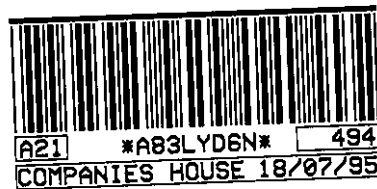


SECURICOR CUSTODIAL SERVICES LIMITED

FINANCIAL STATEMENTS

30 SEPTEMBER 1994

Company No. 390328



Baker Tilly
Chartered Accountants
2 Bloomsbury Street
London WC1B 3ST

DIRECTORS AND OFFICERS

DIRECTORS

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

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 1994.

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 announce that the court escort and custody service contract in the Metropolitan district has now commenced and that costs are in line with expectations.

The directors consider that future results will be of an improved nature and continue to seek new opportunities in associated markets.

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 1993:-

HW McKay	
AI Perkins	
D Winter	
ILE Cowden	
RF Powell	
RJ Teal	
MWH Branch	(appointed 10 August 1994)
DJ Beaton	(appointed 10 August 1994)
PM Stansfield	(appointed 12 September 1994)

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 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			
	Shares	Shares	Shares	Stock Units		
	1994	1993	1994	1993		
D Winter	2,000	2,500	-	-	1,000	1,000
RJ Teal	6,253	6,253	-	-	2,937	-
AI Perkins	250	-	-	-	-	-

DIRECTORS' REPORT

SHARE CAPITAL

On 15 April 1994 the authorised share capital of the company was increased, by way of ordinary resolution, to £20,000,000 by the creation of a further 19,900,000 ordinary shares of £1 each ranking pari passu with the existing ordinary shares of the company.

On the same day, a further 1,497,250 £1 ordinary shares were issued at par in order to provide further working capital for the company.

FIXED ASSETS

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

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

Approved by the Board on 24 February 1995
and signed on its behalf by



AP MUNSON
Secretary

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 1994 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

24 February 1995

PROFIT AND LOSS ACCOUNT
for the year ended 30 September 1994

	Notes	1994	1993
TURNOVER		1,434,667	-
Cost of sales		1,104,893	-
Gross profit		<u>329,774</u>	<u>-</u>
Other operating expenses	1	890,626	645,077
OPERATING LOSS		(560,852)	(645,077)
Interest payable		<u>6,477</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(567,329)	(645,077)
Taxation	4	(386,367)	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION, RETAINED	12	<u>£(180,962)</u>	<u>£(645,077)</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 represent the company's historic cost results for the year.

BALANCE SHEET
30 September 1994

	Notes	1994	1993
FIXED ASSETS			
Tangible assets	5	22,366	8,204
		<u> </u>	<u> </u>
CURRENT ASSETS			
Stock	6	9,950	-
Debtors	7	3,071,434	235,750
Cash in hand		801	-
		<u>3,082,185</u>	<u>235,750</u>
CREDITORS			
Amounts falling due within one year	8	771,685	939,127
		<u> </u>	<u> </u>
NET CURRENT ASSETS/(LIABILITIES)		<u>2,310,500</u>	<u>(703,377)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,332,866</u>	<u>(695,173)</u>
CREDITORS			
Amounts falling due after more than one year	9	(1,944,751)	(233,000)
		<u>£ 388,115</u>	<u>£(928,173)</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,500,000	2,750
Profit and loss account	12	(1,111,885)	(930,923)
		<u>£ 388,115</u>	<u>£(928,173)</u>

Debtors and Net Current assets include amounts recoverable after one year of £2,345,745 (1993: £Nil).

Approved by the board on 24 February 1995 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:-

Office equipment	over 5 years
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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 1994

	1994	1993
1. OTHER OPERATING EXPENSES		
Administration expenses	£ 890,626	£ 645,077
	<u> </u>	<u> </u>
2. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		
Loss on ordinary activities before taxation is stated after charging: Depreciation and amounts written off tangible fixed assets:		
- owned assets	3,085	1,274
Auditors' remuneration	8,500	2,350
	<u> </u>	<u> </u>
3. EMPLOYEES		
The average weekly number of persons (including directors) employed by the company during the year was:	No.	No.
Office and management	15	15
Operational	150	-
	<u> </u>	<u> </u>
	165	15
	<u> </u>	<u> </u>
Staff costs for the above persons:		
Wages and salaries	1,082,429	207,814
Social security costs	115,400	9,445
Other pension costs	25,302	12,366
	<u> </u>	<u> </u>
	£ 1,223,131	£ 229,625
	<u> </u>	<u> </u>
DIRECTORS' REMUNERATION		
Directors' emoluments (including pension contributions and benefits in kind)	£ 58,303	£ 54,961
	<u> </u>	<u> </u>
The directors' fees and other emoluments disclosed above (excluding pension contributions) includes amounts paid to:		
The chairman	£ NIL	£ NIL
	<u> </u>	<u> </u>
The highest paid director	£ 52,984	£ 49,937
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1994

	1994	1993
	No.	No.
The number of other directors who received emoluments (excluding pension contributions) in the following ranges was:		
£0 - £5,000	7	4
	-	-
4. TAXATION		
Based on the result for the year:		
UK Corporation tax at 33% (1993: 33%)	(173,910)	-
Underprovision in prior year	(212,457)	-
	<u>£(386,367)</u>	<u>£ -</u>
		-
5. TANGIBLE FIXED ASSETS		
		Fixtures, fittings and Equipment
Cost:		
1 October 1993		9,889
Transfers from fellow subsidiary		11,340
Additions		5,907
Transfer to fellow subsidiary		(823)
		<u>26,313</u>
30 September 1994		
Depreciation:		
1 October 1993		1,685
Charged in the year		3,085
Transfer to fellow subsidiary		(823)
		<u>3,947</u>
30 September 1994		
Net book value:		
30 September 1994		<u>£ 22,366</u>
30 September 1993		<u>£ 8,204</u>
	1994	1993
6. STOCK		
Raw materials and consumables	<u>£ 9,950</u>	<u>£ -</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1994

	1994	1993
7. DEBTORS		
Due within one year:		
Trade debtors	168,573	-
Other debtors	2,251	2,750
Amounts owed by group undertaking	176,268	233,000
Prepayments and accrued income	378,573	-
	<u>725,665</u>	<u>235,750</u>
Due in more than one year:		
Prepayments and accrued income	2,345,745	-
	<u>£ 3,071,434</u>	<u>£ 235,750</u>
8. CREDITORS		
Amounts falling due within one year:		
Bank overdraft	76,752	-
Amounts owed to group undertakings	147,107	935,113
Amounts owed to associated undertakings	4,615	-
Trade creditors	130,933	-
Other tax and social security	305,822	-
Other creditors	5,065	-
Accruals and deferred income	101,391	4,014
	<u>£ 771,685</u>	<u>£ 939,127</u>

The parent company has undertaken to support the company up to the level of its balance sheet deficit at 30 September 1994.

	1994	1993
9. CREDITORS		
Amounts falling due after one year:		
Amounts owed to parent undertaking	<u>£ 1,944,751</u>	<u>£ 233,000</u>

The amount of £1,944,751 represents a loan from Security Services Plc, which is repayable after one year and of which £1,573,751 is non interest bearing and £371,000 is interest bearing.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1994

10. PROVISION FOR LIABILITIES
AND CHARGES

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

	1994		1993	
	Full potential liability	Amount provided	Full potential liability	Amount provided
Differences between accumulated depreciation and capital allowances	£ 1,500	£ -	£ 2,211	£ -
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

No provision for deferred taxation has been made due to the utilisation of taxation losses in the year.

	1994	1993
11. SHARE CAPITAL		
Authorised:		
20,000,000 ordinary shares of £1 each	£ 20,000,000	£ 100,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid:		
1,500,000 ordinary shares of £1 each	£ 1,500,000	£ 2,750
	<u> </u>	<u> </u>

On 15 April 1994 an ordinary resolution was passed to increase the authorised share capital of the company from £100,000 to £20,000,000 by the creation of an additional 19,900,000 ordinary shares ranking pari passu with the existing ordinary shares of the company. Also at that date 1,497,250 ordinary shares of £1 each were issued at par to provide additional working capital.

	1994	1993
12. PROFIT AND LOSS ACCOUNT		
1 October 1993	(930,923)	(285,846)
Retained loss for the year	(180,962)	(645,077)
	<u> </u>	<u> </u>
30 September 1994	£(1,111,885)	£(930,923)
	<u> </u>	<u> </u>

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 September 1994

13. PARENT COMPANY

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.

14. 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.

	Land and Buildings
	1994 1993

15. COMMITMENTS UNDER OPERATING LEASES

At 30 September 1994 the company had annual commitments under non-cancellable operating leases as follows:

Expiring between 2 and 5 years	84,000	-
Expiring after 5 years	110,880	-
	<u>£ 194,880</u>	<u>£ -</u>