

SECURICOR CUSTODIAL SERVICES LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 1995

Company No. 390328

Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST



KLO *KZHEONPE* 887
COMPANIES HOUSE 31/07/96

COMPANIES HOUSE 20/07/96

DIRECTORS AND OFFICERS

DIRECTORS

HW McKay
D Winter
RF Powell
AI Perkins
ILE Cowden
PM Stansfield
MWH Branch
DJ Beaton
RJ Teal
R Hawkins

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

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activities of the company are those of court guarding and prisoner escort services.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The directors are pleased to report the award of a major design, build, finance, manage prison contract at Bridgend, South Wales, under the Government's Private Finance Initiative. The results reflect the continued development of the operational phases of the Metropolitan Court Escort Contract and the Electronic Monitoring Trial.

The directors consider that future results will continue to be profitable.

RESULTS AND DIVIDENDS

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

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors have held office during the year commencing 1 October 1994:-

HW McKay
D Winter
RF Powell
AI Perkins
ILE Cowden
RJ Teal
MWH Branch
DJ Beaton
PM Stansfield
R Hawkins (appointed 31 July 1995)

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

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

	Securicor Group Plc				Security Services Plc	
	'A' Ordinary		Ordinary		Ordinary	
	Shares	Shares	Shares	Shares	Stock Units	Stock Units
	1995	1994	1995	1994	1995	1994
D Winter	5,000	2,000	-	-	1,000	1,000
RJ Teal	9,050	6,253	-	-	2,937	2,937
AI Perkins	250	250	-	-	-	-
ILE Cowden	-	-	18	-	-	-
R Hawkins	1,209	-	-	-	-	-

DIRECTORS' REPORT

FIXED ASSETS

The movements in fixed assets during the year are disclosed in note 5 to the financial statements.

EMPLOYEE INVOLVEMENT

The company keeps employees informed on a regular basis of current activities, progress and general matters of interest by various methods, including:

- a) the holding of regular regional and branch meetings within the Staff Association;
- b) the circulation on an individual basis of an annual report to employees and of the group's regular monthly in-house newsletter, 'Securicor News', and the company's in house newsletter, 'Cuffs and Stuff'.

Disabled persons

The group's policy and practice is to encourage the recruitment and subsequent training, career development and promotion of disabled persons according to 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.

Approved by the Board on
and signed on its behalf by



AP MUNSON
Secretary

2 January 1996

SECURICOR CUSTODIAL SERVICES LIMITED

Statement of directors' responsibilities in respect
of the preparation of financial statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE MEMBERS OF SECURICOR CUSTODIAL SERVICES LIMITED

We have audited the financial statements on pages 6 to 13.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

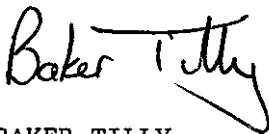
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30 September 1995 and of its 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

2 January 1996

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 1995

	Notes	1995	1994
TURNOVER	2	14,908,560	1,434,667
Cost of sales		11,253,220	1,104,893
Gross profit		<u>3,655,340</u>	<u>329,774</u>
Administration expenses		3,175,539	890,626
OPERATING PROFIT/(LOSS)		<u>479,801</u>	<u>(560,852)</u>
Interest payable	1	60,539	6,477
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	<u>419,262</u>	<u>(567,329)</u>
Taxation	4	145,325	(386,367)
PROFIT/(LOSS) RETAINED FOR THE YEAR	12	<u>£ 273,937</u>	<u>£(180,962)</u>

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

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

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

The results stated above represent the company's historic cost result for the year.

BALANCE SHEET
30 September 1995

	Notes	1995	1994
FIXED ASSETS			
Tangible assets	5	31,886	22,366
CURRENT ASSETS			
Stock	6	27,465	9,950
Debtors	7	6,886,415	3,071,434
Cash at bank and in hand		503,395	801
		<u>7,417,275</u>	<u>3,082,185</u>
CREDITORS			
Amounts falling due within one year	8	2,965,980	771,685
NET CURRENT ASSETS		<u>4,451,295</u>	<u>2,310,500</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		4,483,181	2,332,866
CREDITORS			
Amounts falling due after more than one year	9	(3,821,129)	(1,944,751)
		<u>£ 662,052</u>	<u>£ 388,115</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,500,000	1,500,000
Profit and loss account	12	(837,948)	(1,111,885)
		<u>£ 662,052</u>	<u>£ 388,115</u>

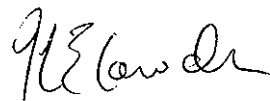
Debtors and Net Current assets include amounts recoverable in more than one year of £4,508,314 (1994: £2,345,745).

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

Director



Director



ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Fixtures, fittings and equipment	over 5 years
----------------------------------	--------------

TURNOVER

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

STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost represents expenditure incurred in the ordinary course of business to bring stock to its present location and condition. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

DEFERRED TAXATION

- Taxation deferred or accelerated by the effect of timing differences is accounted for on the liability method, to the extent that it is probable that a liability will crystallise.

LEASING

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 schemes.

The costs of providing pensions for employees are charged in the profit and loss account over the average working life of employees in accordance with the recommendations of qualified actuaries. Any funding surplus or deficit which may arise from time to time is amortised over the remaining average working life of employees.

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

	1995	1994
1. INTEREST PAYABLE		
On bank loans, overdrafts and other loans wholly repayable within 5 years	£ 60,539	£ 6,477
	<u> </u>	<u> </u>
2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit/(loss) on ordinary activities before taxation is stated after charging:		
Depreciation and amounts written off tangible fixed assets:		
- owned assets	6,065	3,085
Auditors' remuneration	12,600	8,500
Operating lease rentals:		
- land and buildings	347,000	-
- motor vehicles	89,000	-
	<u> </u>	<u> </u>
Turnover derived from the company's principal activity and all sales were made in the United Kingdom.		
	1995	1994
3. EMPLOYEES		
The average weekly number of persons (including directors) employed by the company during the year was:	No.	No.
Office and management	80	15
Operational	727	150
	<u> </u>	<u> </u>
	807	165
	<u> </u>	<u> </u>
Staff costs for the above persons:		
Wages and salaries	9,535,556	1,082,429
Social security costs	933,736	115,400
Other pension costs	67,767	25,302
	<u> </u>	<u> </u>
	£ 10,537,059	£ 1,223,131
	<u> </u>	<u> </u>

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

DIRECTORS' REMUNERATION	1995	1994
Directors' emoluments (including pension contributions and benefits in kind)	£ 184,350	£ 58,303
The directors' fees and other emoluments disclosed above (excluding pension contributions) includes amounts paid to:		
The chairman	£ NIL	£ NIL
The highest paid director	£ 71,655	£ 52,984
The number of other directors who received emoluments (excluding pension contributions) in the following ranges was:	No.	No.
£0 - £5,000	6	7
£45,001 - £50,000	1	-
£50,001 - £55,000	1	-
	8	7
	-	-
4. TAXATION		
Based on the result for the year:		
UK Corporation tax at 33% (1994: 33%)	145,037	(173,910)
Under/(over)provision in respect of prior years	288	(212,457)
	£ 145,325	£(386,367)
5. TANGIBLE FIXED ASSETS		Fixtures, fittings and Equipment
Cost:		
1 October 1994		26,313
Additions		15,585
30 September 1995		41,898
Depreciation:		
1 October 1994		3,947
Charged in the year		6,065
30 September 1995		10,012
Net book value:		
30 September 1995		£ 31,886
30 September 1994		£ 22,366

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

	1995	1994
6. STOCK		
Raw materials and consumables	£ 27,465	£ 9,950
	<u> </u>	<u> </u>
7. DEBTORS		
Due within one year:		
Trade debtors	559,191	168,573
Other debtors	4,917	2,251
Amounts owed by group undertakings	-	176,268
Prepayments and accrued income	1,813,993	378,597
	<u>2,378,101</u>	<u>725,689</u>
Due in more than one year:		
Prepayments and accrued income	4,508,314	2,345,745
	<u>£ 6,886,415</u>	<u>£ 3,071,434</u>
8. CREDITORS		
Amounts falling due within one year:		
Bank overdraft	-	76,752
Amounts owed to group undertakings	1,164,020	147,107
Amounts owed to associated undertakings	780	4,615
Trade creditors	171,739	130,933
Other taxation and social security costs	950,382	305,822
Corporation tax	145,325	-
Other creditors	62,957	5,065
Accruals and deferred income	470,777	101,391
	<u>£ 2,965,980</u>	<u>£ 771,685</u>
9. CREDITORS		
Amounts falling due after one year:		
Amounts owed to parent undertaking	£ 3,821,129	£ 1,944,751
	<u> </u>	<u> </u>

The amount of £3,821,129 represents a loan from Security Services Plc, which is repayable after one year and of which £1,000,000 is non interest bearing.

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

10. PROVISION FOR LIABILITIES
AND CHARGES

The provision for deferred taxation calculated on the liability method is set out below:

	1995		1994	
	Full potential liability	Amount provided	Full potential liability	Amount provided
Differences between accumulated depreciation and capital allowances	£ 2,255	£ -	£ 1,500	£ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

11. SHARE CAPITAL

Authorised:

20,000,000 ordinary shares of £1 each	£20,000,000	£20,000,000
---------------------------------------	-------------	-------------

Allotted, issued and fully paid:

1,500,000 ordinary shares of £1 each	£1,500,000	£1,500,000
--------------------------------------	------------	------------

12. PROFIT AND LOSS ACCOUNT

1 October 1994	(1,111,885)	(930,923)
Retained profit/(loss) for the year	273,937	(180,962)
30 September 1995	£(837,948)	£(1,111,885)

The above represents the only movement in shareholders' funds in the year.

13. PARENT UNDERTAKING

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

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

	Land and Buildings	
	1995	1994
14. COMMITMENTS UNDER OPERATING LEASES		
At 30 September 1995 the company had annual commitments under non-cancellable operating leases as follows:		
Within one year	100,200	-
Expiring between 2 and 5 years	240,000	84,000
Expiring after 5 years	110,880	110,880
	<u>£ 451,080</u>	<u>£ 194,880</u>

15. CONTINGENT LIABILITIES

- a) The company is included in a Group Registration for VAT purposes and is therefore jointly and severally liable for all other group companies' unpaid debts in this connection.
- b) The company, together with certain other group companies, is jointly and severally liable under the terms of the guarantee provided in respect of a revolving credit loan facility granted to Security Services plc.