

Securicor Cash Services Limited

FINANCIAL STATEMENTS

for the year ended

30 September 1998



Securicor Cash Services Limited

DIRECTORS AND OFFICERS

DIRECTORS

HW McKay
DG Cowden
NP Buckles
LK Gateson
ILE Cowden
DS Duncombe
PV David
NC Norton
FC O'Toole
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 1998.

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 result for the year reflects improved margins in each of our products and services but particularly ATM replenishment. Continued focus on reduction of direct labour and other cost saving initiatives are also contributing to our increased profitability.

The use of notes and coins continues to be the main method of retail payment in the United Kingdom and the amount of cash in circulation is increasing year by year in real terms. Estimates of increases in the number of new cash dispensers at supermarkets and other retail outlets in the next five years demonstrate that the ATM market is continuing to grow.

Developments in our operational and billing systems are enabling us to improve our services to the customer.

These factors, the benefits of improved technology and the implementation of additional cash management systems enable us to expect continued improvement in our results.

DIVIDENDS

The directors recommend the payment of a dividend of 18.75p (1997 : 2.744p) per share amounting to £3,000,000 (1997 : £439,000) leaving a profit of £3,099,000 to be transferred to reserves.

DIRECTORS

The directors during the year were as follows:

HW McKay	
LK Gateson	
AI Perkins	(resigned 30 September 1998)
ILE Cowden	
DS Duncombe	
DG Cowden	
FC O'Toole	
NP Buckles	
PV David	
NC Norton	
RG Hawkins	(resigned 2 January 1998)
I Bridges	
AK Niven	
TL Dighton	(appointed 2 January 1998)

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 plc, other than as stated below:

	<i>Securicor plc</i>	
	<i>5p Ordinary shares</i>	
	<i>1998</i>	<i>1997</i>
RG Hawkins	-	4,636
LK Gateson	1,461	1,461
ILE Cowden	4,751	4,751

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
LK Gateson	6,820
ILE Cowden	9,200
DS Duncombe	6,030
FC O'Toole	9,811
NP Buckles	17,830
I Bridges	6,220
AK Niven	9,544
TL Dighton	14,490

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 1998 was 28.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of properties at 30 September 1998 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.

Securicor Cash Services Limited

DIRECTORS' REPORT

YEAR 2000

A centrally managed programme is being undertaken to address the impact on the business of the Year 2000. Many of the company's systems are already compliant and the directors anticipate that the programme will be completed by the end of 1999.

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

11 January 1999

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 15.

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 1998 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

11 January 1999

Securicor Cash Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 1998

	<i>Notes</i>	1998 £'000	1997 £'000
TURNOVER		190,029	174,739
Cost of sales		(162,579)	(150,369)
Gross profit		27,450	24,370
Other operating expenses (net)	1	(14,971)	(18,974)
OPERATING PROFIT		12,479	5,396
Exceptional item	3	-	(670)
Interest payable	2	(3,354)	(3,260)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	9,125	1,466
Taxation	6	(3,026)	561
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		6,099	2,027
Dividends	7	(3,000)	(439)
PROFIT FOR THE YEAR RETAINED	15	3,099	1,588

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.

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

Securicor Cash Services Limited

BALANCE SHEET

30 September 1998

	Notes	1998 £'000	1997 £'000
FIXED ASSETS			
Tangible assets	8	60,854	35,113
CURRENT ASSETS			
Stocks	9	718	777
Debtors	10	25,563	21,799
Cash at bank and in hand		-	204
		26,281	22,780
CREDITORS: Amounts falling due within one year	11	64,197	38,949
NET CURRENT LIABILITIES		(37,916)	(16,169)
TOTAL ASSETS LESS CURRENT LIABILITIES		22,938	18,944
CREDITORS: Amounts falling due after more than one year	12	895	-
		22,043	18,944
CAPITAL AND RESERVES			
Called up share capital	14	16,000	16,000
Profit and loss account	15	6,043	2,944
	16	22,043	18,944

Approved by the board on 11 January 1999
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.

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 1998

	1998 £'000	1997 £'000
1 OTHER OPERATING EXPENSES (NET)		
Establishment costs	1,959	2,411
Administration expenses (net)	13,012	16,563
	<u>14,971</u>	<u>18,974</u>
2 INTEREST PAYABLE	1998 £'000	1997 £'000
On bank loans, overdrafts and other loans repayable within 5 years:		
Other	3,354	3,260
	<u>3,354</u>	<u>3,260</u>
3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1998 £'000	1997 £'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	10,987	3,331
Profit/(loss) on disposals		
properties	-	16
other	26	(10)
Operating lease rentals:		
Plant and machinery	649	1,034
Land and buildings	3,905	4,147
Auditors' remuneration	72	70
Exchange losses	-	(13)
Exceptional item	-	670
	<u>15,639</u>	<u>9,345</u>

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

	1998 No.	1997 No.
4 EMPLOYEES		
The average weekly number of persons (including directors) employed by the company during the year was:		
Management and administration	930	918
Operational	6,024	6,050
	<u>6,954</u>	<u>6,968</u>

Securicor Cash Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1998

	1998	1997
	£'000	£'000
4 EMPLOYEES (<i>continued</i>)		
Staff costs for the above persons:		
Wages and salaries	97,749	95,245
Social security costs	8,230	7,788
Other pension costs	3,730	3,842
	<u>109,709</u>	<u>106,875</u>

	1998	1997
	£'000	£'000
DIRECTORS' REMUNERATION		
Other emoluments (including pension contributions and benefits in kind)	929	1,148

The directors' fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:

	1998	1997
	£'000	£'000
The highest paid director	162	172
The highest paid director		
Accrued pension entitlement	62	27

5 PENSIONS

The company's share of the costs of the Group's defined benefit pension scheme amounted to £3,730,000 (1997: £3,842,000).

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 plc.

	1998	1997
	£'000	£'000
6 TAXATION		
Based on the result for the year:		
UK corporation tax at 31% (1997 - 33%)	3,026	(561)

	1998	1997
	£'000	£'000
7 DIVIDENDS		
Ordinary		
Final paid 18.75 p per share (1997: 2.744p per share)	3,000	439

Securicor Cash Services Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1998

8	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 1997	12,386	6,959	7,303	23,451	50,099
	Transfers between categories	(29)	14	14	1	-
	Additions	619	1,088	1,174	10,479	13,360
	Intercompany transfer	-	-	723	54,458	55,181
	Disposals	-	-	(240)	(7,716)	(7,956)
	30 September 1998	12,976	8,061	8,974	80,673	110,684
	Depreciation					
	1 October 1997	1,532	1,009	3,356	9,089	14,986
	Charged in the year	223	116	453	10,195	10,987
	Disposals	-	-	(195)	(6,806)	(7,001)
	Intercompany transfer	-	-	421	30,437	30,858
	30 September 1998	1,755	1,125	4,035	42,915	49,830
	Net book value					
	30 September 1998	11,221	6,936	4,939	37,758	60,854
	30 September 1997	10,854	5,950	3,947	14,362	35,113

		1998 £'000	1997 £'000
9	STOCKS		
	Finished goods and goods for resale	718	777
		1998 £'000	1997 £'000
10	DEBTORS		
	Due within one year:		
	Trade debtors	22,244	15,796
	Amounts due from group undertakings	1,084	2,468
	Amounts due from associated undertakings	-	198
	Other debtors	461	795
	Prepayments and accrued income	1,774	2,542
		25,563	21,799

Securicor Cash Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1998

	1998 £'000	1997 £'000
11 CREDITORS: Amounts falling due within one year		
Bank loans and overdrafts	3,137	3,070
Trade creditors	4,764	2,141
Amounts owed to fellow subsidiary undertakings	42,586	21,971
Amounts owed to associated undertakings	1	7
Corporation tax	323	-
Other taxation and social security costs	4,661	5,276
Other creditors	3,050	1,179
Accruals and deferred income	5,675	5,305
	<u>64,197</u>	<u>38,949</u>

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

	1998 £'000	1997 £'000
12 CREDITORS: Amounts falling due in more than one year		
Corporation tax	895	-
	<u>895</u>	<u>-</u>

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>	
	1998 £'000	1997 £'000	1998 £'000	1997 £'000
Accelerated Capital Allowances	-	-	3,117	400
Other timing differences	-	-	-	96
	<u>NIL</u>	<u>NIL</u>	<u>3,117</u>	<u>496</u>

	1998 £'000	1997 £'000
14 SHARE CAPITAL		
Authorised, issued and fully paid: 16,000,000 ordinary shares of £1 each	16,000	16,000
	<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 1998

15	PROFIT AND LOSS ACCOUNT	1998 £'000	1997 £'000
	1 October 1997	2,944	1,356
	Profit for the financial year	3,099	1,588
	30 September 1998	<u>6,043</u>	<u>2,944</u>
16	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	1998 £'000	1997 £'000
	Profit after taxation	6,099	2,027
	Dividends	(3,000)	(439)
	Net increase/(decrease) in shareholders' funds	<u>3,099</u>	<u>1,588</u>
	Opening shareholders' funds	18,944	17,356
	Closing shareholders' funds	<u>22,043</u>	<u>18,944</u>
17	CAPITAL COMMITMENTS	1998 £'000	1997 £'000
	Capital expenditure contracted for but not provided in the financial statements	<u>17,410</u>	<u>24,155</u>
18	COMMITMENTS UNDER OPERATING LEASES		
	At 30 September 1998 the company had annual commitments under non-cancellable operating leases as follows:		
		1998 £'000	1997 £'000
	Land and buildings		
	expiring within 1 year	43	76
	expiring between 1 and 2 years	178	50
	expiring between 2 and 5 years	508	666
	expiring after 5 years	2,365	2,525
		<u>3,094</u>	<u>3,317</u>

Securicor Cash Services Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 September 1998

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.

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.