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Securicor Cash Services Limited
(formerly Securicor Limited)

FINANCIAL STATEMENTS

for the year ended
30 September 1996



Company Registration No. 354883

Securicor Cash Services Limited

DIRECTORS AND OFFICERS

DIRECTORS

HW McKay
DG Cowden
NP Buckles
PAC Smith
LJ Sinton
LK Gateson
AI Perkins
ILE Cowden
RA Hellaby
R Bartolomy
DS Duncombe
DC Johnson
CEJ Wenham
PV David
NC Norton
FC O'Toole
RG Hawkins
I Bridges

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 1996.

PRINCIPAL ACTIVITIES

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

CHANGE OF NAME

On 22 March 1996 the company changed its name from Securicor Limited to Securicor Cash Services Limited.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The results for the year reflect the impact on our margins of the difficult trading conditions within the UK CIT market particularly during the first six months of the trading year. Margins are now returning to more acceptable levels.

During the year, the roll out of our computerised vault and customer care systems continued and allows the company to deliver a high quality service. The year also saw an organisation restructure, the benefits of which will flow through into the current financial year.

The outlook for the company is good and it is anticipated that future results will show significant improvement.

DIVIDENDS

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors during the year were as follows:

HW McKay	
PAC Smith	
LJ Sinton	
LK Gateson	
AI Perkins	
ILE Cowden	
RA Hellaby	
R Bartolomy	
DS Duncombe	
DC Johnson	
DG Cowden	(appointed 14 February 1996)
FC O'Toole	(appointed 1 May 1996)
NP Buckles	(appointed 1 May 1996)
CEJ Wenham	(appointed 10 September 1996)
PV David	(appointed 10 September 1996)
NC Norton	(appointed 10 September 1996)
RG Hawkins	(appointed 10 September 1996)
I Bridges	(appointed 1 October 1996)

Securicor Cash Services Limited

DIRECTORS' REPORT

DIRECTORS (*continued*)

D Winter	(resigned 30 April 1996)
J Wild	(resigned 10 September 1996)
RSWH Wiggs	(resigned 11 September 1996)
GM Tancock	(resigned 1 October 1996)

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 plc, other than as stated below:

	<i>Securicor plc 5p Ordinary shares 1996</i>
DG Cowden	120
PAC Smith	840,964
LK Gateson	1,461
ILE Cowden	4,751
R Bartolomy	100
DC Johnson	448

No comparative figures are shown as the directors' interests were, at that time, in shares of Securicor Group plc and Security Services plc.

During the year ILE Cowden, DC Johnson and R Bartolomy, who are not holding company directors, exercised options held over 2,000, 1,000 and 1,000 'A' non-voting shares in Securicor Group plc respectively.

The following options were granted to directors, who are not holding company directors, over ordinary shares in Securicor plc during the year.

	Number of shares
LJ Sinton	42,850
LK Gateson	20,400
AI Perkins	32,390
ILE Cowden	25,510
RA Hellaby	12,100
R Bartolomy	18,480
DS Duncombe	18,360
DC Johnson	10,760
DG Cowden	57,140
FC O'Toole	27,040
NP Buckles	32,900
CEJ Wenham	64,280
PV David	18,910
NC Norton	16,730
RG Hawkins	57,140

FIXED ASSETS

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

Securicor Cash 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.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of properties at 30 September 1996 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.

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 1997

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 1996 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

10 January 1997

Securicor Cash Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1996

	<i>Notes</i>	1996 £'000	1995 £'000
TURNOVER		157,619	154,367
Cost of sales		(139,312)	(131,332)
Gross profit		<u>18,307</u>	<u>23,035</u>
Other operating expenses (net)	1	(19,849)	(18,055)
OPERATING (LOSS)/PROFIT		<u>(1,542)</u>	<u>4,980</u>
Interest payable	2	(2,560)	(244)
Exceptional item	3	(1,395)	-
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(5,497)</u>	<u>4,736</u>
Taxation	6	1,958	(2,793)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION, RETAINED	15	<u><u>(3,539)</u></u>	<u><u>1,943</u></u>

The operating loss 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.

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

Securicor Cash Services Limited

BALANCE SHEET

30 September 1996

	Notes	1996 £'000	1995 £'000
FIXED ASSETS			
Tangible assets	7	29,925	22,220
Investments	8	10,000	10,000
		<u>39,925</u>	<u>32,220</u>
CURRENT ASSETS			
Stocks	9	832	1,526
Debtors	10	31,496	23,158
Cash at bank and in hand		198	64
		<u>32,526</u>	<u>24,748</u>
CREDITORS: Amounts falling due within one year	11	52,239	32,538
NET CURRENT LIABILITIES		<u>(19,713)</u>	<u>(7,790)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		20,212	24,430
CREDITORS: Amounts falling due after more than one year	12	2,856	3,500
		<u>17,356</u>	<u>20,930</u>
CAPITAL AND RESERVES			
Called up share capital	14	16,000	16,000
Profit and loss account	15	1,356	4,930
	16	<u>17,356</u>	<u>20,930</u>

Approved by the board on 10 January 1997
and signed on its behalf by



Director

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.

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.

TURNOVER

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

INVESTMENTS

Investments in subsidiary undertakings are shown, at cost, as fixed asset investments.

Provision is made for any permanent diminution in the value of fixed asset investments.

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 1996

	1996 £'000	1995 £'000
1 OTHER OPERATING EXPENSES (NET)		
Establishment costs	2,056	1,747
Administration expenses (net)	17,793	16,308
	<u>19,849</u>	<u>18,055</u>
2 INTEREST PAYABLE	1996 £'000	1995 £'000
On bank loans, overdrafts and other loans repayable within 5 years:		
Other	2,560	244
	<u></u>	<u></u>
3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1996 £'000	1995 £'000
(Loss)/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	2,188	1,910
Profit/(loss) on disposals		
properties	109	4
other	(73)	6
Operating lease rentals:		
Plant and machinery	1,015	1,039
Land and buildings	3,435	3,454
Auditors' remuneration		
audit	77	73
non audit services	-	11
Exchange losses	160	-
Exceptional item	1,395	-
	<u></u>	<u></u>

The exceptional item relates to the cost of fundamental reorganisations and restructuring of the company.

	1996 No.	1995 No.
4 EMPLOYEES		
The average weekly number of persons (including directors) employed by the company during the year was:		
Management	593	597
Administration	382	342
Operational	5,727	5,837
	<u>6,702</u>	<u>6,776</u>

Securicor Cash Services Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 September 1996

4	EMPLOYEES (<i>continued</i>)	1996 £'000	1995 £'000
	Staff costs for the above persons:		
	Wages and salaries	90,553	86,921
	Social security costs	6,891	6,741
	Other pension costs	4,602	5,226
		<u>102,046</u>	<u>98,888</u>
		1996 £'000	1995 £'000
	DIRECTORS' REMUNERATION		
	Other emoluments (including pension contributions and benefits in kind)	899	778
	The directors' fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:		
		1996 £'000	1995 £'000
	The Chairman	NIL	NIL
	The highest paid director	154	103
	The number of other directors who received emoluments (excluding pension contributions) in the following ranges was:		
		1996 No.	1995 No.
	£0 - £5,000	9	2
	£40,001 - £45,000	1	-
	£45,001 - £50,000	1	2
	£50,001 - £55,000	1	2
	£55,001 - £60,000	2	3
	£60,001 - £65,000	1	1
	£65,001 - £70,000	1	-
	£75,001 - £80,000	1	1
	£85,001 - £90,000	1	1
	£90,001 - £95,000	1	-

5 PENSIONS

The company's share of the costs of the Group's defined benefit pension scheme amounted to £4,602,000 (1995: £5,226,000).

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 1994. 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 plc.

Securicor Cash Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1996

6	TAXATION	1996 £'000	1995 £'000
	Based on the result for the year:		
	UK corporation tax at 33% (1995 - 33%)	(1,958)	2,297
	Underprovision in prior year	-	496
		<u>(1,958)</u>	<u>2,793</u>

7	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 1995	8,980	6,258	5,039	14,543	34,820
	Additions	2,023	328	1,212	6,047	9,610
	Intercompany transfer	-	-	386	726	1,112
	Disposals	(46)	-	(15)	(1,995)	(2,056)
	Translation	-	-	-	(9)	(9)
	30 September 1996	<u>10,957</u>	<u>6,586</u>	<u>6,622</u>	<u>19,312</u>	<u>43,477</u>
	Depreciation					
	1 October 1995	1,208	804	2,518	8,070	12,600
	Charged in the year	151	98	308	1,631	2,188
	Disposals	(13)	-	(15)	(1,882)	(1,910)
	Intercompany transfer	-	-	118	558	676
	Translation	-	-	-	(2)	(2)
	30 September 1996	<u>1,346</u>	<u>902</u>	<u>2,929</u>	<u>8,375</u>	<u>13,552</u>
	Net book value					
	30 September 1996	<u>9,611</u>	<u>5,684</u>	<u>3,693</u>	<u>10,937</u>	<u>29,925</u>
	30 September 1995	<u>7,772</u>	<u>5,454</u>	<u>2,521</u>	<u>6,473</u>	<u>22,220</u>

Securicor Cash Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1996

	1996 £'000	1995 £'000
8 FIXED ASSET INVESTMENT		
Investment in subsidiary at cost	10,000	10,000

The value of this investment, using the equity method of accounting as at 30 September 1996, was £15,772,000 (1995: £9,224,000).

Holding in subsidiary undertaking:

Name of company	Nature of business	Country of registration
Securicor Omega Express Limited	Parcels distribution	England

The company has a 100% interest in the above subsidiary.

The company has relied on the exemption conferred by section 228 of the Companies Act 1985, from the requirement to prepare group accounts as it is itself a subsidiary undertaking of Securicor plc, a company registered in England and Wales.

	1996 £'000	1995 £'000
9 STOCKS		
Finished goods and goods for resale	832	1,526

	1996 £'000	1995 £'000
10 DEBTORS		
Due within one year:		
Trade debtors	24,022	14,533
Amounts due from group undertakings	2,967	3,909
Amounts due from associated undertakings	44	66
Other debtors	1,189	1,368
Prepayments and accrued income	3,274	3,282
	31,496	23,158

Securicor Cash Services Limited
 NOTES TO THE FINANCIAL STATEMENTS
 for the year ended 30 September 1996

	1996 £'000	1995 £'000
11 CREDITORS: Amounts falling due within one year		
Bank loans and overdrafts	-	2,005
Trade creditors	3,842	2,151
Amounts owed to fellow subsidiary undertakings	31,130	16,249
Amounts owed to associated undertakings	12	50
Corporation tax	-	4,739
Other taxation and social security costs	5,167	4,483
Other creditors	688	590
Accruals and deferred income	11,400	2,271
	<u>52,239</u>	<u>32,538</u>

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

	1996 £'000	1995 £'000
12 CREDITORS: Amounts falling due in more than one year		
Amounts owed to fellow subsidiary undertakings	<u>2,856</u>	<u>3,500</u>

Amounts owed to fellow subsidiary undertakings are repayable after one year, are unsecured, and interest free.

13 PROVISION FOR LIABILITIES AND CHARGES

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

	<i>Amount provided</i>		<i>Unprovided liability</i>	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Other timing differences	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>

14 SHARE CAPITAL	1996 £'000	1995 £'000
Authorised, issued and fully paid: 16,000,000 ordinary shares of £1 each	<u>16,000</u>	<u>16,000</u>

The ultimate holding company of Securicor Cash Services Limited is 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.

Securicor Cash Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1996

15	PROFIT AND LOSS ACCOUNT	1996 £'000	1995 £'000
	1 October 1995	4,930	3,054
	(Loss)/profit for the financial year	(3,539)	1,943
	Purchased goodwill written off	(35)	(67)
	30 September 1996	<u>1,356</u>	<u>4,930</u>

The goodwill write off in the year represents consideration paid in connection with the acquisition of trading contracts from Enquiry Data Limited.

16	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1996 £'000	1995 £'000
	(Loss)/profit after taxation	(3,539)	1,943
	Goodwill written off	(35)	(67)
	Net (decrease)/increase in shareholders' funds	<u>(3,574)</u>	<u>1,876</u>
	Opening shareholders' funds	20,930	19,054
	Closing shareholders' funds	<u>17,356</u>	<u>20,930</u>

17	CAPITAL COMMITMENTS	1996 £'000	1995 £'000
	Capital expenditure contracted for but not provided in the financial statements	NIL	5,712

18 COMMITMENTS UNDER OPERATING LEASES

At 30 September 1996 the company had annual commitments under non-cancellable operating leases as follows:

	1996 £'000	1995 £'000
Plant and machinery		
expiring within 1 year	14	-
expiring between 1 and 2 years	13	15
expiring between 2 and 5 years	8	15
Land and buildings		
expiring within 1 year	33	24
expiring between 1 and 2 years	65	258
expiring between 2 and 5 years	643	297
expiring after 5 years	2,596	2,471
	<u>3,372</u>	<u>3,080</u>

Securicor Cash Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1996

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