

**GROUP 4 SECURITAS PROPERTIES LIMITED
AND SUBSIDIARY UNDERTAKINGS
(REGISTERED NUMBER 2382336)**

DIRECTORS' REPORT AND ACCOUNTS

31 December 1995



GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

The directors submit their report and the audited accounts of the group for the year ended 31 December 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Group 4 Securitas Properties Limited is a holding company. During the year ended 31 December 1995 the company changed its name from Group 4 Securitas Limited to Group 4 Securitas Properties Limited. The principal activity of the company's subsidiary continues to be the provision of properties for rental.

The results for the year are set out in the profit and loss account on page 4.

DIVIDENDS AND TRANSFERS TO RESERVES

No dividend is proposed. The amount transferred to reserves is set out in the profit and loss account on page 4.

FIXED ASSETS

Changes in tangible fixed assets are set out in note 7.

DIRECTORS

The directors of the company during the year ended 31 December 1995 were:

NJ Philip-Sorensen
GR Gibson
TP Green

DIRECTORS' INTEREST IN SHARES

The directors have no interests in the share capital of the company according to the register maintained by the company under Section 325 of the Companies Act 1985.

AUDITORS

The auditors, Price Waterhouse, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (CONTINUED)

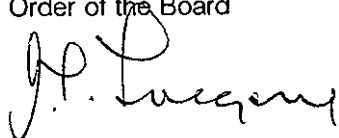
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 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.

By Order of the Board



WG GREGORY
Secretary

29 March 1996

Price Waterhouse



AUDITORS' REPORT TO THE SHAREHOLDERS OF GROUP 4 SECURITAS PROPERTIES LIMITED

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 2 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 mis-statement, 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 affairs of the company and the group as at 31 December 1995 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

29 March 1996

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED PROFIT AND LOSS ACCOUNT YEAR ENDED 31 DECEMBER 1995

	Notes	1995 £'000	1994 £'000
TURNOVER	2		
Continuing operations		1,783	1,564
Discontinued operations		<u>-</u>	<u>290</u>
		1,783	1,854
Cost of sales		<u>(1,136)</u>	<u>(1,247)</u>
GROSS PROFIT		647	607
Administrative expenses		<u>(64)</u>	<u>(186)</u>
OPERATING PROFIT	4		
Continuing operations		583	477
Discontinued operations		<u>-</u>	<u>(56)</u>
		583	421
Profit on disposal of investment		-	285
Interest payable and similar charges	5	<u>(515)</u>	<u>(390)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		68	316
Taxation on profit on ordinary activities	6	<u>-</u>	<u>-</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR	14	<u>68</u>	<u>316</u>

The movements on reserves are shown in note 14 to the financial statements.

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

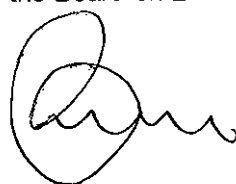
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
FIXED ASSETS			
Tangible assets	7	7,923	7,485
		—	—
CURRENT ASSETS			
Debtors	9	1,968	1,999
		—	—
CREDITORS (amounts falling due within one year)	10	(5,628)	(5,114)
NET CURRENT LIABILITIES		(3,660)	(3,115)
		—	—
TOTAL ASSETS LESS CURRENT LIABILITIES		4,263	4,370
CREDITORS (amounts falling due after more than one year)	11	(2,915)	(3,090)
		1,348	1,280
		—	—
EQUITY CAPITAL AND RESERVES			
Called up share capital	13	2,299	2,299
Revaluation reserve	14	1,230	1,255
Profit and loss account	14	(2,181)	(2,274)
		1,348	1,280
		—	—

Approved by the Board on 29 March 1996

DIRECTOR

TP Green



GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

COMPANY BALANCE SHEET AT 31 DECEMBER 1995

	<u>Notes</u>	<u>1995</u> £'000	<u>1994</u> £'000
FIXED ASSETS			
Investments	8	639	639
		<u> </u>	<u> </u>
CURRENT ASSETS			
Debtors	9	1,732	1,732
CREDITORS (amounts falling due within one year)	10	<u>(90)</u>	<u>(90)</u>
NET CURRENT ASSETS		1,642	1,642
		<u> </u>	<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,281	2,281
		<u> </u>	<u> </u>
EQUITY CAPITAL AND RESERVES			
Called up share capital	13	2,299	2,299
Profit and loss account	14	<u>(18)</u>	<u>(18)</u>
		2,281	2,281
		<u> </u>	<u> </u>

Approved by the Board of Directors on 29 March 1996

DIRECTOR

TP Green

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1995

	Note	1995 £'000	1994 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	(i)	695	502
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		<u>(515)</u>	<u>(390)</u>
NET CASH INFLOW BEFORE INVESTING ACTIVITIES		180	112
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(629)	(1,991)
Sale of subsidiary undertaking		<u>-</u>	<u>(44)</u>
		<u>(629)</u>	<u>(2,035)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		(449)	(1,923)
FINANCING			
Long term loan advanced		-	3,500
Long term loan repayments	(ii)	(175)	(176)
Hire purchase repayments		-	(30)
Intergroup repayments		-	(1,534)
Intergroup advances	(ii)	<u>730</u>	<u>-</u>
		<u>555</u>	<u>1,760</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(iii)	<u>106</u>	<u>(163)</u>

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1995

(i) Reconciliation of operating profit to net cash inflow from operating activities:

	<u>1995</u> £'000	<u>1994</u> £'000
Operating profit	583	421
Depreciation	191	189
Working capital movements:		
Debtors	31	(1,850)
Creditors	<u>(110)</u>	<u>1,742</u>
	695	502
	<u> </u>	<u> </u>

(ii) Analysis of movements in financing during the year

	<u>Bank loan</u> £'000	<u>Share capital</u> £'000	<u>Intergroup balances</u> £'000
At 31 December 1994	3,324	2,299	2,789
Advanced	-	-	730
Repayments	<u>(175)</u>	<u>-</u>	<u>-</u>
At 31 December 1995	3,149	2,299	3,519
	<u> </u>	<u> </u>	<u> </u>

(iii) Analysis of movements in cash and cash equivalents during the year

	<u>1995</u> £'000	<u>Movement</u> £'000	<u>1994</u> £'000
Bank overdraft	<u>(9)</u>	<u>106</u>	<u>(115)</u>
	(9)	106	(115)
	<u> </u>	<u> </u>	<u> </u>

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>1995</u> £'000	<u>1994</u> £'000
RETAINED PROFIT FOR THE FINANCIAL YEAR	68	316
Unrealised surplus on property revaluation	—	<u>934</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>68</u>	<u>1,250</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

	<u>1995</u> £'000	<u>1994</u> £'000
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	68	316
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>4</u>	<u>29</u>
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>72</u>	<u>345</u>
HISTORICAL COST PROFIT FOR THE YEAR AFTER TAXATION	<u>72</u>	<u>345</u>

MOVEMENT IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 1995

	<u>1995</u> £'000	<u>1994</u> £'000
RETAINED PROFIT FOR THE FINANCIAL YEAR	68	316
OTHER RECOGNISED GAINS RELATING TO THE YEAR		
Unrealised surplus on property revaluation	—	<u>934</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	68	1,250
OPENING SHAREHOLDERS' FUNDS	<u>1,280</u>	<u>30</u>
CLOSING SHAREHOLDERS' FUNDS	<u>1,348</u>	<u>1,280</u>

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995

1 ACCOUNTING POLICIES

(1) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include the revaluation of certain land and buildings, and in accordance with applicable UK accounting and financial reporting standards.

(2) Basis of consolidation

The consolidated financial statements include the financial statements of the parent undertaking and its subsidiary undertaking for the year.

The results of subsidiary undertakings acquired or disposed of during the year are included from the effective date of acquisition or to the date of disposal. The acquisition method of accounting has been applied to all acquisitions during the year. Goodwill, including goodwill arising on the acquisition of subsidiary undertakings, being the excess of the purchase price over the fair values of the net assets at the date of acquisition, is taken directly to reserves.

(3) Turnover

Turnover represents the value of work done and services rendered, excluding intra-group transactions and sales related taxes.

(4) Income from property

Income from property disposals is recognised when contracts are exchanged.

(5) Pensions

The cost of providing retirement pensions and related benefits is charged against profits over the periods which benefit from the employees' services.

(6) Deferred taxation

Provision is made under the liability method only in respect of those timing differences which are expected to become payable in the foreseeable future.

(7) Depreciation

Freehold land is not depreciated. Depreciation is calculated so as to write off the cost or valuation less estimated residual value of other fixed tangible assets by the straight line method over the period of their useful lives, as follows:

Freehold buildings and long leasehold property	1-5% per annum
Short leasehold property	Period of lease
Plant, equipment and vehicles	8-50% per annum

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

1 ACCOUNTING POLICIES (CONTINUED)

(8) Leased assets

Assets acquired under hire purchase and finance leasing contracts are recorded in the balance sheet as fixed tangible assets at their equivalent capital value and are depreciated over the useful life of the asset. The corresponding liability is recorded as a finance lease creditor and the interest element of the finance charge is charged against profits over the primary lease period. Payments under operating leases are charged against profits in the year the payments are made.

(9) Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange at the balance sheet date. Exchange differences arising on translation are taken directly to reserves. Exchange differences arising on trading transactions are included in the profit and loss account.

(10) Fixed asset investments

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

2 TURNOVER

Turnover is derived solely from activities which originate and are destined for sale in the United Kingdom.

3 EMPLOYEES

	<u>1995</u> £'000	<u>1994</u> £'000
Staff costs:		
Wages and salaries	143	219
Social security costs	19	24
Other pension costs	<u>8</u>	<u>13</u>
	170	256
	<u>==</u>	<u>==</u>
Average number of employees:		
Direct	14	20
Indirect and administration	<u>-</u>	<u>2</u>
	14	22
	<u>==</u>	<u>==</u>

The directors received no remuneration for their services to the company during the year (1994 - £Nil).

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

4 OPERATING PROFIT

	<u>1995</u> £'000	<u>1994</u> £'000
This is stated after charging:		
Depreciation of tangible fixed assets	191	189
Operating lease rentals:		
Land and buildings	90	90
Plant and machinery	2	2
Auditors' remuneration for audit services	5	5
Auditors' remuneration for other services	5	5
	<u> </u>	<u> </u>

5 INTEREST PAYABLE

	<u>1995</u> £'000	<u>1994</u> £'000
Third parties on short-term borrowings	299	243
Group undertakings	<u>216</u>	<u>147</u>
	515	390
	<u> </u>	<u> </u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

The group has tax losses carried forward of approximately £912,000 (1994 - £877,000) available for offset against future trading profits.

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

7 TANGIBLE FIXED ASSETS

GROUP	Freehold land £'000	Long leasehold property £'000	Short leasehold property £'000	Vehicles and equipment £'000	Total £'000
<u>Cost or valuation</u>					
At 31 December 1994	8,029	69	35	555	8,688
Additions	<u>556</u>	<u>-</u>	<u>12</u>	<u>61</u>	<u>629</u>
At 31 December 1995	8,585	69	47	616	9,317
<u>Depreciation</u>					
At 31 December 1994	983	6	15	199	1,203
Charge for the year	<u>152</u>	<u>1</u>	<u>3</u>	<u>35</u>	<u>191</u>
At 31 December 1995	1,135	7	18	234	1,394
<u>Net book amount</u>					
At 31 December 1995	7,450	62	29	382	7,923
At 31 December 1994	7,046	63	20	356	7,485

The cost or valuation of properties at 31 December 1995 are analysed as:

	Freehold property £'000	Long leasehold £'000	Short leasehold £'000
Cost	5,074	69	47
1984 valuation	1,300	-	-
1988 valuation	111	-	-
1994 valuation	<u>2,100</u>	<u>-</u>	<u>-</u>
	8,585	69	47

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

7 TANGIBLE FIXED ASSETS (CONTINUED)

If the properties were stated at historic cost only, the amounts for the total of freehold properties would be:

	<u>1995</u> £'000	<u>1994</u> £'000
Cost	7,685	7,129
Depreciation	<u>(556)</u>	<u>(408)</u>
Historic cost net book amount	<u>7,129</u>	<u>6,721</u>

8 FIXED ASSETS - INVESTMENTS

	<u>Group</u>		<u>Company</u>
	<u>Other</u> £'000	<u>Subsidiary</u> <u>undertakings</u> £'000	<u>Other</u> £'000
<u>Cost</u>			<u>Total</u> £'000
At 31 December 1994 and 1995	-	639	-
	<u>=</u>	<u>=</u>	<u>=</u>

The company holds 40% of the ordinary share capital and 100% of the preference share capital of After Design Limited, a company registered in England. This investment is shown at a value of £Nil (1994 - £Nil).

The company owns the whole of the issued £1 ordinary share capital of the following company registered in England:

	<u>Activity</u>
Securitas Properties Limited	Property services

In the opinion of the directors, the value of investments in subsidiary undertakings is not less than the aggregate amounts at which they are stated in the accounts.

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

9 DEBTORS

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Amounts due within one year:				
Trade debtors	-	3	-	-
Amounts owed by group undertakings	1,720	1,700	1,732	1,732
Other debtors	205	170	-	-
Prepayments and accrued income	43	126	-	-
	1,968	1,999	1,732	1,732

10 CREDITORS

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Bank overdraft	9	115	-	-
Bank loan	234	234	-	-
Trade creditors	51	158	-	-
Amounts owed to group undertakings	3,519	2,789	90	90
Other taxation and social security	53	-	-	-
Other creditors	2	210	-	-
Accruals and deferred income	1,760	1,608	-	-
	5,628	5,114	90	90

11 CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1995	1994	1995	1994
	£'000	£'000	£'000	£'000
Bank loan	2,915	3,090	-	-

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

11 CREDITORS FALLING DUE AFTER MORE THAN ONE YEAR (CONTINUED)

The bank loan is secured by a legal mortgage over certain of the company's freehold property and is repayable by instalments as follows:

	<u>1995</u> £'000	<u>1994</u> £'000
Between one and two years	234	234
Between two and five years	702	702
After five years	<u>1,979</u>	<u>2,154</u>
	<u>2,915</u>	<u>3,090</u>

Instalments of £58,500 are payable quarterly in arrears at an interest rate of bank base rate plus 1.25%.

12 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax provided in the accounts and the full potential liability, calculated at 33% (1994 - 33%), are as follows:

	<u>Provision</u>		<u>Full potential</u>	
	<u>1995</u> £'000	<u>1994</u> £'000	<u>1995</u> £'000	<u>1994</u> £'000
Accelerated capital allowances	301	193	325	193
Losses available for offset (restricted)	(301)	(186)	(301)	(186)
Other timing differences	<u>-</u>	<u>(7)</u>	<u>-</u>	<u>(7)</u>
	-	-	24	-
	<u>==</u>	<u>==</u>	<u>==</u>	<u>==</u>

13 SHARE CAPITAL

	<u>1995</u> £'000	<u>1994</u> £'000
Authorised:		
Ordinary shares of £1 each	2,299	2,299
	<u>==</u>	<u>==</u>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	2,299	2,299
	<u>==</u>	<u>==</u>

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

14 RESERVES

GROUP	Revaluation <u>reserve</u> £'000	Profit and loss <u>account</u> £'000
At 31 December 1994	1,255	(2,274)
Retained profit for the year	-	68
Transfer	<u>(25)</u>	<u>25</u>
At 31 December 1995	<u>1,230</u>	<u>(2,181)</u>

Total cumulative goodwill written off to profit and loss account reserves at 31 December 1995 amounts to £367,000 (1994 - £367,000).

COMPANY	Profit and loss <u>account</u> £'000
At 31 December 1994	(18)
Retained profit for the year	-
At 31 December 1995	<u>(18)</u>

15 PENSION ARRANGEMENTS

The company and its subsidiary are members of a group defined benefit pension scheme which is operated in the United Kingdom. Contributions are made in accordance with the recommendations of the actuary, at the rate of 12% per annum of pensionable salary, of which the company pays 7½%.

The latest valuation was made by a qualified actuary as at 6 April 1994. At that date, the market value of the scheme's assets amounted to some 108% of the actuarial value of the benefits that had accrued to members, after allowing for expected future increases in earnings. This surplus has been recognised as an asset in the accounts of Group 4 Total Security Limited, and will be amortised over the estimated average remaining service lives of employees. The main long-term actuarial assumptions were that the annual rate of return on investments would exceed annual increases in earnings at a rate of 2% per annum, and that pension payments would increase at a rate of 3% per annum.

The total pension cost charged in the profit and loss account for the year ended 31 December 1995 for this scheme was £8,000 (1994 - £13,000). The next actuarial valuation is due as at 6 April 1997.

GROUP 4 SECURITAS PROPERTIES LIMITED AND SUBSIDIARY UNDERTAKINGS

NOTES TO THE ACCOUNTS - 31 DECEMBER 1995 (CONTINUED)

16 OBLIGATIONS UNDER LEASES

The group has entered into operating leases and has annual commitments under leases expiring as follows:

	<u>1995</u>		<u>1994</u>	
	<u>Land and buildings</u>	<u>Other</u>	<u>Land and buildings</u>	<u>Other</u>
	£'000	£'000	£'000	£'000
Within one year	-	-	-	-
Between one and five years	90	2	-	2
After five years	-	-	90	-
	90	2	90	2
	=	=	=	=

17 CAPITAL COMMITMENTS

	<u>1995</u>	<u>1994</u>
	£'000	£'000
Capital expenditure contracted but not provided for	-	247
	=	=

18 PARENT UNDERTAKING

The company is a wholly owned subsidiary of Secom Investments NV, a private company incorporated in the Netherlands Antilles.