicor Cash Services Limited

DIRECTORS AND OFFICERS

DIRECTORS

- GA Levinsohn
- JP Edwards
- DG Cowden
- NP Buckles
- LK Gateson
- ILE Cowden
- DS Duncombe
- PV David
- NC Norton
- I Bridges
- AK Niven
- TL Dighton

SECRETARY

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

Securicor Cash Services Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Securicor Cash Services Limited for the year ended 30 September 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was the transportation of cash and valuables.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The stable UK economy and the expansion of ATM's in the market place has enabled a further increase in revenue during the year. Cost of sales has been reduced significantly from strategic purchasing initiatives and reductions in the cost of direct labour arising from improved utilisation of a more flexible workforce.

We are continuing to invest in operational and administrative systems which are enabling us to improve our services to the customer and ultimately the profitability of the business.

The amount of cash in circulation in the UK economy continues to grow year by year in real terms and our investment in additional cash management systems enable us to expect a continued improvement in our results.

DIVIDENDS

The directors do not recommend the payment of a dividend (1998 : 18.75p per share).

DIRECTORS

The directors during the year were as follows:

HW McKay	(resigned 6 April 1999)
LK Gateson	
ILE Cowden	
DS Duncombe	
DG Cowden	
FC O'Toole	(resigned 1 April 1999)
NP Buckles	
PV David	
NC Norton	
I Bridges	
AK Niven	
TL Dighton	
GA Levinsohn	(appointed 1 April 1999)
JP Edwards	(appointed 2 August 1999)

Securicor Cash Services Limited

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

No director, who is not a holding company director, had any interest in the share capital of the company or its ultimate holding company Securicor (1996) plc, other than as stated below:

	<i>Securicor (1996) plc</i> <i>5p Ordinary shares</i>	
	<i>1999</i>	<i>1998</i>
LK Gateson	-	1,461
ILE Cowden	4,751	4,751

The following options in Securicor (1996) plc were granted to directors, who were not holding company directors, during the year:

	<i>Securicor (1996) plc</i> <i>5p Ordinary shares</i>
NC Norton	8,940
PV David	5,850

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.

The number of creditor days at 30 September 1999 was 27.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of properties at 30 September 1999 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.

EMPLOYEE INVOLVEMENT

The company 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 the circulation of the in-house magazine, the 'Securicor News' and the availability to all employees of a professional video production embracing the various world wide activities of the company and its fellow subsidiaries.

EMPLOYMENT OF DISABLED PERSONS

The company'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.

YEAR 2000

The company has completed a comprehensive Year 2000 compliance programme and to date no significant problems have arisen.

Securicor Cash Services Limited

DIRECTORS' REPORT

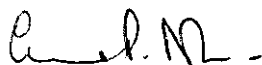
INTRODUCTION OF THE EURO

All relevant parts of the company will be able to handle euro transactions when required.

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:



AP Munson
Secretary

10 January 2000

Securicor Cash Services Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

Company law requires 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, 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 CASH SERVICES LIMITED

We have audited the financial statements on pages 7 to 16.

Respective responsibilities of directors and auditors

As described on page 5 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.

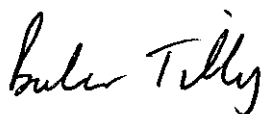
Basis of opinion

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 1999 and of its profit 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

10 January 2000

Securicor Cash Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1999

	<i>Notes</i>	1999 £'000	restated 1998 £'000
TURNOVER	3	199,382	190,029
Cost of sales		(159,595)	(161,753)
Gross profit		39,787	28,276
Other operating expenses (net)	1	(16,411)	(14,971)
OPERATING PROFIT		23,376	13,305
Interest payable	2	(2,301)	(3,354)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	21,075	9,951
Taxation	6	(6,829)	(3,026)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		14,246	6,925
Dividends	7	-	(3,000)
PROFIT FOR THE YEAR RETAINED	16	14,246	3,925

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

The results stated above represents the company's historical cost results for the year.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1999 £	1998 £
Profit for the financial year	14,246	3,925
Prior period adjustment (see note 22)	(5,376)	-
Total recognised gains and losses relating to the year	8,870	3,925


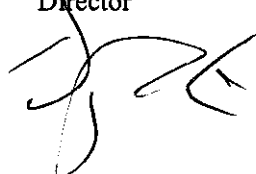
Securicor Cash Services Limited

BALANCE SHEET

30 September 1999

	Notes	1999 £'000	restated 1998 £'000
FIXED ASSETS			
Intangible assets	8	570	-
Tangible assets	9	60,334	60,854
		<u>60,904</u>	<u>60,854</u>
CURRENT ASSETS			
Stocks	10	665	718
Debtors	11	27,520	26,975
Cash at bank and in hand		2,647	-
		<u>30,832</u>	<u>27,693</u>
CREDITORS: Amounts falling due within one year	12	54,828	63,874
NET CURRENT LIABILITIES		<u>(23,996)</u>	<u>(36,181)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		36,908	24,673
CREDITORS: Amounts falling due after more than one year	13	-	895
PROVISIONS FOR LIABILITIES AND CHARGES	14	5,995	7,111
		<u>30,913</u>	<u>16,667</u>
CAPITAL AND RESERVES			
Called up share capital	15	16,000	16,000
Profit and loss account	16	14,913	667
	17	<u>30,913</u>	<u>16,667</u>

Approved by the board on 10 January 2000
and signed on its behalf by

 Director


Securicor Cash 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.

GOODWILL AND AMORTISATION

Following the introduction of FRS 10, the company has changed its accounting policy for goodwill with effect from 1 October 1998. Goodwill, being the excess of the cost of an acquisition over the fair value attributed to the net tangible assets at acquisition, is now capitalised and is amortised over its useful economic life which is expected not to exceed twenty years. Provision is made for any impairment.

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 buildings	over 50 years
Equipment and vehicles	over 3 to 15 years
Leasehold property - long lease	over 50 years
- short lease	over the term of the lease.

STOCKS

Stocks are valued at the lower of cost and net realisable value. Provision is made for obsolete and slow-moving items.

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 profit and loss on a straight line basis over the lease term.

PENSION CONTRIBUTIONS

The company is included in the Group defined benefit pension scheme. The contributions to the scheme are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the employees' working lives with the Group.

PROVISIONS

FRS 12 was adopted with effect from 1 October 1998. Due to the adoption of this FRS the comparatives have been restated to reflect the new requirements regarding recognition of provisions.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Securicor Cash Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

	1999 £'000	1998 £'000
1 OTHER OPERATING EXPENSES (NET)		
Establishment costs	1,603	1,959
Administration expenses (net)	14,808	13,012
	<u>16,411</u>	<u>14,971</u>
2 INTEREST PAYABLE	1999 £'000	1998 £'000
On bank loans, overdrafts and other loans repayable within 5 years:		
Other	2,301	3,354
	<u></u>	<u></u>
3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1999 £'000	1998 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year:		
tangible owned assets	12,133	10,987
Amortisation of goodwill	20	-
Profit/(loss) on disposals		
properties	(31)	-
other	(140)	26
Operating lease rentals:		
Plant and machinery	996	649
Land and buildings	3,459	3,905
Auditors' remuneration	85	72
	<u></u>	<u></u>
All turnover is derived in the United Kingdom.		
4 EMPLOYEES	1999 No.	1998 No.
The average weekly number of persons (including directors) employed by the company during the year was:		
Management and administration	1,012	930
Operational	5,620	6,024
	<u>6,632</u>	<u>6,954</u>
	1999 £'000	1998 £'000
Staff costs for the above persons:		
Wages and salaries	88,154	97,749
Social security costs	7,608	8,230
Other pension costs	3,150	3,730
	<u>98,912</u>	<u>109,709</u>

Securicor Cash Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

4	EMPLOYEES (<i>continued</i>)	1999 £'000	1998 £'000
	DIRECTORS' REMUNERATION		
	Other emoluments (including pension contributions and benefits in kind)	524	929
	The directors' fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:		
		1999 £'000	1998 £'000
	The highest paid director	128	162
	The highest paid director		
	Accrued pension entitlement	4	62
5	PENSIONS		
	The company's share of the costs of the Group's defined benefit pension scheme amounted to £3,150,000 (1998: £3,730,000).		
	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 1997. The assets of the scheme are held in separate trustee administered funds.		
	Full particulars of the pension scheme are disclosed in the published accounts of Securicor (1996) plc.		
6	TAXATION	1999 £'000	1998 £'000
	Based on the result for the year:		
	UK corporation tax at 30% (1998 - 31%)	6,829	3,026
7	DIVIDENDS	1999 £'000	1998 £'000
	Ordinary		
	Final paid NILp per share (1998: 18.75p per share)	-	3,000

Securicor Cash Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

8	INTANGIBLE FIXED ASSETS	Goodwill £'000
	Cost:	
	Acquisition	590
	Amortisation:	
	Charge for year	20
	Net book value 30 September 1999	570

The business of Safecar Security Services Limited was purchased on 15 February 1999 and is being amortised over 20 years.

9	TANGIBLE FIXED ASSETS	<i>Freehold land and buildings £'000</i>	<i>Leasehold Properties Long term £'000</i>	<i>Short term £'000</i>	<i>Equipment and vehicles £'000</i>	<i>Total £'000</i>
	Cost:					
	1 October 1998	12,976	8,061	8,974	80,673	110,684
	Transfers between categories	9	60	(81)	12	-
	Additions	474	439	803	10,978	12,694
	Intercompany transfer	-	289	(723)	194	(240)
	Disposals	(1,101)	-	(8)	(15,816)	(16,925)
	30 September 1999	12,358	8,849	8,965	76,041	106,213
	Depreciation					
	1 October 1998	1,755	1,125	4,035	42,915	49,830
	Charged in the year	238	136	601	11,158	12,133
	Disposals	(236)	-	(5)	(15,558)	(15,799)
	Intercompany transfer	-	47	(421)	89	(285)
	30 September 1999	1,757	1,308	4,210	38,604	45,879
	Net book value 30 September 1999	10,601	7,541	4,755	37,437	60,334
	30 September 1998	11,221	6,936	4,939	37,758	60,854

10	STOCKS	1999 £'000	1998 £'000
	Finished goods and goods for resale	665	718

Securicor Cash Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

	1999	1998
	£'000	£'000
11 DEBTORS		
Due within one year:		
Trade debtors	23,684	22,244
Amounts due from group undertakings	633	1,084
Amounts due from associated undertakings	126	-
Other debtors	818	1,873
Prepayments and accrued income	2,259	1,774
	<u>27,520</u>	<u>26,975</u>

	1999	1998
	£'000	£'000
12 CREDITORS: Amounts falling due within one year		
Bank loans and overdrafts	2,765	3,137
Trade creditors	3,717	4,764
Amounts owed to fellow subsidiary undertakings	26,138	42,586
Amounts owed to associated undertakings	1,451	1
Corporation tax	4,251	-
Other taxation and social security costs	5,059	4,661
Other creditors	2,390	3,050
Accruals and deferred income	9,057	5,675
	<u>54,828</u>	<u>63,874</u>

The bank loans and overdrafts are secured by a debenture giving fixed or floating charges on all assets of the company.

	1999	1998
	£'000	£'000
13 CREDITORS: Amounts falling due in more than one year		
Corporation tax	-	895
	<u>-</u>	<u>895</u>

Securicor Cash Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

14 PROVISION FOR LIABILITIES AND CHARGES

	1999 £'000	1998 £'000
Provision for unoccupied properties	5,995	7,111
At 1 October 1998 (as reported)	-	-
Prior period adjustment (see note 22)	7,111	-
At 1 October 1998 (restated)	7,111	-
Payments made in year on unoccupied property	(1,226)	-
Provision for property becoming unoccupied in year	110	-
At 30 September 1999	5,995	-

Deferred taxation provided in the financial statements and the unprovided potential liability are as follows:

	<i>Amount provided</i>		<i>Unprovided liability</i>	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Accelerated Capital Allowances	-	-	1,893	3,117
Other timing differences	-	-	-	-
	NIL	NIL	1,893	3,117

15 SHARE CAPITAL

	1999 £'000	1998 £'000
Authorised, issued and fully paid: 16,000,000 ordinary shares of £1 each	16,000	16,000

16 PROFIT AND LOSS ACCOUNT

	1999 £'000
1 October 1998 (as reported)	6,043
Prior period adjustment (see note 22)	(5,376)
1 October 1998 (restated)	667
Profit for the financial year	14,246
30 September 1999	14,913

Securicor Cash Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

17	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1999 £'000	
	Profit after taxation	14,246	
	Prior period adjustment (see note 22)	(5,376)	
	Net increase in shareholders' funds	8,870	
	Opening shareholders' funds	22,043	
	Closing shareholders' funds	30,913	

18	CAPITAL COMMITMENTS	1999 £'000	1998 £'000
	Capital expenditure contracted for but not provided in the financial statements	2,596	17,410

19 COMMITMENTS UNDER OPERATING LEASES

At 30 September 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999 £'000	1998 £'000
Land and buildings		
expiring within 1 year	212	43
expiring between 1 and 2 years	253	178
expiring between 2 and 5 years	390	508
expiring after 5 years	2,924	2,365
	3,779	3,094

20 CONTINGENT LIABILITIES

- 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.
- The company is included within a divisional composite banking arrangement with certain fellow subsidiary undertakings and has provided an unlimited guarantee.
- 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.

21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 that transactions do not need to be disclosed with companies 90% or more of whose voting rights are controlled within the group.

Securicor Cash Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1999

22 PRIOR YEAR ADJUSTMENT

As a result of the new accounting standard FRS 12 - Provisions, Contingent Assets and Contingent Liabilities was adopted with effect from 1 October 1998, 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. Prior period figures have been restated to incorporate this new accounting policy and, therefore, the opening balances for the current year would have been restated as follows:

	£'000	£000
Corporation tax falling due within one year:		
As reported		323
Prior year adjustment (FRS 12)		(1,735)
As restated - Debtor		(1,412)
Provisions:		
As reported		-
Prior year adjustments (FRS 12)		7,111
As restated		7,111
Profit and loss reserve:		
As reported		6,043
Prior year adjustments:		
Provision for onerous property contracts (FRS 12)	(7,111)	
Tax relief on FRS 12 provision	1,735	5,376
As restated		667
Profit and loss account:		
Retained earnings as reported		3,099
Cost of onerous property contracts charged against a newly created provision		826
As restated		3,925

23 ULTIMATE PARENT UNDERTAKING

At 30 September 1999 the ultimate holding company of Securicor Cash Services Limited was Securicor (1996) plc which is registered in England and Wales. Copies of the group accounts of Securicor (1996) plc can be obtained from Sutton Park House, 15 Carshalton Road, Surrey SM1 4LD.

Under a scheme of Arrangement completed in November 1999 the Securicor group was reconstructed and the ultimate holding company became Securicor plc which is registered in England and Wales.