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[www.serco.com](http://www.serco.com)

## **Serco Group plc Presentation on Transition to IFRS**

Serco Group plc ("Serco" or the "Group") will today hold a presentation for analysts and investors on Serco's transition to International Financial Reporting Standards ("IFRS"). The presentation will provide an overview of the areas of IFRS which are likely to have an impact on the Group's future financial reporting.

Separately today, Serco has issued its pre-close statement ahead of the end of its financial year on 31 December 2004, which confirms that the Group continues to trade in line with expectations.

Serco's IFRS project team has been working for more than 18 months on the transition process, assisted by resource from Deloitte & Touche LLP. The project has Board level sponsorship and a steering committee with representation from across all functions, ensuring that the transition is effectively embedded throughout the Group.

The date of transition to IFRS for Serco is 1 January 2004. The Group's first reported results under IFRS will be for the six months to 30 June 2005 and the first full year reported under IFRS will be for the 12 months to 31 December 2005.

The Group's analysis of the transition to IFRS is ongoing. In addition, in some areas the standards are continuing to evolve and further change is expected. Today's presentation will therefore focus on the qualitative aspects of the transition to IFRS. Areas the Group will present on include:

- Employee benefits, including pensions
- Financial instruments
- Business combinations
- Share based payment
- Interests in joint ventures
- Accounting for private finance initiatives

The key conclusions from the presentation will be that:

- The underlying performance of the Group will be unaffected. However, the adoption of IFRS will change the reported earnings and net assets of the Group.
- The impact on year on year earnings growth after transition is likely to be minimal.
- The fair value concept will introduce a degree of volatility principally into the balance sheet, largely due to the inclusion of financial instruments and actuarial gains and losses on pensions.
- On transition net assets are likely to be reduced largely through including the pension scheme deficit in the balance sheet. The principal areas of impact on

**Serco Group plc**  
Serco House, 16 Bartley Wood Business Park  
Bartley Way, Hook, Hampshire  
RG27 9UY, United Kingdom

T +44 (0)1256 745900  
F +44 (0)1256 744111

**Serco Group Pty Limited**  
Level 10, 90 Arthur Street  
North Sydney, NSW 2060  
Australia

T +61 (0)2 9964 9733  
F +61 (0)2 9964 9924

**Serco Group, Inc.**  
20 E Clementon Road, Suite 102 South  
Gibbsboro, New Jersey 08026  
United States

T +1 856 346 8800  
F +1 856 346 8463



transition in the income statement are likely to be in the areas of share based payment and the treatment of goodwill.

- The introduction of IFRS will result in certain changes in disclosure.

A copy of the presentation slides will be made available on Serco's website ([www.serco.com](http://www.serco.com)).

**- Ends -**

For further information please contact Serco Group plc on +44 (0) 1256 745 900:

Dominic Cheetham, Corporate Communications Director  
Richard Hollins, Head of Investor Relations

Notes to editors

- Serco is one of the world's leading service companies operating on a global basis in a diverse range of sectors, including transport and traffic management, justice, defence, aerospace, science, health, education and local government.
- In December 2004 Management Today magazine named Serco as Britain's most admired support services company and sixth most admired British company overall.