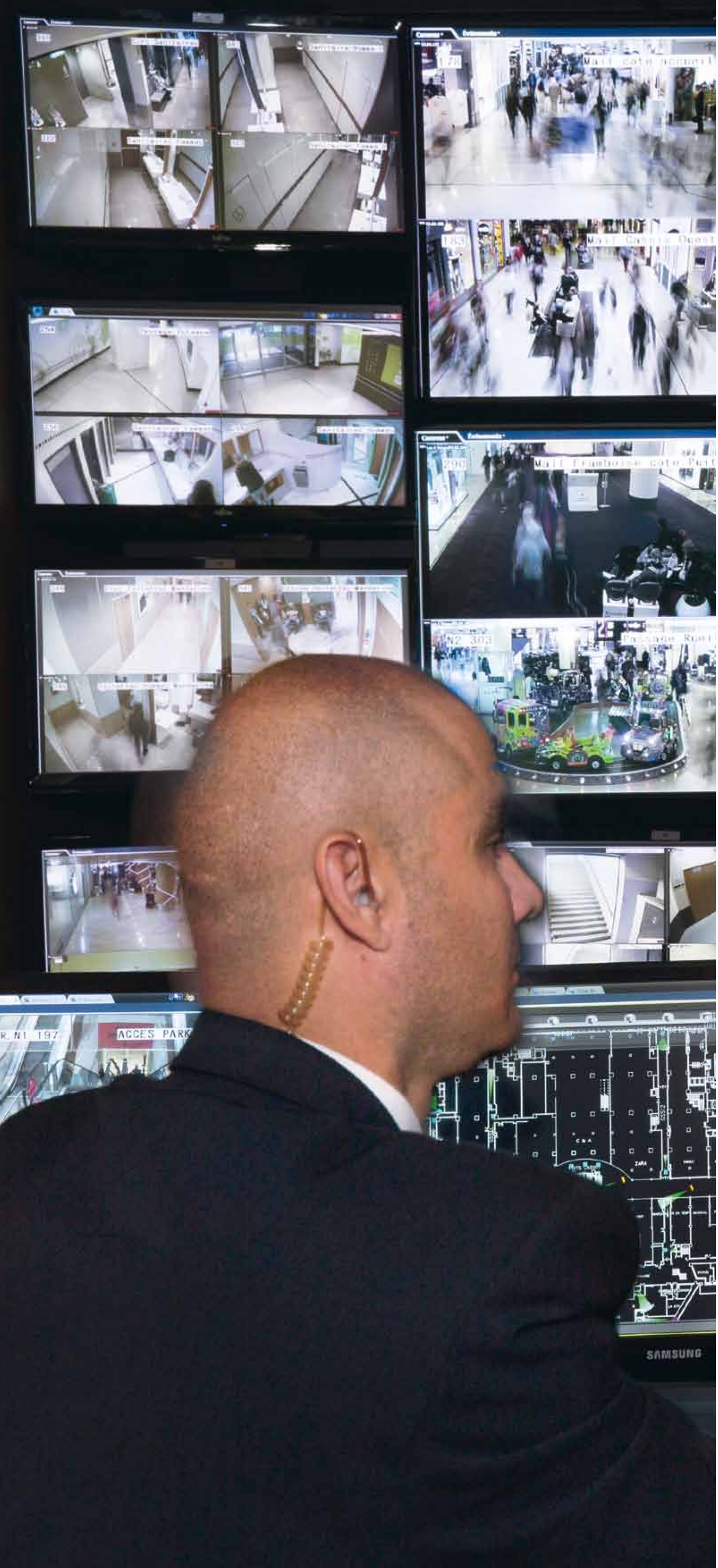
Annual Report 2013

SECURITAS



security solutions

"We are increasing the share of security solutions and technology to deliver increased shareholder value."

This is a translation of the original Swedish Annual Report. In the event of differences between the English translation and the Swedish original, the Swedish Annual Report shall prevail.

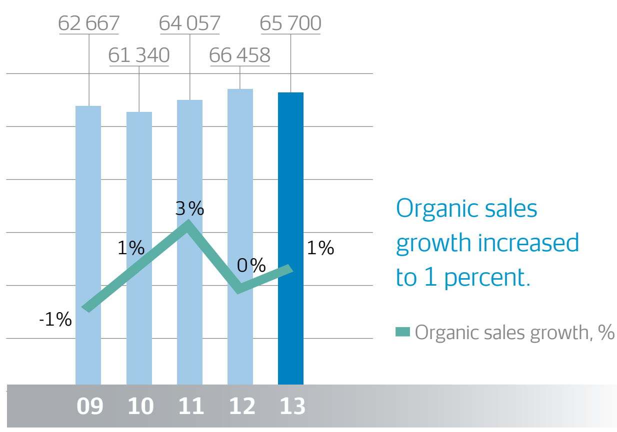
Our services

Securitas serves a wide range of customers in a variety of industries and customer segments. Customers vary in size from the 'shop on the corner' to global multibillion industries. The service offering categories are specialized guarding and mobile services, monitoring, technical solutions and consulting and investigations. Securitas provides tailored solutions based on customer-specific needs.

Read more on pages 12–17

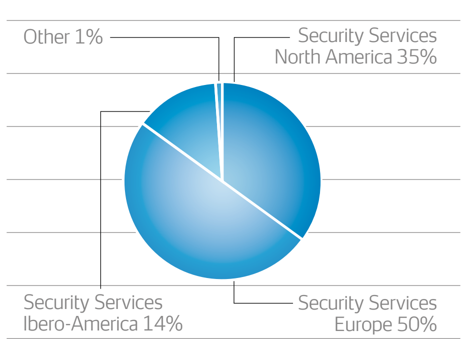
Size

Securitas employs close to 310 000 people in 52 countries. In 2013, total sales amounted to MSEK 65 700 and operating income to MSEK 3 329. *Read more on pages 12–17*



Markets

Securitas operates in 52 countries throughout North America, Europe, Latin America, the Middle East, Asia and Africa. Securitas is organized into three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America.
Read more on pages 8–11

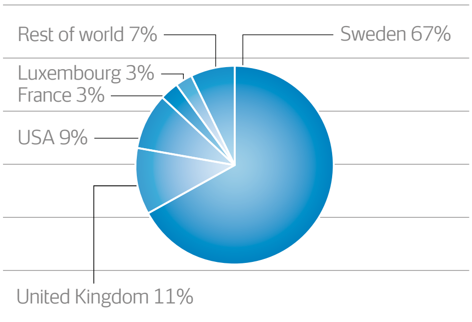


Security Services in Europe and North America represent 85 percent of total sales.

The share

The number of shareholders in Securitas was 26 054. Institutional investors and other corporate entities accounted for 96 percent of the total share capital. Shareholders outside Sweden accounted for 47 percent of the capital and 33 percent of the votes. The principal shareholders in Securitas are Gustaf Douglas and Melker Schörling, who, through their companies and families, hold 10.9 percent and 5.6 percent of the capital respectively.

Read more on pages 134–135



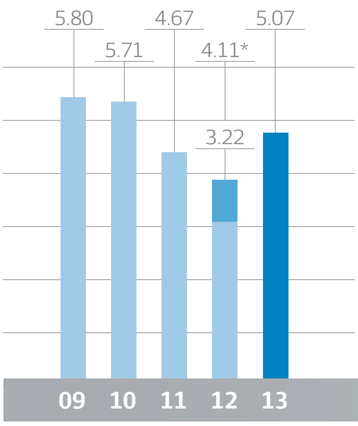
Swedish shareholders held 67 percent of the votes.

Shareholders per country, votes.

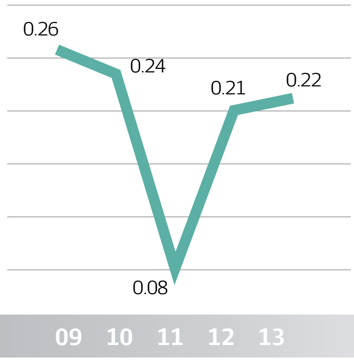
Financial targets

Securitas has two financial targets. The first target is related to the income statement: an annual average increase of earnings per share of 10 percent. The second target is related to the balance sheet: a free cash flow to net debt ratio of at least 0.20.

Read more on pages 50–51 and 78–79



Earnings per share rose from SEK 4.11* to SEK 5.07, an increase of 23 percent.

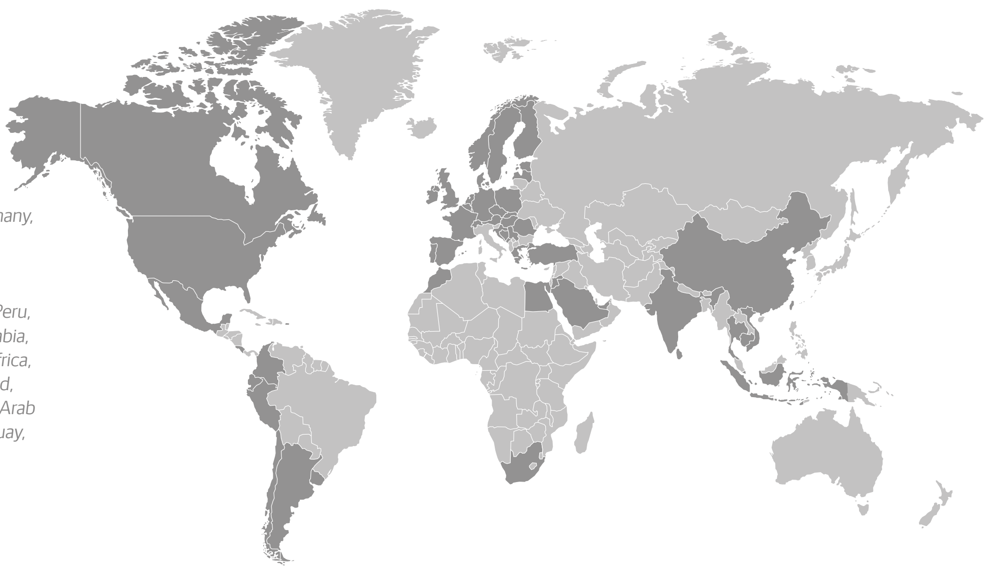


The free cash flow to net debt ratio increased from 0.21 to 0.22.

* Adjusted for items affecting comparability and impairment losses.

Markets in which Securitas conducts operations:

Argentina, Austria, Belgium, Bosnia and Herzegovina, Cambodia, Canada, Chile, China, Colombia, Costa Rica, Croatia, Czech Republic, Denmark, Ecuador, Egypt, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Jordan, Latvia, Luxembourg, Mexico, Montenegro, Morocco, the Netherlands, Norway, Peru, Poland, Portugal, Romania, Saudi Arabia, Serbia, Singapore, Slovakia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Taiwan, Thailand, Turkey, the United Arab Emirates, the United Kingdom, Uruguay, the USA and Vietnam.

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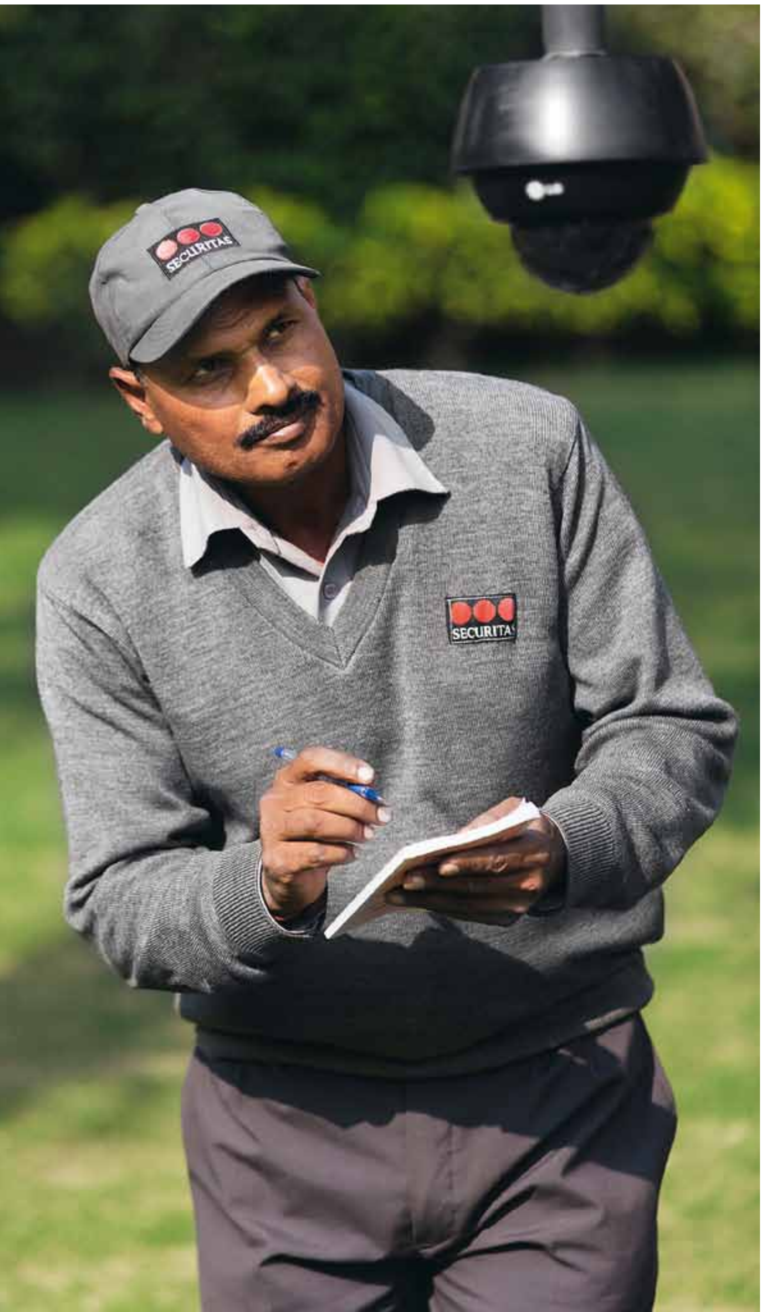
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Taking the Lead in the Paradigm Shift

The security industry is currently undergoing the most exciting change it has faced for a long time, as traditional guarding is gradually, but increasingly, being transformed. And what is even more exciting is that Securitas is leading this paradigm shift.

Historically, the security market has grown 1–2 percent faster than GDP in mature markets. However, this is no longer true in today's reality. Given current market dynamics and the gradual incorporation of technology into security solutions, security markets in Europe and North America are not growing 1–2 percent faster than GDP, but rather at the same pace as GDP. This trend is expected to continue and means that guarding services will no longer be confined to on-site security officers – guarding will also be performed by mobile patrols or remotely. Guarding is still guarding, but by optimizing all components and integrating the most advanced technology, we can offer our customers better security at a lower cost.

We have been preparing for this shift for the past two to three years.

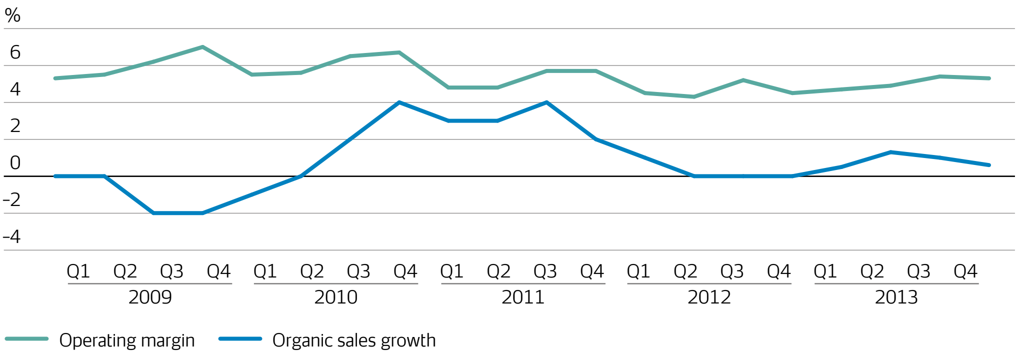
We are prepared for the future

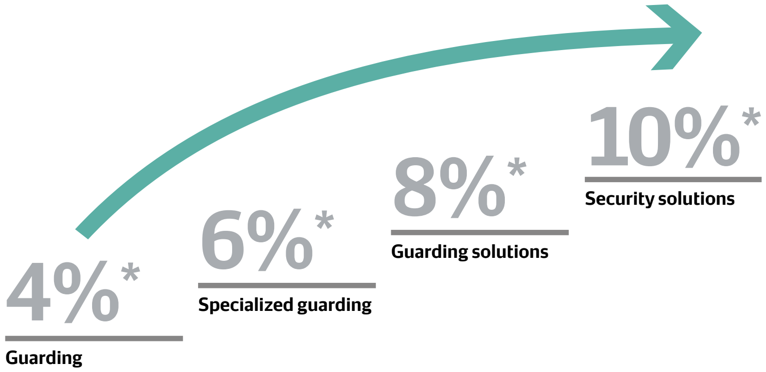
Our strategy is clear: to integrate on-site, remote and mobile guarding services with technology solutions to achieve cost-efficiency, added value, longer customer relations, improved earnings and increased shareholder value.

Since 2011, and following the unsuccessful bid on Niscayah, we have been working intensely to rebuild the company's internal technology competence and know-how. We now have a technology organization in place in all of our business segments, including Chief Technology Officers in all major countries, a central support service and approximately 2 100 employees who are focused on technology and remote services. Common targets and goals have been introduced across the entire organization.

The extensive restructuring and cost-savings program implemented in 2012 aligned the organization and made it possible to free up resources for technology investments.

Organic sales growth and operating margin, per quarter





The operating margin in the customer contracts improves with a higher level of technology and value-added services, in existing customer contracts as well as in new contracts. The target is that security solutions should account for 18 percent of Group sales by the end of 2015.

* Operating margin in customer contracts.

Important figures and events during 2013

Sales, operating margin and proposed dividend

- Total sales MSEK 65 700 (66 458)
- Income before taxes MSEK 2 643 (1 684)
- Net income MSEK 1 856 (1 175)
- Organic sales growth 1 percent (0)
- Operating margin 5.1 percent (4.6)
- Proposed dividend SEK 3.00 (3.00)

Financial targets

An average growth of earnings per share of 10 percent annually

- Earnings per share: SEK 5.07 (3.22), an increase of 57 percent
- Earnings per share adjusted for items affecting comparability and impairment losses: SEK 5.07 (4.11), an increase of 23 percent

Free cash flow to net debt of at least 0.20

- Free cash flow to net debt: 0.22 (0.21)

Acquisitions

- Three major technology acquisitions in mature and new markets, with 200 employees and estimated annual sales equivalent to approximately MSEK 120: Selectron (Uruguay), Rentsec and Vamsa (South Africa), Tehnomobil (Croatia).
- Securitas has also acquired the commercial security services business contracts and assets of ISS Facility Services in the Netherlands and Denmark.

Target of tripling sales of security solutions

Security solutions and technology accounted for 6 percent of the Group's total sales in 2012. Securitas has set a target to triple this figure by year-end 2015. At the end of 2013, security solutions and technology accounted for 8 percent of total sales.

The capital expenditure in technology equipment at customer sites needed to increase the Group's sales of security solutions will be offset by a slower rate of acquisitions. We estimate that annual investments of MSEK 350–400 will be required to reach our run-rate target of 18 percent by the end of 2015.

Technology maturity varies between countries

The degree to which technology has been integrated varies from country to country in Securitas' markets.

In Security Services Europe, most countries stand well equipped to implement the security solutions strategy and there are good examples in many countries of how we have transformed traditional guarding contracts into solutions contracts, or how our solutions have succeeded in winning new contracts. The Nordic countries are forerunners in this area and show clearly that our strategy works. Operating margins are higher, and contract durations are usually extended. Furthermore, one third of new remote video solutions sales in Sweden are contracts that were formerly held by our competitors.

In Security Services North America, we develop and offer innovative, site-specific alternatives to traditional guarding. We believe that integrated guarding is the solution and tool for meeting the national healthcare reform (the Affordable Care Act) in the USA, which has now been delayed but should be fully implemented for all full-time employees by January 1, 2015. This legislation affects most of our employees in the USA, and the estimated impact on our company will be cost increases of 8–10 percent. Our strategy is to offer customers an alternative to cost increases by combining on-site, remote and mobile guarding services.

In Security Services Ibero-America, security solutions capabilities are in place in all of our markets. This is a matter of survival in Spain and Portugal, where traditional guarding contracts are being sold at a loss as a result of the harsh macro-economic conditions. However, major investments in Spain over the past few years have left us better equipped to manage the transformation than any of our competitors. As Spain slowly but surely works its way out of the crisis, Securitas will emerge stronger than ever.

Not only will the profitability of our existing portfolio improve, our strategy will also enable us to capture market shares, particularly from smaller and mid-sized competitors that are not strong enough to invest in competence and capital expenditure.

We also believe that today's slower sales growth rate in the security market could be accelerated by outsourcing more of currently insourced security services as the role of technology becomes more important in enhancing security levels and lower the costs. Sales growth could also be improved by expanding the security market and enabling the private security industry, to a larger extent, to take over the services currently performed by authorities, governments and other entities in the public sector.

In combination, we are confident that this strategy will help us achieve our annual earnings per share growth target of 10 percent.

Acquisitions bring additional competencies

In 2013, acquisitions in Croatia, South Africa, Sweden and Uruguay added competence to our strategy. These acquisitions will create synergies and strengthen our position as a security solutions provider in each country.

With the exception of technology acquisitions, our restrictive approach to acquisitions will continue.

2013 financial performance

Organic sales growth was 1 percent and reflected the challenging macroeconomic situation prevailing in the USA and Europe, affecting especially the security markets in France, Portugal and Spain. Fragile signs of macroeconomic recovery in Europe and the USA have not yet been reflected in security market growth. Latin America continued to show strong organic sales growth.

The quarter-on-quarter improvement trend continued, although it was hampered by the weak security market and slow organic sales growth. The operating margin improved compared with the preceding year, mainly driven by various restructuring and cost-saving actions taken in 2012. We achieved cost savings in accordance with our restructuring plan.

A responsible business

As a responsible company in the security industry, we are adding value to our brand, impacting and mitigating exposure to certain risks identified in our enterprise risk management process, and promoting the company's continued growth and profit. Our sustainability efforts boost our employees' commitment and give Securitas a competitive edge.

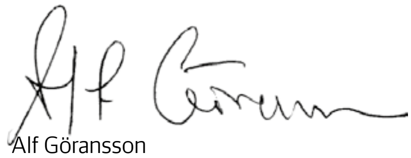
In 2013, the entire organization underwent extensive training in the Securitas Values and Ethics Code. Securitas Integrity Line has now been implemented in 49 of the countries in which we operate, and cases of non-compliance with the Code are closely monitored. Our due diligence process was also further developed during the year and a stakeholder dialog process was initiated during fall in order to monitor expectations of Securitas' sustainability performance. Read more about our Corporate Social Responsibility (CSR) program on pages 18–24.

Leading the way

In summary, we are better organized and prepared than ever to offer our customers better security at a lower cost. A pretty attractive story to tell.

Some might say that the future is full of challenges and uncertainty. But we are not afraid, simply because we are creating the future ourselves.

Stockholm, March 14, 2014



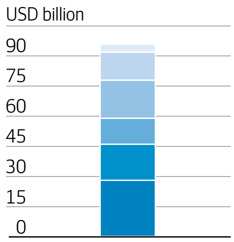
Alf Göransson
President and CEO Securitas AB

"Securitas integrates on-site, remote and mobile guarding services with technology solutions to achieve added value for our customers."

Taking Advantage of Changes

Securitas is a leading security services provider with a strong position throughout Europe, North America and Latin America, as well as on growth markets in the Middle East, Asia and Africa. We offer a wide range of security services, from mobile patrols, access control, fire prevention, receptionist/concierge, monitoring and call-out services to specialized, site-specific duties. Technology solutions are an increasingly important component in the services we provide.

Security services market size 2013
(Outsourced guarding)



- Europe, 28
- North America, 18
- Latin America, 13
- Asia*, 19
- Africa/Middle East, 14
- Japan, 4

Total world, 96

* Excluding Japan

Source: Securitas and Freedonia (also applies to the market data on page 9).

Specialized solutions offering

From a broad range of services, Securitas customizes offerings to meet the individual customer's needs and deliver the most effective security solutions. Individual components are often combined, such as specialized guarding services, technology solutions, and consulting and investigations.

Specialized guarding includes a variety of services, from airport security and customized services for certain segments to receptionist services. Technology solutions such as electronic systems (intrusion alarms, access control and surveillance cameras), physical security (fences, turnstiles and gates) and software (reporting, communication, logging and verification systems) are always deployed in combination with qualified security officers. Consulting and investigation services include a range of specialized services, such as due diligence, background checks, security assessments, brand protection, intellectual property protection, executive protection, investigations, cyber surveillance, computer forensics and IT security.

Growth at the same pace as GDP

The global security services sector employs several million people and the global market for private guard services is projected to reach USD 110 billion by 2016. Security services are in demand all over the world, in all industries and both public and private sectors, which means that the total market is well diversified. Security needs must be fulfilled to enable growth and development. Therefore, the demand for our services is closely linked to global economic development as well as social and demographic trends. As the global economy grows and develops, so will we.

Historically, the security market has grown 1–2 percent faster than GDP in mature markets. In recent years, due to current market dynamics and the gradual incorporation of technology into security solutions, security markets in Europe and North America have grown at the same pace as GDP. This trend is likely to continue over the next three to five years.

In mature markets, the industry is characterized by consolidation and a shift in demand from traditional guarding to more advanced service offerings with higher technology content. Also, small to medium competitors, in both mature and growth markets, are still competing aggressively with price, which is not Securitas' strategy. Some companies have a lower wage level than Securitas – below the standards set by Securitas in its ambition to be an industry leader – and we are not willing to match the offers in these contracts.

Market growth is crucial to Securitas' future profitability and growth, but capitalizing on trends and changes in demand is also important. Developing new security solutions with a higher technology content and improved cost efficiency will allow the private security industry to expand the market by assuming responsibility for work presently performed by the police or other authorities. This development will also be a challenge for operations with insourced security services and increase interest in better outsourced solutions.

Strong global presence

Growth and market sizes vary greatly; growth is generally higher in emerging economies, but volume and large contracts are still confined to relatively mature markets. Securitas' presence in these major mature markets is strong, contending for

market leadership. Careful acquisitions as we enter new, less mature markets, provides a foothold as we move forward. The share of sales in these markets is still minor, but growing.

The security services market in North America is estimated at approximately 19 percent of the global security services market, with outsourced guarding accounting for USD 18 billion. The USA and Canada are mature and industrialized markets, while Mexico is an emerging market with fast-growing demand for security. Securitas is the market leader in the USA and one of the leading security services providers in Canada and Mexico.

The market for security services in Latin America accounts for almost 14 percent of the global security services market. The total size of outsourced guarding is expected to reach USD 13 billion with an annual long-term growth rate of 8–10 percent. Securitas is represented in seven Latin American countries: Argentina, Chile, Colombia, Costa Rica, Ecuador, Peru and Uruguay. We are market leaders in Argentina, Chile and Uruguay.

The European security services market accounts for almost 29 percent of the global security services market, and the total size of outsourced guarding is USD 28 billion. Securitas is represented in 28 European countries. In most of these countries, we are either the largest or the second-largest market player.

The security services market in Asia (excluding Japan) is estimated to represent almost 20 percent of the global market. The total size is estimated at USD 19 billion with an annual long-term growth of 11–13 percent. Growth rates vary across the region, from more mature markets such as Hong Kong and Singapore to fast-growing developing markets such as India, Sri Lanka, Thailand and Vietnam.

The security services market in Africa/Middle East is assumed to be 14 percent of the global market. The total size amounts to more than USD 14 billion with an annual long-term growth rate of 8–10 percent. Securitas is currently represented in 14 countries throughout the Middle East, Asia and Africa.

Main competitors

	G4S	**Prosegur**	**Allied Barton**
Home country	UK	Spain	USA
Ownership	Listed	Listed	Private
Employees	620 000	150 000	55 000
Primary markets	North America, Latin America, Nordic region, United Kingdom, Eastern Europe and New markets	Latin America, Europe, Asia and Oceania	USA
Primary services	Guarding, Monitoring, Security Systems, Secure Facilities Management, Consulting and Secure Transport Services	Guarding, Monitoring, Systems, Alarms and Cash Handling	Guarding, Patrolling and Background Screening

Source: Public information

Demand drivers

Increased privatization

Infrastructure investments

Increased urbanization

Middle-class growth

Continued industrialization

Growing market

Market opportunities

Increasing the use of technology

Developing more customized and cost-effective services

Providing more high-margin risk management services

Establishing presence in developing markets

Changing market

Demand developments

Cost-consciousness

Tailored industry and customer solutions

Greater risks

Demand drivers

The sheer quantity of services demanded is closely linked to social and economic development, as security services are an integral part of society. The most significant forces that drive demand for security services are:

Increased privatization, by outsourcing public security services to private actors, is a measure that aims to reduce public spending and, sometimes, to open the market for competition due to political decisions. In some markets, trust in the public sector's ability to provide basic security and stability is low, and to mitigate this uncertainty, companies are compensating by contracting private security providers.

Infrastructure investments in real estate, public transport and public logistic hubs, for example, are increasing, which creates a need to safeguard these assets and increases demand for security services.

Increased urbanization leads to a higher population density and wider social gaps. This disparity causes social tension and insecurity, creating a need for additional security services.

Middle-class growth in maturing and developing markets continues, and as disposable income and household net worth rises there is more to protect and more customers can afford to do so, which fuels demand for security services.

Continued industrialization and increased global industrial activity leads to investments in factories, offices and other workplaces with specific security needs.

Demand developments

Several trends are spurred by changes in our customers' environment such as changed business models, new technology and the pursuit of greater efficiency.

Cost consciousness among customers continues to grow as global competition ramps up. Customers strive for higher security at a lower cost in their endeavor to achieve higher efficiency. This presents challenges to Securitas – to develop offerings, often with higher technology content, that can match expectancies without lowering margins.

Tailored industry and customer solutions are expected by customers, and demand for bulk services is falling. Suppliers are expected to identify and respond to customer-specific challenges, provide specialist know-how and dedicated resources. If security suppliers can meet these challenges, customers will grant them more responsibility. Customers are generally prepared to pay more for a service with higher content, higher quality and the appropriate specialist skills. In some markets, the willingness to pay a premium for one single contact person for the entire solution, providing better control and more effective administration, is growing. To meet these demands, Securitas develops customer-specific security solutions together with the customer.

Greater risks are expected to be handled by senior management in rapidly moving and complex global business arenas. Senior executives are forced to focus on security, and are devoting more time to discussing and making decisions about security issues. Contributing factors include a higher level of general insecurity, the spiraling costs of business disruptions, and greater security demands by customers and insurers. Companies usually opt to outsource security when enhancing it, since security activities are not considered part of their core business. Companies are also using security consulting services more often, enabling the customer's management to proactively identify risks and put appropriate mitigating actions in place.

Market opportunities

Rising customer demands, combined with the macro-economic factors that drive this growth, present opportunities for Securitas to grow and improve its margins. Securitas' strategy is to capitalize on these changes in customer demand to improve margins. To take advantage of these opportunities, the most important actions for Securitas are:

Increased use of technology enables Securitas to offer security solutions with even higher efficiency and quality. Technology solutions also mitigate the effects of price pressure in certain markets, which helps to sustain or even improve margins. The higher the labor costs in a country, the more attractive it becomes to raise the technology level of the security solution. However, countries with low labor costs are also showing greater interest in incorporating technology into security solutions. Securitas is leading this new development in the security industry.

Today's slower growth rate could also be accelerated if the services that are now insourced were increasingly outsourced due to technology becoming more important in enhancing security levels.

Developing more customized and cost-effective services. Each industry, company and operation has specific needs and requirements in terms of security. Securitas has long invested in tailored offerings to specific sectors, and has developed its organization and offering into 20 key customer segments. As a global company with a multitude of customer contracts that share similar traits, we are able to share learnings across accounts and markets. We do so in a structured manner by using our internal web and traditional ways to share best practises.

Provide more high-margin risk management services. Risk analysis can be provided to mitigate the greater risks perceived by our customers before they happen, and should an incident occur, Securitas can provide prompt investigation and guidance, as well as launching counter measures. Consulting and investigation services still represent a small portion of sales, but are key to winning and retaining, for example, global contracts. Securitas has the ability to combine analysis, preemptive measures, incident handling and action in one solution, which is a competitive advantage.

Establishing presence in developing markets. Acquisitions will be implemented in developing markets to strengthen our position and to serve our global customers in these regions. This expansion will be selective and carefully account for the risks and rewards, including our own undertaking to run our business responsibly.

Promoting Close, Active and Long-term Relationships

Securitas operates in North America, Europe, Latin America, the Middle East, Asia and Africa. The organization is flat and decentralized with three business segments: Security Services North America, Security Services Europe and Security Services Ibero-America. As of 2013, the former business segment Mobile and Monitoring is included in Security Services Europe. Our growth in new markets throughout the Middle East, Asia and Africa will continue.

Securitas offers security solutions in essentially all of the geographical areas in which we operate, to large and small customers, and to most industries. Securitas is the market leader in many of these countries. Due to the company's decentralized organization, most business is carried out by branch offices, which promotes close, active and long-term relationships with our customers. However, we are also a global company with extensive security expertise. We combine these two strengths to create security solutions that add value for our customers and meet all of their security needs.

Most of our business is conducted in North America and Europe. Security Services North America and Security Services Europe represent 85 percent of our total business, accounting for MSEK 55 557 of the Group's total sales of MSEK 65 700 and approximately 71 percent of our total number of employees, corresponding to approximately 221 000 of nearly 310 000 employees.

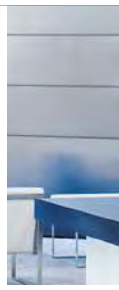
Security Services Ibero-America operates in seven Latin American countries, as well as Portugal and Spain in Europe, accounting for approximately 14 percent of total sales, 14 percent of total operating income and just over 18 percent of our total number of employees.

In addition to the three business segments, the Group conducts guarding operations in the Middle East, Asia and Africa (see Other in the segment reporting). To serve our global customers in these regions, we have entered these markets through selective acquisitions.

Security Services North America

Page 14 ▷

Security Services North America provides specialized security services in the USA, Canada and Mexico and comprises 13 business units: one organization for national and global accounts, five geographical regions and five specialized business units – critical infrastructure (includes federal government services and defense and aerospace), healthcare, Pinkerton Corporate Risk Management, mobile and technology – in the USA, plus Canada and Mexico. In total, there are approximately 104 000 employees, about 640 branch managers and 93 geographical areas.



Security Services Europe

Page 15 ▷

Security Services Europe provides specialized security services for large and medium-sized customers in 27 countries, and airport security in 14 countries. As of 2013, the former business segment Mobile and Monitoring is included in Security Services Europe, offering mobile security services for small and medium-sized businesses and residential sites and electronic alarm surveillance services. In total, the organization has more than 117 000 employees and over 800 branch managers.

Security Services Ibero-America

Page 16 ▷

Security Services Ibero-America provides specialized security services for large and medium-sized customers in seven Latin American countries as well as in Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 57 000 employees and close to 190 branch managers.

New markets

Page 17 ▷

Securitas provides security services in the Middle East, Asia and Africa. Some of these markets are relatively new for Securitas. The operations are included under Other in the segment reporting. See note 9 on pages 91–94.

Group*

* Includes Other and eliminations.

	Sales	Operating income before amortization	Total capital employed	Number of employees
	35%	35%	39%	34%
	MSEK 22 841	MSEK 1 177	MSEK 7 500	103 800
	Operating margin 5.2%			
	50%	59%	41%	38%
	MSEK 32 716	MSEK 1 954	MSEK 7 702	117 300
	Operating margin 6.0%			
	14%	14%	15%	18%
	MSEK 9 266	MSEK 480	MSEK 2 930	56 600
	Operating margin 5.2%			
				
	MSEK 65 700	**MSEK 3 329**	**MSEK 18 991**	**309 600**

Security Services North America

In the USA and Canada, the security market is mature but includes a high degree of manned guarding. Securitas is now driving the transition to integrated security solutions.

As the market leader, Securitas has extensive expertise and knowledge in not only the security industry but also our customers' industries and businesses. Security Services North America has been organized to maximize efficiency and knowledge sharing across a total of 13 business units. Five business units are geographical, while five are specialized according to customer segment. The remaining business units are an organization for national and global accounts, Canada and Mexico.

By combining on-site and remote guarding with mobile services, we can provide cost-efficient 24-hour security solutions for our customers.

Eric Carpenter, Branch Manager,
San José, California, USA

We are using our expertise and organization to drive the transition to integrated security solutions, where all three guarding services – on-site, mobile and remote – are combined to provide one comprehensive security solution.

Securitas actively supports our customers as they adapt to new conditions, in terms of both security and external factors such as the Affordable Care Act. We are replacing our manned guarding model with alternative security solutions that combine on-site guarding, remote guarding, mobile services and technology – all within the same budget. At the same time, we are also protecting our margins.

Following a thorough operational analysis of the customer's security needs – in partnership with the customer – we develop a unique security solution with Securitas as the single point of contact. An individualized customer portal, where all relevant information is gathered for both the customer and our employees, adds further value.

In the USA, mobile security services are usually offered by small local players and sold as a single product. Securitas is the only company with a national footprint to offer mobile security services as part of a comprehensive security solution. Adding mobile security services to the security solution enables more flexibility – rather than having a security officer on site, our monitoring center can dispatch a mobile patrol when needed.

Securitas uses top-of-the-line technology, where alarm monitoring resembles virtual guard tours. For cost efficiency, the customer's existing surveillance cameras can be equipped with advanced software that is tailored to the customer's specific needs. One example is real-time audio intervention, where a specially trained security officer in the monitoring center can interact remotely with anyone who is monitored.

Security Services Europe

In a changing world, it is vital that Securitas remains on the cutting edge and constantly develops its services to provide the best possible security solutions.

With operations in 27 countries, Security Services Europe is a pan-European organization that also profits from being part of a global company and sharing best practices from around the world.

Security Services Europe works continuously to improve its offerings and commercial skills in order to add more value for customers. Following an in-depth analysis of the security and risk situation, we offer a solution that is fully adapted to the customer's environment and unique needs. The customer does not need to spend time on procurement processes with a range of security suppliers. In close cooperation with the customer, we do all the behind-the-scenes work and develop a complete security package that stays within the customer's security budget.

During the implementation process, in addition to meeting customer-specific requirements, we also take advantage of solutions developed for specific customer segments. We have training centers in all countries of operation, where security officers and managers receive specialized training based on customer requirements. The use of technology is becoming increasingly important and, in many cases, traditional guarding can be combined with video cameras equipped with advanced detection software, or remote monitoring handled by specially trained security officers. Our aim is always to deliver a high-quality and long-term security solution that offers greater control and cost efficiency – for the customer and for us.

The development of technical solutions has come furthest in the Nordic countries, where high-end digital surveillance cameras equipped with sophisticated software have taken alarm surveillance to a new level. This combination enables video analysis of the images captured by surveillance cameras, for example, for perimeter protection. To support the organization, a competence center has been established for remote video solutions.

> *Our remote video solutions provide a security solution combining guarding services and technology that effectively mitigates the customer's risks and helps build a long-term relationship.*
>
> Emmanuel Testelin, Branch Manager, Lyon, France

This approach benefits customers in many ways. The security solutions provide cost-efficient, 24/7 surveillance and customized, flexible video analysis. False alarms can be dismissed in the monitoring center, saving money for the customer and enabling security officers on site or patrol to concentrate on verified alarms, which reduces the risk of theft or damage.

Our global reach and local strength is a platform that provides security solutions beyond borders. The Securitas European and Global Accounts department works closely with all Securitas operations around the world to support multinational customers, and *My Securitas*, our global internal web, provides us with a valuable tool for developing competence, sharing best practice and finding useful sales tools.

Security Services Ibero-America

Securitas is differentiating itself by offering comprehensive security solutions that add value for our customers.

Securitas' Ibero and Latin American operations currently face different realities. In Portugal and Spain, the security market is mature and characterized by fierce price competition. By adding technology and innovation competence, Securitas is differentiating itself from its competitors, making it possible to offer comprehensive security solutions that add value for its customers. Given the harsh macroeconomic environment in Portugal and Spain, it is also important to be able to create security solutions, together with our customers, that offer the same or better service quality and are within their budgets.

My specialized team provides high-quality services to our customers in the offices segment. We analyze each customer's need to create the best individual security solution.

Andrés Paolantonio, Branch Manager, Buenos Aires, Argentina

In Latin America, where Securitas conducts operations in Argentina, Chile, Colombia, Costa Rica, Ecuador, Peru and Uruguay, the security markets are growing, but are highly fragmented and, to a large extent, non-regulated. As a leading security company, Securitas is a driving force in industry associations and promotes, for example, the regulation and authorization of private security companies. To ensure that our security officers are trained in line with Securitas' high standards and customer requirements, we have established our own training centers in all countries. We can also offer specialized training that is tailored to various customer segments and needs. A joint training system and a language that is common to most countries within the business segment facilitate the sharing of best practices, security knowledge and experiences.

Security Services Ibero-America has been building technology expertise and security solutions for several years, including advanced alarm surveillance and monitoring services. Acquisitions of technical solutions companies have strengthened these efforts. Securitas' Security Operating Centers create a single point of contact for the customers at which all security services are coordinated – guarding, mobile services, alarm monitoring, and remote video solutions.

Securitas' customers in the region operate in a variety of industries and, in order to meet customer needs and add value, we specialize in the dominant customer segments in each country. Key customer segments in Argentina, Colombia, Portugal and Spain include aviation and telecommunications, while many of our customers in Colombia, Peru, Portugal and Spain are active in the retail sector. In Peru, the mining and seaport industries are also major customer segments. We develop security solutions that are tailored to each customer's security needs and include both specialized guarding and advanced technology.

New markets

Securitas is growing in new geographical markets outside North America, Europe and Latin America to serve our global customers in these regions.

South Asia
Securitas' operations in India comprise a partnership between Securitas and Walsons Services. As one of the leading security services providers in India, the company has approximately 16 000 employees in over 180 cities. Services include specialized guarding, executive protection, transport security, fire and safety and event security.

Major competitors in India are G4S, SIS, Tops Security and Check Mate.

In Sri Lanka, Securitas operates with about 1 100 employees, offering guarding services to embassies, international non-governmental organizations (NGOs), commercial sites and residential customers nationwide.

China and South East Asia
Securitas' organization in China is designed to serve as a platform for growth. Since the necessary license for security services has been delayed, development has been curbed.

Securitas has 1 100 employees in Hong Kong, and the Group conducts operations in a variety of key customer segments, including residential, transport and logistics, finance and education. Operations in Thailand, which include technical security services, has 1 700 employees in various sectors but particularly strong in the hotel and tourism segment. In Vietnam, where Securitas operates in a partnership with Long Hai Security, the total number of employees is 2 100. The company operates throughout Vietnam, providing mainly specialized guarding services.

In Singapore, Securitas is one of the main providers of unarmed private security services, with approximately 700 employees. The customer portfolio is well-diversified across customer segments and between public and private sectors. In Indonesia, Securitas offers guarding services mainly to embassies, and has 1 200 employees. Operations in Cambodia include guarding services to a variety of sectors.

Middle East and Africa
In the Middle East and Africa, Securitas has security services operations in Egypt, Jordan, Morocco, Saudi Arabia, South Africa and the United Arab Emirates.

Securitas has 2 000 employees in Egypt. Most customers are multinational companies and the strong growth is partly a consequence of the security situation following developments in the country since 2011.

In Morocco, Securitas has close to 2 000 employees, and in Jordan 500 employees.

The South African operations continue to grow and Securitas invests in training and sharing best practices in order to raise industry standards. Securitas has 3 100 employees in South Africa, with operations in guarding, mobile, alarm monitoring, technology, forensics and risk management services. In October 2013, two companies focusing on remote video surveillance as well as a range of advanced security technology applications were acquired.

In the United Arab Emirates, Securitas has over 1 200 employees and nationwide operations.

New markets are included under Other in our segment reporting.

Sustainability – an Integral Part of Securitas' Business

Read more at
www.securitas.com

Securitas offers services that make a positive contribution to society. By providing security solutions for customers in nearly all industries and segments and operating in a responsible and sustainable manner, our customers can focus on their core business and prosper.

Securitas' sustainability work is based on our fundamental values – Integrity, Vigilance and Helpfulness – and guided by our key corporate policies and principles, such as Securitas' Values and Ethics Code. To us, corporate social responsibility (CSR) is a business approach that delivers economic, social and environmental benefits to our stakeholders and adds value to the Securitas brand. It also affects and reduces exposure to certain risks identified in the enterprise risk management process (see pages 36–43) and promotes sustainable growth and profit, as well as creating a competitive advantage.

To Securitas, sustainable operations involve working with three prioritized areas; working conditions for our employees, operational excellence and conducting our operations according to high ethical business standards.

Improving conditions in the security industry
Securitas operates in 52 countries and employs almost 310 000 people globally and the key to our long-term growth and sustainability is being a solid and reliable employer. Investing in our employees by improving terms and developing skills makes sense from a business perspective. Satisfied employees tend to stay longer and become more qualified. With more qualified employees, we can offer more specialized and qualified services – services that add value for our customers and generate higher margins for us.

Our position as one of the largest companies in the industry enables us to work actively toward improving the status of security officers and conditions in the security business, through methods such as active dialog with authorities, industry associations and unions. To raise industry standards in less mature countries, Securitas strives for mandatory basic training for security officers, wages that meet or exceed legal or industry minimums and mandatory authorization for security companies.

High standards in recruitment and training
Securitas provides basic training for security officers in all countries, even where this is not mandatory, to guarantee our own high standards and ensure that customer requirements are met. We have established our own training centers for both basic and specialized training in most countries. In many countries, e-learning and webinars are used. There is specific training for branch managers, as well as management training programs to strengthen local leadership and establish Securitas' culture and business model. Employees in all countries are trained in Securitas' Values and Ethics, either in classroom sessions or through e-learning programs.

Our stakeholders

Securitas aims to be a responsible, honest and transparent company. This requires ongoing dialog with our stakeholders. The ambition is to achieve collaboration on sustainability issues. One of the objectives of our stakeholder dialog is to better understand the expectations of our stakeholders in the areas of sustainability work and communication. Another objective is to identify areas in which there is room for improvement.

Responsibilities	***Actions***
Customers To provide our customers with optimal and cost-effective security solutions and meet their sustainability requirements as a supplier. We must have in-depth understanding of their needs and industry-specific requirements. Our expertise adds even more value by creating unique security solutions.	• Frequent customer meetings • Customer surveys • Daily contact with our customers' clients
Employees and employee representatives To be a solid, stable and reliable employer for almost 310 000 people. Our employees are our most valuable asset, and better terms and skills development raises standards and levels of professionalism in the security industry, which improves the status of security officers. Active relations with UNI Global Union, local unions and the European Works Council (EWC).	• Thorough recruitment and on-boarding processes • Training at all levels of the company, including training in Securitas' Values and Ethics Code for all employees • Talent management • Employee surveys • Various reporting channels for grievances • Regular meetings and constructive dialog with UNI Global Union, local unions and EWC
Shareholders, investors, analysts To create value for our shareholders and be an attractive investment. An ongoing dialog with our shareholders and investors assures the long-term development of our business.	• Interim reports and other continuous financial information • Investor and analyst meetings • Investor Days • Roadshows and conferences • Annual General Shareholders' Meeting
Suppliers To ensure that our suppliers understand our requirements concerning values and ethics, as set out in the Securitas' Values and Ethics Code.	• Information about Securitas' Values and Ethics Code • Supplier guidelines and standards • Supplier risk assessment
Industry organizations To be a driving force in raising standards and levels of professionalism in the security industry, improving the status of security officers, raising wage levels and intensifying skills development efforts.	• Membership in local and global industry organizations, such as the Ligue Internationale de Societés de Surveillance, the American Society of Industrial Security (ASIS), Confederation of European Security Services (CoESS) and Aviation Security Services Association-International (ASSA-I)
Communities To provide security solutions for companies and communities, allowing them to grow and prosper. We also participate in local projects in regions where we see a pressing need to strengthen the local community.	• Local activities and initiatives in communities where we operate, such as security training in schools
Policy makers and authorities To work proactively for better conditions in the security business.	• Cooperation with authorities at local and national levels to improve our business conditions • Meetings and conferences

Sustainability progress

	Priorities 2013
Securitas' Values and Ethics	• Monitor and audit compliance with Securitas' Values and Ethics (the Code)
	• All managers and office personnel should have completed the training. Training for security officers should have been accomplished according to plan
	• Full implementation of Securitas Integrity Line
	• Follow-up to address possible structural problems
	• Further develop Group policies for specific areas, such as and anti-corruption and unfair competition
Employee relations	• Continue to work according to local action plans based on the results of previous employee surveys
	• Close relations with UNI and EWC
CO_2 emissions	• Reduce average CO_2 emissions from company-owned and leased company vehicles by 5 percent
Reporting	• Implement Global Reporting Initiative (GRI) G4 reporting standards
	• Continue working on reducing the Group's total CO_2 emissions
Business practice	• Further develop the due diligence process for acquisitions to include more in-depth risk assessments and investigations regarding human rights, bribery, corruption, fraud and unfair competition
	• Further develop the ERM process regarding non-compliance with Securitas' Values and Ethics Code

Result 2013	*Priorities 2014*
• All countries of operation completed a self-assessment report on the implementation of, and compliance with, Securitas' Values and Ethics and related policies and activities. Eleven country visits were conducted	• Continued follow-up of self-assessment results and monitoring of compliance with the Code
• 35 countries have completed the training for managers and office personnel. Most countries have started training security officers	• Support to countries that have not yet completed the training for managers and office personnel. Follow-up of progress for training for security officers
• 49 countries have implemented Securitas Integrity Line	• Implement Securitas Integrity Line in the three remaining countries
• Action plans to address structural problems have been implemented where required	
• Securitas Anti-corruption policy was implemented throughout the Group	• Develop special e-learning course regarding anti-corruption
• Local plans of action followed up	• New edition of the employee survey to be conducted in Security Services Europe
• Five meetings with UNI and EWC. Implementation of global agreement with UNI/Swedish Transport Workers' Union	
• Average CO_2 emissions reduced by 2.6 percent for cars and 0.5 percent for minivans. Total reduction was 3.2 percent	• Reduce average CO_2 emissions from company-owned and leased company vehicles by 4 percent
• Stakeholder consultations were conducted as a first step towards GRI G4 reporting	• Continue work to implement GRI G4 reporting
• Securitas scored 74 in the CDLI section of the 2013 CDP, compared with 77 in 2012. In 2013, we achieved level C in CPLI, compared with level D in 2012	• Set a target for the decrease of the Group's total (direct) CO_2 emissions
• The due diligence process was strengthened with, for example, in-depth background checks of key persons and increased focus on risks regarding human rights	• Develop Group guidelines for risk assessments of suppliers and other third parties
• Continue to follow-up compliance through self-assessments and country visits	

During autumn 2013, we invited various stakeholder groups to participate in a dialog about Securitas' responsibilities.

Both internal and external stakeholders from a range of countries were consulted, in total 90 people. Most of them were invited to participate in an anonymous online survey, while certain stakeholder groups were interviewed. The response rate was high: 54 percent for internal stakeholders and 52 percent for external stakeholders.

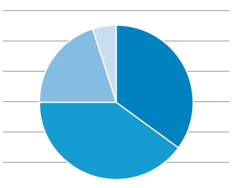
The questions were divided into two categories: sustainability performance and sustainability communication.

The sustainability performance category included questions about what economic, social, ethical and environmental issues are most relevant for the industry in general, and for Securitas in particular, and what expectations the stakeholders have on Securitas in regard to these issues. We also asked what the key risks are for Securitas, and what the company's strengths and improvements areas are in regard to sustainability work.

In terms of sustainability communication, the questions centered on Securitas' communication about its sustainability work, the company's strengths and improvement areas, and what information the stakeholders need to assess Securitas' sustainability work.

Both internal and external stakeholders stated employees' working conditions, including labor relations and training, as the most relevant sustainability issue for Securitas. For internal respondents, anti-corruption followed, whereas the external stakeholders listed respect for human rights, including diversity and equal remuneration, as the second-most important issue. Environmental mat-

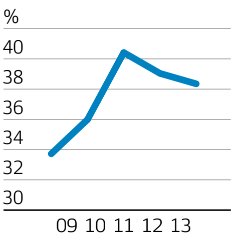
Average number of yearly employees per region



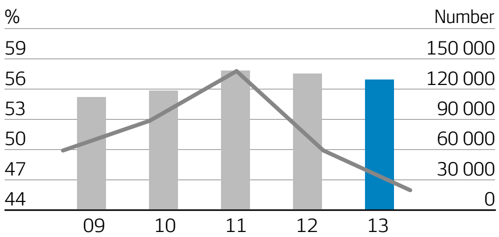
North America, 35%
Europe, 40%
Latin America, 20%
Rest of world, 5%

North America	95 617
Europe	111 016
Latin America	55 816
Rest of world	13 320
Total	**275 769**

Employee turnover, %



New employees



% of average number of yearly employees
Actual number

ters are considered important, but since Securitas is a service company with a limited environmental impact, they are not equally prioritized.

According to all respondents, key risks associated with sustainability issues for Securitas are loss of business reputation and loss of customers. To a higher degree than external stakeholders, internal stakeholders maintained that Securitas understands their sustainability expectations.

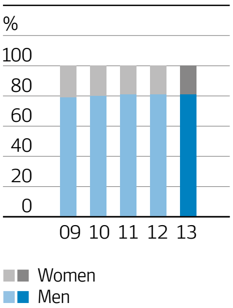
In regard to the strengths of Securitas' sustainability work, both internal and external stakeholders mention the development of, and commitment to improving, sustainability work. These areas are also stated as the areas in which Securitas has the greatest room for improvement in order to become a more responsible, honest and transparent company. Since the most relevant sustainability issue for Securitas is working conditions, both internal and external stakeholders also consider this area to hold room for improvement.

When it comes to sustainability communication, most stakeholders agree that there is room for improvement, for example through more quantitative and qualitative data on Securitas' sustainability performance and achievements.

The analysis of the stakeholder consultations concluded in an action plan, where measuring and disclosing key figures for working conditions and labor relations are prioritized. Although Securitas will not be compiling a full Global Reporting Initiative (GRI) report for 2013 according to version G4 of the sustainability reporting guidelines, the aim is to start measuring and disclosing a number of the key performance indicators defined by GRI G4.

Read more at
www.securitas.com

Gender distribution, average number of yearly employees, %



Training hours, 2013*

Total number of hours of training	3 753 031
Average number of hours of training per employee	18.12

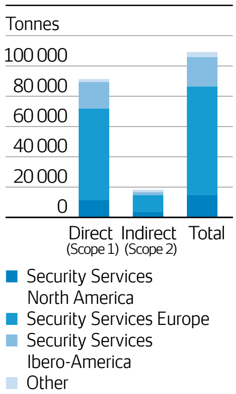
* Reporting countries represent 83% of total sales / 75% of total number of employees. Definitions according to GRI G4.

Work-related injuries, 2013*

Actual number of work-related injuries	4 848
Injury rate	2.4
Actual number of work-related fatalities	8

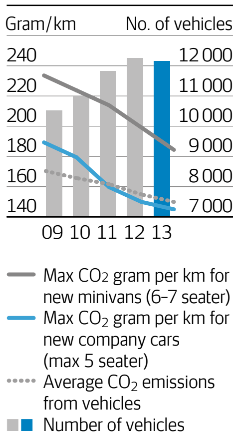
* Reporting countries represent 73% of total sales / 70% of total number of employees. Definitions according to GRI G4.

Gross direct and indirect emissions of CO_2 equivalent, 2013*



* Reporting countries represent 94% of total sales / 87% of total number of employees. Definitions according to GRI G4.

Average CO_2 emissions from vehicles



Integration Enhances our Service Offering

In several countries, especially those in Latin America, Securitas makes special efforts to employ people with disabilities, or people who face other challenges entering the labor market.

In Latin America, people with disabilities face major challenges entering the labor market. Most of these people are employed in the informal sector, with little or no social security. In Argentina, Chile, Colombia and Peru for example, between 6 and 15 percent of the total population is disabled. The official unemployment rate for people with disabilities in these countries is well over 80 percent, sometimes higher than 90 percent. Securitas' efforts to employ people with disabilities began as a project in Colombia in 2007. The owner of a shopping mall chain had recently built a mall that was accessible to people with disabilities, not only customers but also to people employed in the mall. Securitas in Colombia already provided this customer with security services, so when the customer requested security officers with disabilities, a joint project was launched. Together with the customer and a non-profit organization, Securitas began training and employing people with disabilities as security officers. Through the non-profit organization, the employees acquired access to health care and education. The project was so successful that more people were employed to work for other customers in the retail and education segments, such as university campus areas. A recently added segment is airport security.

The project has since been launched in other countries where Securitas operates and can now be found throughout Argentina, Ecuador, Chile, Peru and Uruguay, where a total of over 150 people with disabilities are employed. Securitas works with authorities and non-profit organizations to identify the best solutions in each country. Experience and best practices are also shared between Securitas companies in all Latin America countries that have introduced the model. People with disabilities often face social exclusion, unemployment, lower access to education and health care, and dependence on their families. An employment and access to social security and education give them more independence and higher self-esteem. Employee turnover tends to be lower for disabled employees, and integration also enriches the company culture. At customer sites, such as shopping malls and university campuses, the presence of disabled security officers often leads to a calmer atmosphere with fewer incidents.

The integration program is a win-win example of how Securitas' sustainability work is closely linked to our business operations.

Corporate Governance

Governance and Management

Compliance with the Swedish Corporate Governance Code (the Code)
The governance report is prepared in accordance with Chapter 6, Section 6 and 8 of the Swedish Annual Accounts Act, provides key information concerning compliance with the Swedish Corporate Governance Code, shareholders, the Annual General Meeting, Nomination Committee, Board of Directors and their work including committees, remuneration and the division of responsibilities throughout the governance structure. This section also covers Securitas' system of internal control and risk management, which is the responsibility of the Board of Directors according to the Swedish Companies Act and the Swedish Corporate Governance Code. This description does not form part of the Annual Report.

In the Internal control section pertaining to risk, we have opted to widen the scope of our description and explain how enterprise risk management works in the broader perspective regardless of the type of risk, which means that our focus is not confined to risk related to internal controls over financial reporting. Fulfilling our strategies and objectives while maintaining appropriate risk level is imperative, which is why risk management procedures span all levels of the organization.

Read more at

www.securitas.com/corporate-governance
Securitas has published its principles for corporate governance in previous annual reports. A separate section on the Group website contains the Articles of Association and other key company documents.

A Unique and Decentralized Organization with a Clear and Effective Governance Structure

Securitas promotes management based on local responsibility in close proximity to customers and employees. This unique and decentralized organization encourages entrepreneurship, but requires a solid governance and management system. Securitas' structure for governance serves not only to protect stakeholder interests, but also to ensure value creation.

An effective governance structure requires that all components interact in order to reach the set strategic objectives, and that governance and risk management permeate all layers of the organization.

Securitas has a **decentralized organizational model that promotes entrepreneurship** and focuses on the approximately 1 700 branch managers who run the company's daily operations in 52 countries.

The company's customer offerings improve when decisions are made in close proximity to customers and the employees who perform the services. Local decisions are therefore promoted but made within a well-controlled environment.

The branch offices are run by qualified managers with considerable freedom to develop and conduct operations. Each branch has its own statement of income, for which they are fully responsible. Incentive programs are used to further encourage personal dedication to the operating and financial performance of the company. Securitas' extensive decentralization promotes a high degree of personal entrepreneurship.

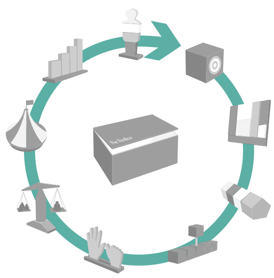
Securitas' Toolbox management model has a methodical structure comprising several well-defined areas or "tools" that serve as a guide at all levels and is maintained through continuous training and discussion forums. Each area of the model describes how Securitas' managers are to conduct themselves in various aspects and stages of the company's operations. The model also describes the approach we are expected to take with regard to the market, our customers and employees.

A key function of the Toolbox is to convey our corporate culture and create a shared platform, which is primarily symbolized by a focus on Securitas' values: Integrity, Vigilance and Helpfulness. It also ensures that work methods, management philosophy and customer perspective are shared throughout the organization. All Securitas employees are expected to assume responsibility for their customers and operations and our shared values. Responsibility is clarified through the measurement and systematic evaluation of results.

Group Management

Group Management is charged with overall responsibility for conducting the business of the Securitas Group in line with the strategy and long-term goals adopted by the Board of Directors of Securitas AB. The primary tool used by Group Management to measure accomplishment of strategies and to guide the employees and organization toward achieving its objectives is the financial framework and model.

In 2013, Group Management comprised the President and CEO and ten executives with representatives from the divisions. For further information on Group Management, please see pages 34–35.



Read more at
www.securitas.com/en/About-Securitas/Our-Management-Model/

A financial model that is easy to understand

As part of our decentralized management, we are required to set and follow up on strict financial targets by continuously measuring and monitoring the Group's performance. Financial control is not simply about implementing controls, it also functions as an incentive for those employees who are in a position to personally influence Securitas' financial results.

The financial framework and model continuously measures the Group's performance, from the branch offices through to Group level.

This financial model makes it possible to monitor a number of key figures that can be understood by all managers. It also helps managers understand the connection between risks and opportunities, and how various factors impact their areas of responsibility, as well as how we can monitor and control these factors. It visualizes the direct link between income and expenses in the statement of income, capital employed in the balance sheet and the generation of free cash flow (refer to the fact box on page 50 for more information).

Securitas has two financial targets. The first target is related to the income statement: an annual average earnings per share growth rate of 10 percent. The second target is related to the balance sheet: a free cash flow to net debt ratio of at least 0.20.

Transparent and accurate financial reporting is also the basis of sound management. The aim of the Group's financial reporting is to produce the most timely and accurate information possible to enable managers and employees to make the decisions necessary for achieving profitable growth in line with Securitas' strategies, and to control risks to ensure that the company's objectives are achieved. Financial reporting also forms the basis for sound internal control.

Significant shareholders

At the top of the governance structure shareholders influence the overall direction of the company. Strong principal shareholders provide considerable attention and interest in our business, and establish commitment to the success of the business.

On December 31, 2013, the principal shareholders in Securitas were Gustaf Douglas who, through his family and companies in the Investment AB Latour Group and Förvaltnings AB Wasatornet, held 10.9 percent (11.5) of the capital and 29.6 percent (30.0) of the votes, and Melker Schörling who, through his family and Melker Schörling AB, held 5.6 percent (5.6) of the capital and 11.8 percent (11.8) of the votes. For more detailed information about shareholders, see the table on page 135.

Compliance with the Swedish Corporate Governance Code (the Code)

As a Swedish public company listed on NASDAQ OMX Stockholm, Securitas applies the Swedish Corporate Governance Code (the Code). Securitas complies with the Code principle of "comply or explain" and has two deviations to explain for 2013:

Code Rule 7.3 An audit committee is to comprise no fewer than three board members.

Comments: The Board of Directors deems that two members is sufficient to correctly address Securitas' most important areas in regard to risk and audit issues, and that the incumbent members have long-standing and extensive experience in these areas from other major listed companies.

Code Rule 9.8 For share-based incentive programs, the vesting period, or the period from the commencement of an agreement to the date on which the shares are acquired, is to be no less than three years.

Comments: The Securitas Share-based Incentive Scheme was implemented in 2010 and has been renewed annually since then. It was based on the then-existing bonus structure of the Securitas Group. In simple terms, the bonus potential was increased in exchange for a one-time salary freeze and one third of the cash bonus outcome was to be received in shares in March of the year following the year in which the cash bonus would have been paid out, provided that the person remained employed by Securitas at such time.

Since the program replaces an immediate cash bonus payout and is not granted in addition to already existing bonus rights, the Board deems that the two-year period from the commencement of the program until the release of the shares is well motivated and reasonable in order to achieve the purpose of the program.

Annual General Meeting

All shareholders are able to exercise their influence at the Annual General Meeting, which is the company's highest decision-making body. The General Meeting decides on changes of the Articles of Association. The Articles of Association contain no limitation on the number of votes that each shareholder may exercise at a shareholders' meeting. Each shareholder may thus vote for all shares held at the shareholders' meeting. The Annual General Meeting of Securitas AB was held on May 7, 2013, and the minutes are available on www.securitas.com, where all resolutions passed can be found. One of the new resolutions passed in 2013, was the authorization for the Board to resolve upon acquisition of the company's own shares. Shareholders representing 62.0 (65.5) percent of the votes attended either personally or by proxy. For information about election and remuneration of Board members, see section Board of Directors below.

Nomination Committee

The Nomination Committee is a body established by the Annual General Meeting with the task of preparing motions regarding the election of Board members, the Chairman of the Board and remuneration to Board members and Board committees. Before each Annual General Meeting, where the election of auditors takes place, the Nomination Committee also prepares motions regarding the election of auditors and decisions about fees to auditors and other related matters, following consultation with the Board of Directors and the Audit Committee.

In 2013, Gustaf Douglas was re-elected as Chairman of the Nomination Committee. The Annual General Meeting 2013 resolved that in the event that a shareholder represented on the Nomination Committee ceases to be one of the major shareholders of Securitas (based on votes), or if a member of the Nomination Committee is no longer employed by such a shareholder, or for any other reason leaves the Committee before the Annual General Meeting 2014, the Committee is entitled to appoint another representative of another major shareholder to replace this member.

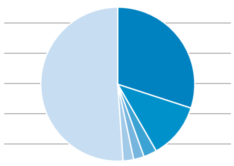
The Committee has adopted working instructions which governs the work in the Committee. The Committee should hold meetings as often as necessary to fulfill its duties. However, the Committee should hold at least one meeting annually. The Committee met one time in 2013.

Board of Directors

According to the Articles of Association, the Board of Directors should have between five and ten Board members elected by the Annual General Meeting, with no more than two Deputy Directors. The Directors and Deputy Directors are elected by the Annual General Meeting for the period up to and including the first Annual General Meeting to be held in the year after the Director or Deputy Director was elected. Securitas' Board of Directors has eight members elected by the Annual General Meeting, three employee representatives and two deputy employee representatives.

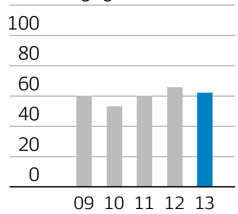
The Annual General Meeting 2013 re-elected Fredrik Cappelen, Carl Douglas, Marie Ehrling, Annika Falkengren, Alf Göransson, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg. The Annual General Meeting re-elected Melker Schörling as Chairman of the Board and Carl Douglas as Vice Chairman. Mikael Ekdahl, attorney-at-law, is the secretary of the Board. For further information about the members of the Board of Directors and the President and CEO, see pages 32–33. It was resolved that the fees to the Board should total SEK 4 700 000 (including fees of SEK 450 000 for committee work), to be distributed among the Board members as follows: Chairman of the Board: SEK 1 000 000; Vice Chairman of the Board: SEK 750 000; and each of the other Board members (except the President and CEO and employee representatives): SEK 500 000.

Elected members,[1] Nomination Committee



1 At the Annual General Meeting held on May 7, 2013.
2 Share of votes as of May 7, 2013.

Annual General Meeting attendance 2009–2013



Number of shareholders 2009–2013

2009	31 527
2010	31 458
2011	27 011
2012	27 222
2013	26 054

Responsibilities of the Board of Directors
The Board of Directors is responsible for the organization and administration of the company and the Group in accordance with the Swedish Companies Act and also appoints the President and CEO, the Audit Committee and the Remuneration Committee.

In addition, the Board of Directors determines the President and CEO's salary and other remuneration. The Board meets a minimum of six times annually. The Group's auditors participate in the meeting of the Board of Directors that is held in conjunction with the yearly closing of the books.

The Board of Directors of Securitas AB have approved a number of policies that apply to governance. Examples of policies of interest within this context are described on page 41.

The Board ensures the quality of financial reporting through Group Policies, procedures and frameworks, clear structures with defined responsibilities and through documented delegation of authority, which is further described in the Enterprise Risk Management and Internal Control Report, beginning on page 36. The board has formed a Remuneration Committee (further described below) and an Audit Committee (further described on page 31).

Remuneration Committee
The Board has formed a Remuneration Committee to prepare decisions related to salaries, bonuses, share-based incentive schemes and other forms of compensation for Group Management, as well as other management levels if the Board of Directors so decides. The Committee presents its proposals to the Board, for the Board's decision. The Committee held two meetings during 2013. For details regarding members and attendance, refer to the table on pages 32–33.

A share-based incentive scheme was adopted at the Annual General Meeting 2013, enabling the Group to gradually have approximately 2 500 of Securitas' top managers as shareholders, thereby strengthening employee commitment to Securitas' future success and development for the benefit of all shareholders. In principal, the adopted incentive scheme entails that one third of any annual bonus, earned under the performance-based cash bonus schemes, is converted into a right to receive shares, with delayed allotment and subject to continued employment. For more information on the actual outcome of the share-based incentive scheme in 2013, see note 12 on page 96.

The guidelines for remuneration to senior management that were adopted at the Annual General Meeting 2013 primarily entailed that remuneration to senior management and their terms of employment should be competitive and comply with market conditions, to ensure that Securitas is able to attract and retain competent managers. The total remuneration to Group Management should consist of a fixed basic salary, variable remuneration, pensions and other benefits.

Thus, in addition to a fixed annual salary, Group Management may also receive a variable remuneration, which will be based on the outcome of set financial goals and growth targets within the individual area of responsibility (Group or division). The remuneration should be determined in a manner consistent with shareholder interests.

The variable remuneration should amount to a maximum of 60 percent of the fixed annual salary for the President and CEO, and a maximum of 42 to 200 percent of the fixed annual salary for other members of Group Management. The undertakings of the Group as regards variable remuneration to Group Management may, at maximum within all divisions during 2013, amount to MSEK 56. The complete guidelines for remuneration can be found on www.securitas.com.

Additional information on remuneration to the Board of Directors and Group Management, including the outcome, is disclosed in the Notes and comments to the consolidated financial statements 2013. See note 8 on pages 88–91.

The work of the Board of Directors

The activities of the Board of Directors and the division of responsibility between the Board and Group Management are governed by formal procedures documented in a written instruction, which is adopted by the Board each year after the Annual General Meeting. According to these procedures, the Board should determine, among other things, the Group's overall strategy, corporate acquisitions and property investments above a certain level, and establish a framework for the Group's operations through the Group's budget.

The procedures include a work instruction for the President and CEO, as well as instructions for financial reporting. The procedures also prescribe that an annual evaluation of the work of the Board of Directors should be carried out.

The Board held eight meetings in 2013, of which two were held per capsulam. The auditors participated in the Board meeting in February 2013, where they presented the audit.

Board of Directors

Q4 meeting*
- Q4 and full-year report
- Update from Audit Committee
- Audit report
- Securitas Risk Management
- Remuneration
- AGM preparation
- Divided
- External report

Meeting***
- Remuneration guidelines
- Share bonus scheme proposal
- Notice convening the AGM 2013
- Proposal regarding acquisition of own shares

Meeting***
- Annual Report

Q1 meeting*
- Q1 interim report
- Update from Audit Committee
- Technology and Solutions
- Approval of Group Policies

Statutory meeting
- Appointment of committee members
- Authorization to sign for the company
- Work procedures (Board, Audit and Remuneration Committees)

Q2 meeting*
- Q2 interim report
- Financing
- Update on the USA and Affordable Care Act
- Update from Audit Committee
- Acquisitions/disposals

Q3 meeting*
- Q3 interim report
- Update from Audit Committee
- Business plan 2014
- Financing
- Aviation Business

Budget meeting (operational visit)
- Divisional business plans and budgets 2014
- Operational visit/presentation

Jan Feb Mar – Q1 | Apr May Jun – Q2 | Jul Aug Sep – Q3 | Oct Nov Dec – Q4

Audit Committee

Q4 meeting
- Q4 interim report and full-year report
- Updates**
- Corporate governance report
- External auditor report
- Internal (MA) Q4 2012 audit activities and action plans

(MA) Management Assurance

Q1 meeting
- Q1 interim report
- Updates**
- External auditor audit plan and fees
- Internal (MA) Q1 2013 audit activities
- Internal (MA) audit plan 2013
- Theme: CSR work

Q2 meeting
- Q2 interim report
- Updates**
- External auditor half-year report
- Theme: Reporting quality

Q3 meeting
- Q3 interim report
- Updates**
- Impairment test
- Corporate governance report
- Internal audit function assessment
- External auditor early warning report
- Internal (MA) Q2–Q3 2013 audit activities
- Theme: CSR follow-up

The work of the Audit Committee

The Board of Directors has established and appointed an Audit Committee, which operates under the instructions for the Audit Committee and meets with Securitas' auditors at least four times per year. The Committee supports the Board's quality-control work in terms of financial reports, and its internal control over financial reporting.

Specifically, the Committee monitors the financial reporting, the effectiveness of internal control, internal audit activities and the risk management system. The Committee also stays informed about annual statutory audits. It assesses the external auditor's independence and approves the performance of non-audit services.

The Committee presents its findings and proposals to the Board, prior to the Board's decision. For details regarding members, independence and attendance, refer to the table on pages 32–33. The Committee met four times during 2013. The major topics discussed are listed above.

* In addition to the topics listed, other areas are discussed continuously, such as operational performance, updates from divisions, strategy, market and competition, acquisitions, insurance, credit risk, tax matters, legal matters, funding and refinancing.

** Topics based on a set rolling agenda format with updates on accounting, treasury, acquisitions, risk/insurance, legal, tax, internal control, enterprise risk management, audit/consultancy costs and auditor independence.

*** Held per capsulam.

Board of Directors

Name	**Melker Schörling**	**Carl Douglas**	**Alf Göransson**	**Fredrik Cappelen**	**Marie Ehrling**
Position	Chairman	Vice Chairman	Member	Member	Member
	Director of Securitas AB since 1987 and Chairman since 1993.	Deputy Director of Securitas AB since 1992 and Director since 1999. Vice Chairman since 2008.	President and CEO of Securitas AB since 2007.	Director of Securitas AB since 2008.	Director of Securitas AB since 2006.
Principal education	BSc in Economics and Business Administration	Bachelor of Arts	International BSc in Economics and Business Administration	BSc in Business Administration	BSc in Economics and Business Administration
Born	1947	1965	1957	1957	1955
Other board and other assignments	Chairman of Melker Schörling AB, Hexagon AB, AAK AB and Hexpol AB. Director of Hennes & Mauritz AB.	Vice chairman of ASSA ABLOY AB. Director of Swegon AB and Investment AB Latour.	Chairman of Loomis AB, Director of Hexpol AB and Axel Johnson Inc., USA.	Chairman of Byggmax Group AB, Sanitec Oy, Dustin AB and Dometic Group AB. Vice Chairman of Munksjö AB.	Chairman of TeliaSonera AB. Vice Chairman of Nordea Bank AB. Director of Oriflame Cosmetics SA, Schibsted ASA, Axel Johnson AB and IVA.
Previously	President and CEO of Skanska AB 1993–1997. President and CEO of Securitas AB 1987–1992.		President and CEO of NCC AB 2001–2007, CEO of Svedala Industri AB 2000–2001, Business Area Manager at Cardo Rail 1998–2000 and President of Swedish Rail Systems AB in the Scancem Group 1993–1998.	President and Group Chief Executive of Nobia 1995–2008. Marketing Director of Stora Finepaper, President of Kaukomarkkinat International Sweden and Norway and Managing Director of Kaukomarkkinat GmbH, Germany.	CEO of Telia Sonera Sverige 2003–2006, Deputy CEO of SAS AB, responsible for SAS Airlines and other executive positions at SAS, Information Secretary at the Ministry of Finance and Ministry of Education and Research and financial analyst at Fjärde AP-fonden.
Attendance					
Board meetings (8 total)	8	8	8	8	8
Audit Committee meetings (4 total)				Member 4	Chairman 4
Remuneration Committee meetings (2 total)	Chairman 2				
Total fee[2]*, SEK*	1 100 000	750 000	0	600 000	700 000
Independent to company (7 total)	Yes	Yes	No	Yes	Yes
Independent to shareholders (4 total)	No	No	Yes	Yes	Yes
Shares in Securitas (own & related party holdings)	4 500 000 Series A shares and 16 001 500 Series B shares[3]	12 642 600 Series A shares and 27 190 000 Series B shares[4]	58 698 Series B shares	4 000 Series B shares	4 000 Series B shares

1 Employee representatives, appointed members of the Board of Directors at the Annual General Meeting. Deputy employee representatives are Thomas Fanberg and Mirja Andersson. Thomas Fanberg (b. 1961) has been Deputy Director of Securitas AB since 2008. Employee Representative, Chairman of Salaried Employees' Union local branch, Securitas Norrland. Mirja Andersson (b. 1979) has been Deputy Director of Securitas AB since 2013. Employee representative, Swedish Transport Workers' Union.

2 Total fee includes fees for committee work. In total, SEK 450 000 was paid out for committee work, of which SEK 150 000 for Remuneration Committee work and SEK 300 000 for Audit Committee work. For more details, refer to the minutes of the AGM 2013 on Securitas' website: www.securitas.com.

3 Through Melker Schörling AB.

4 Via holdings by family members, Investment AB Latour Group and Förvaltnings AB Wasatornet.

			Employee representatives[1]		
Annika Falkengren	**Sofia Schörling Högberg**	**Fredrik Palmstierna**	**Susanne Bergman Israelsson**	**Åse Hjelm**	**Jan Prang**
Member	Member	Member	Member	Member	Member
Director of Securitas AB since 2003.	Director of Securitas AB since 2005.	Director of Securitas AB since 1985.	Director of Securitas AB since 2004. Employee Representative, Chairman of Swedish Transport Workers' Union local branch 19, Norra Mälardalen.	Director of Securitas AB since 2008. Deputy Director of Securitas AB since 2007. Employee Representative, Vice chairman of Salaried Employees' Union local branch, Norrland, Chairman of the Securitas Coucil for Salaried Employees.	Director of Securitas AB since 2008. Employee Representative, Chairman of Swedish Transport Workers' Union local branch, Securitas Göteborg.
BSc in Economics	BSc in Economics and Business Administration	BSc in Economics and Business Administration, MBA			
1962	1978	1946	1958	1962	1959
President and CEO of SEB. Director of SEB. Member of the Supervisory Boards of Munich RE and Volkswagen AG.	Director of Melker Schörling AB.	Chairman of Investment AB Latour. Director of AB Fagerhult, Hultafors AB, Nobia AB, Academic Work AB and Stiftelsen Viktor Rydbergs Skolor.			
Several executive positions at SEB.					
7	8	8	8	8	8
Member 2					
550 000	500 000	500 000	0	0	0
Yes	Yes	Yes	–	–	–
Yes	No	No	–	–	–
7 500 Series B shares	2 400 Series B shares	17 200 Series B shares	–	120 Series B shares	–

All figures refer to holdings on December 31, 2013.

For comparative information about remuneration to the Board of Directors and senior management, please see note 8 on pages 88–91.

Group Management





a. Alf Göransson b. 1957
President and CEO of Securitas AB
Employed: 2007
Education: International BSc in Economics and Business Administration from the School of Business, Economics and Law, University of Gothenburg, Sweden.
Shares in Securitas: 58 698 Series B shares.*

b. Bart Adam b. 1965
Chief Financial Officer
Employed: 1999
Education: Commercial Engineer at K. University Leuven, Belgium, Quantitative Applied Economics and Information Technology, with Distinction.
Shares in Securitas: 15 264 Series B shares.*

c. William Barthelemy b. 1954
Chief Operating Officer, Security Services North America
Employed: 1999
Education: Degree in Criminology from Indiana University of Pennsylvania, USA.
Shares in Securitas: 20 040 Series B shares.*

d. Santiago Galaz b. 1959
Divisional President, Security Services North America
Employed: 1995
Shares in Securitas: 86 546 Series B shares.*

e. Gisela Lindstrand b. 1962
Senior Vice President, Corporate Communications and Public Affairs
Employed: 2007
Education: Degree in Political Science from Uppsala University, Sweden.
Shares in Securitas: 2 017 Series B shares.*

f. Jan Lindström b. 1966
Senior Vice President, Finance
Employed: 1999
Education: BSc in Economics and Business Administration from Uppsala University, Sweden.
Shares in Securitas: 5 600 Series B shares.*

g. Marc Pissens b. 1950
President, Aviation
Employed: 1999
Education: Degree in Engineering from the Engineering Institute of Brussels, Belgium.
Shares in Securitas: – *

h. Luis Posadas b. 1958
Divisional President, Security Services Ibero-America
Employed: 1995
Education: Law at the University Complutense in Madrid, Spain.
Shares in Securitas: 17 911 Series B shares.*

i. Åsa Thunman b. 1969
Senior Vice President, General Counsel and Group Risk Manager
Employed: 2009
Education: LL.M., Uppsala University, Sweden, and Master of European Business Law from the University of Amsterdam, the Netherlands.
Shares in Securitas: 653 Series B shares.*

j. Antonio Villaseca Lòpez b. 1954
Senior Vice President, Technical Solutions
Employed: 1995 and 2011
Education: Economics at the UNED University in Madrid, Spain and courses in telecommunications, networks and security system design.
Shares in Securitas: –*

Erik-Jan Jansen will leave his position as Chief Operating Officer, Security Services Europe on April 1, 2014.

For more information about Group Management, visit **www.securitas.com**

* The actual allocation of shares to Group Management under the Securitas share-based incentive scheme 2012 can be found on page 91, and the total potential allocation of shares to Group Management under the Securitas share-based incentive scheme 2013 can be found on page 89.

Enterprise Risk Management and Internal Control Provide Assurance

Securitas' enterprise risk management process seeks to identify, prioritize and manage the key risks to our business at all levels and in all parts of the business. Securitas' internal control system is designed to manage, rather than eliminate, the risk of failing to achieve business objectives. The system provides reasonable, but not absolute, assurance against material misstatement or loss, as well as compliance with the main policies.

Internal control over financial reporting is included as a part of the overall internal control of Securitas and constitutes a central part of Securitas' corporate governance. The description below covers a broader perspective on how Securitas' internal control is organized, using a structure based on the COSO model, but also makes specific reference to items pertaining directly to internal control over financial reporting. Pages 39–43 describe the company's enterprise risk management process, which sets the overall process for Securitas' proactive and continuous work with risk management and internal control. Securitas' insurance and claims strategy is to "act as if uninsured". Refer to page 46 for more information about insurance as a risk management tool.

Control environment

The key features of the control environment, which is the foundation for sound internal control, include: clear terms of reference for the Board and each of its committees, a clear organizational structure with documented delegation of authority from the Board to President and CEO and further to Group Management, the competence of employees and a series of Group policies, procedures and frameworks. The policies are all periodically reviewed and updated by Group Management and adopted by the Board of Directors.

Delegation of authority is documented in an approval matrix, which provides clear directions for managers at all levels.

Emphasis lies on the competence and abilities of the Group's employees, with continuing education, training and development actively encouraged through a wide variety of schemes and programs.

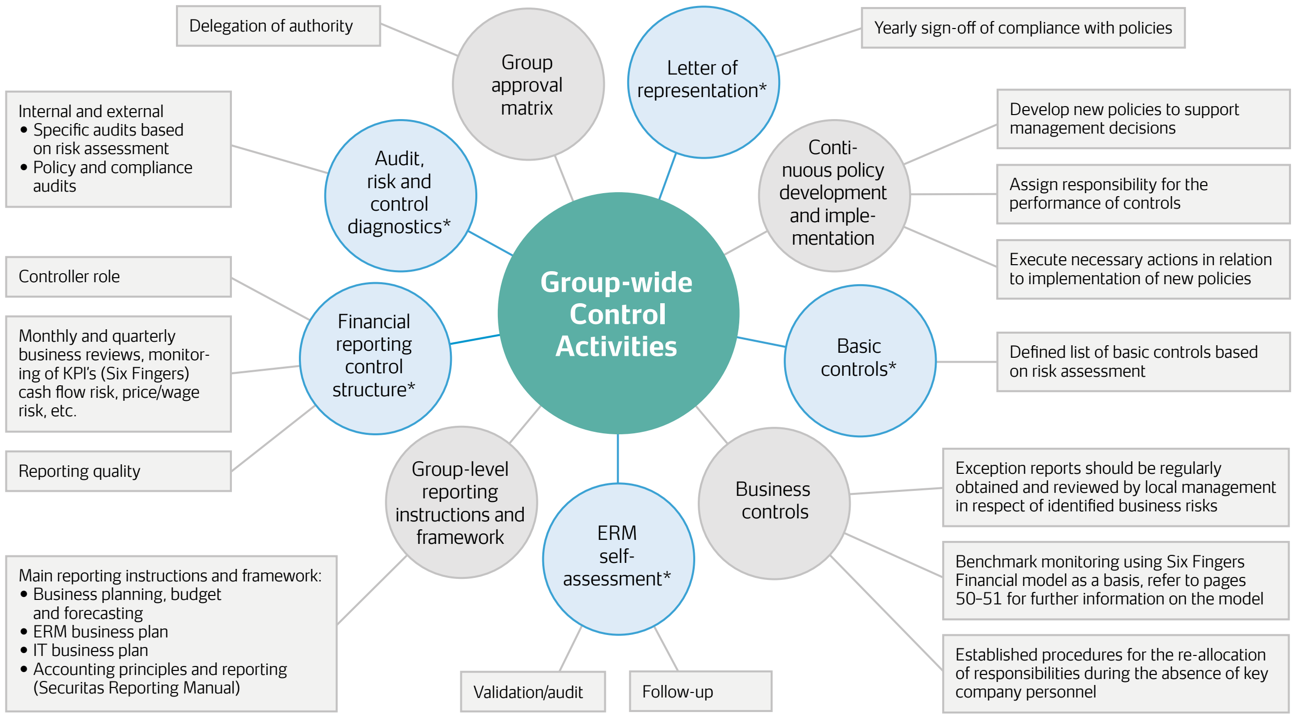
The Group has three fundamental values – Integrity, Vigilance and Helpfulness – to help its employees exercise good judgment and make decisions on a consistent basis.

Policies that apply to internal control over financial reporting are described in Securitas' Group Policies and Guidelines, which includes company's model for financial control (for more detailed information on the model, refer to pages 50–51), and in the Securitas Reporting Manual, which specifically focuses on reporting matters to ensure compliance with reporting requirements and rules. This creates an environment that supports reliable and accurate reporting.

Risk assessment

At the highest level, the Board considers where future strategic opportunities and risks lie, and helps shape the corporate strategy. Balanced and focused risk management is necessary for the fulfillment of Securitas' strategies and the achievement of its corporate objectives.

Enterprise risk management (ERM) is an integral component of Securitas' operations, and risk awareness is part of the company culture. Risk assessments are conducted within the framework of the Securitas ERM process, regardless whether the assessments pertain to operational risks or financial reporting risks. Securitas does not classify compliance risk as a separate category. Instead, it is included in the operational category. Risk assessment is a dynamic process that aims to identify and analyze risks in relation to Securitas' objectives and serves as the basis for implementing mitigating actions after considering the controls in place (reduce, transfer/share or accept the risk in question). See page 40 for more details on the risk assessment and planning process, which is part of Securitas' operational business planning and follow-up.



This illustration shows an overview of the key Group-wide control activities.

* Described in further detail below.

Group-wide control activities
Internal control covers all divisions and subsidiaries in the Group. Internal control activities are established by policies and processes, which helps ensure that all management directives to manage risks are executed. Controls are performed on several levels within the organization and are established based on the process concerned.

ERM self-assessment Every major operating unit throughout the Group performs an annual self-assessment, which is a part of the process to manage enterprise wide risks and covers key risks, including financial reporting risks, measures taken and compliance with the Group Policies and Guidelines and Securitas Reporting Manual. An example of an operational risk included in the self-assessment package is assignment execution risk. An example of a financial reporting risk is management estimates. For further information, refer to www.securitas.com/Corporate-Governance/Enterprise-risk-management.

Self-assessment promotes control awareness and accountability. The results from the sections related to financial reporting are signed off by each entity's president and controller. Other sections are signed off by the responsible function. As part of this process, the external auditor and/or another internal or external resource validates the answers to questions in the questionnaire deemed to be risk areas for the selected reporting units. The answers are compiled at the divisional and Group levels to support benchmarking within and between divisions. Each reporting unit is responsible for acting on any deviations, including written action plans to address the deviations and a deadline for the implementation of actions. Any prioritized areas for improvement are also addressed in the business plans. All reports are subsequently available to the divisional management teams, Group Management and the Audit Committee.

Basic controls Detailed process-level controls in financial reporting processes such as revenue, payroll and IT, are included as one component of the overall Group-wide control structure called "basic controls". Basic controls set the minimum requirement from a Group perspective with regard to what needs to be in place, but are complemented by supplementary controls to ensure full protection of the company's assets and ensure accurate and reliable financial reporting tailored to the specific conditions of that entity. These controls may include manual, application or general IT controls.

Key areas covered:

- protection of company assets
- completeness and timeliness of customer invoicing
- credit collection procedures
- contract management
- validity of payments to third parties
- accuracy of general ledger
- timeliness and accuracy of Group reporting and;
- compliance with local requirements

Audit, risk and control diagnostics The Group performs risk and control diagnostics in functional areas which, by nature, have a high degree of inherent risk. These diagnostics are performed in addition to the recurring areas in the self-assessment questionnaire and aim to ensure compliance with key policies such as the Contract Management policy and Securitas' Values and Ethics. Securitas develops this audit and review process on a continuous basis.

Financial reporting control structure Control activities specifically aimed at managing risks related to financial reporting include methods and activities for securing assets, controlling the accuracy and reliability of internal and external financial reports, and ensuring compliance with defined guidelines.

Regular analyses of the financial results at the various levels of the organization using the financial model ensure that financial information maintains a level of high quality. Securitas' financial reporting is based on the following foundations:

- Group Policies and Guidelines, which comprises the Board of Directors' policies and guidelines for financial planning and reporting, long-term financing and treasury, risks and insurance, communications, branding, legal issues and IT
- Guidelines in Securitas' financial model, which create the framework for a simple and clear internal reporting method, including timely and accurate follow-up of financial key figures (Securitas Six Fingers)
- Securitas' Reporting Manual, which provides all managers and financial staff with detailed instructions and definitions for financial reporting
- The controller, who is responsible for continuously ensuring that the financial information provided is accurate, transparent, relevant and up to date

Controllers at all levels hold a key role in terms of integrity, professionalism and the ability to work in teams in order to create the environment that is needed to achieve transparent, relevant and timely financial information. Local controllers are responsible for ensuring compliance with the approved set of policies and frameworks, and for ensuring that internal controls pertaining to financial reporting processes are implemented.

The controller is also responsible for reporting financial information that is correct, complete and timely. The controller receives continuous feedback from the Group regarding reporting quality, which is an effective tool for enhanced reporting. In addition, each division has a divisional controller with corresponding responsibilities at the divisional level.

Letter of representation The Group has a representation process in which operating unit presidents and controllers sign a letter of representation in connection with the year-end report, stating their opinion on whether or not the internal control over financial reporting and the reporting packages give a true and fair view of the financial position.

The letter also covers the broader perspective of internal control, including compliance with the full set of Group Policies.

Information and communication

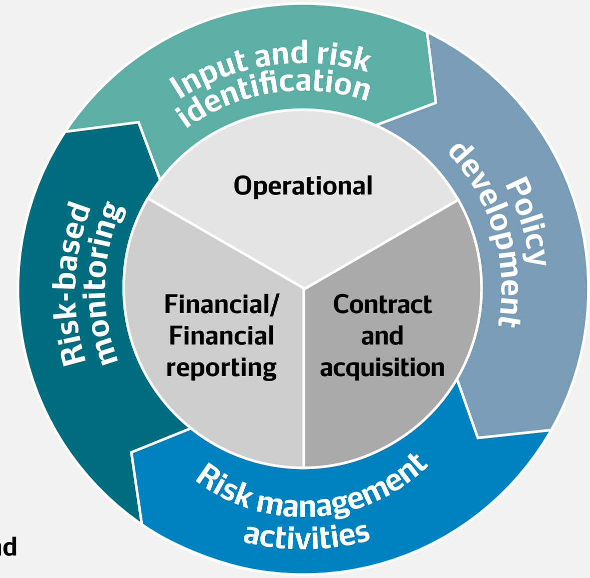
Securitas' channels for information and communication are constantly developed to ensure that all staff are given clear objectives and are made aware of the parameters that constitute acceptable business practices, as well as the expectations of the Board in managing risks, in order to achieve set goals and objectives. This provides a clear definition of the Group's purpose and goals, accountabilities and the scope of permitted activities of employees. The Group Policies and Guidelines are available in a Group-wide database.

Systems and procedures have been implemented that support complete, accurate and timely financial reporting and provide management with the necessary reports on business performance relative to the established objectives. The Group reporting department regularly issues guidance on reporting matters and the reporting manual is available in a Group-wide database. Reporting units regularly prepare financial and management reports that are discussed at review meetings at different levels. These include an analysis of financial performance and risks in order for the organization to understand their responsibility with regard to internal control and its impact in relation to risks, goals and objectives.

Monitoring

Monitoring is performed at different levels and by different functions within the organization depending on whether it is related to operational or financial reporting matters. Key functions include the Board of Directors, the Audit Committee, Group Management, functional committees, management assurance, the Group legal function, the Group risk organization, and local and divisional management. For an organizational overview of this structure, refer to pages 44–45.

Four-step process for managing enterprise risk



Securitas' enterprise risk management process (ERM) is engrained in the business and based on a close cooperation between operative management and all functions working with the different parts of the risk management process. The process starts with risk identification and prioritization during the ERM Planning process. The Group Policies and Guidelines as well as local processes, rules and procedures establish the framework for day-to-day risk management. The identified risks and adopted policies also set the structure for all compliance monitoring in the Group. The ultimate responsibility for governance of risk management lies with the Board of Directors, but the work involved in minimizing risks takes place through a structured process of assigning responsibility to all levels of the organization.

Securitas is exposed to various types of risks in its daily business. When providing security services, Securitas manages not only its own risks, but also risks on behalf of its customers. Minimizing the risk of a loss occurring, and thereby protecting our stakeholders, is an important objective. Securitas' risks have been classified into three main categories: **contract and acquisition**, **operational assignment** and **financial risks**. The categories are based on the natural flow of the business – entering into a contract, execution of the assignment and the financial result. Similar risk categories are also relevant for acquisitions, but are then classified as acquisition risks, operational integration risks and financial integration risks.

All of the risks in these categories can impact the Group's financial performance and position if they are not managed in a structured way. This is why Securitas has developed its four-step process approach for managing enterprise risks. The four steps and current actions are described in further detail on the following pages.

Input and risk identification

The ERM system is integrated into the Group's business planning and performance monitoring processes, regardless of the risk category concerned. As part of the annual budget process, each level of the organization prepares an ERM business plan.

Seven key risks 2013
1. Customer Contract Risk
2. Acquisition Risk
3. Assignment Execution Risk
4. Compliance (regulatory and other) Risk
5. IT Failure Risk
6. Price Risk
7. Securitas' Values and Ethics Compliance Risk

The ERM business plan includes risk assessment, controls, risk management activities and action plans. This sets the main focus and priorities for operational risk management within countries, divisions and the Group for the coming year.

Key risk determination The yearly risk assessment process is coordinated by the Group risk organization, which is also responsible for maintaining the risk register. The risk register contains about 50 risks and is updated annually, primarily based on the country ERM business plans, but also other sources of input such as audits and self-assessment results and management input. Out of the 50 risks, about 15 are selected as top risks that will be subject to monitoring activities. Out of these, seven risks are currently considered Group key risks with primary focus for the forthcoming year. For an example of these risks and how they are managed, refer to www.securitas.com/Corporate-Governance/Enterprise-risk-management.

The ultimate prioritization of key risks for each year is decided by Group Management.

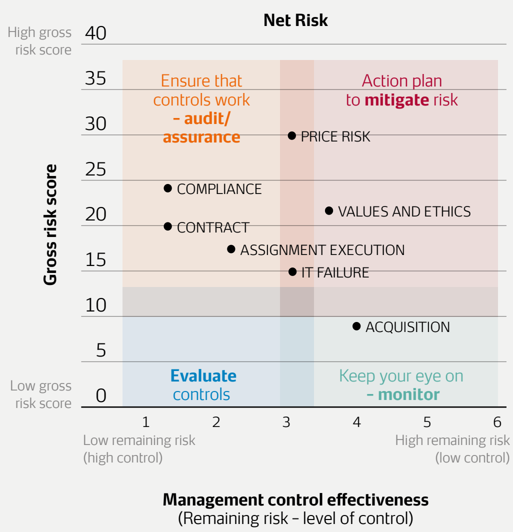
> Examples of activities during 2013

The structure of the ERM business plan was amended and an updated risk assessment tool was implemented. The purpose of the new tool is to facilitate the risk assessment process, as well as action planning, depending on the level of risk and controls that are in place. Extensive training was provided on how to use this tool, in addition to guidelines on how to conduct country-level workshops to identify risks and assess the level of control in place, involving local risk owners and country management.

The top-seven key Group risks and a minimum of two country/division-specific risks are assessed. This analysis forms the basis of the ERM business plan, which also includes action plans for how to further mitigate the risks with the highest remaining exposure. Due to Securitas' increased strategic focus on technology, separate risk assessments and risk mitigation activities for the specific risks related to technology activities were completed in 2013.

Separate risk assessments were also performed for the Aviation business.

Part of the new updated risk assessment tool (example)



Policy development

One of the cornerstones of the ERM process is the Group Policies and Guidelines that establish the framework for all policies and compliance monitoring in the Group. The Group Policies are developed by management but are approved by the Board.

After performing the yearly risk assessment and establishing risk business plans, decisions are made as to whether to create new policies or amend existing policies based on that input. A general policy update is released after the statutory Board meeting in May every year, but specific policies are also issued when necessary throughout the year.

Some of the key policies adopted by Securitas that are relevant from a governance perspective are:

- **Contract policy** which sets out the process and main principles for managing customer contract risk, based on standard terms, a full customer and contract risk evaluation, as well as a framework of key policies for contracting security services and solutions. The objective is to manage the risks arising from customer contracts, and to ensure that all customer contracts have a fair and reasonable allocation of responsibility and risk between the customer and Securitas and that the price reflects the risk taken on by Securitas.
- **The Securitas' Values and Ethics Code** ensures that the company upholds and promotes the highest ethical business standards. Securitas' basic requirement is to act within the framework of laws and international conventions, such as the United Nations Universal Declaration of Human Rights. This means that Securitas respects and complies with competition rules, environmental legislation, labor market regulations, agreements and safety requirements and any other provisions that set the parameters of our operations. For further information on Securitas' initiatives and responsibility with regard to social, economical and environmental issues, refer to pages 18–24.
- **Communication policy** in accordance with the stock market's requirements for information with the aim of ensuring that the company fulfills these requirements.
- **Competition law compliance policy** with the aim of ensuring that Securitas and its subsidiaries or affiliates are committed to full compliance with all competition laws and regulations.
- **Insider policy** as a complement to the insider legislation in force in Sweden.


Securitas' Values and Ethics Code

> Examples of activities during 2013

The Board adopted a detailed **anti-corruption policy**, clearly setting out the principle of zero tolerance for any corrupt practices with clear definitions, requirements for risk assessment, guidance regarding third-party relationships, as well as training requirements, reporting, investigations and follow-up. In order to properly guide the employees, the policy requires each local entity to adopt a gift and entertainment policy.


Securitas' Anti Corruption policy

Risk management activities

Group Management sets the risk management policies for the entire Group. Accountability for managing risks is clearly assigned to all Group, divisional and local management.

Group Management has overall responsibility for the management of risks, and for the implementation and maintenance of control systems in accordance with the Board's policies. Specifically, divisional management and established functional committees are responsible for ensuring that a process for creating risk awareness exists throughout the division. The divisional presidents are responsible for all aspects of the operations in their divisions, including operational risk management and risk minimization. Operating unit managers and country risk managers are responsible for ensuring that risk management is part of the local corporate culture at all levels within a country.

Accountability for managing risks is clearly assigned to Group, divisional and local management.

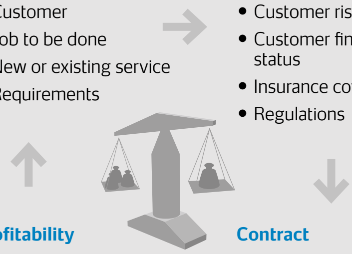
RISK RESPONSIBILITIES

Principal activities	Branch/ area	Country/ division	Group
Risk assessment	■	■	■
Contract management	■	■	■
Loss prevention	■	■	
Claims settlement		■	■
Insurance purchasing			■

To be successful, all of Securitas' branch managers must understand the risks associated with providing services and be able to assess and control these risks. Securitas actively pursues different risk management activities to increase awareness and knowledge. One important tool is the business risk evaluation model "The Scale". For further information on this, refer to www.securitas.com/About-Securitas/Our-Management-Model/risk-management.

Assignment
- Customer
- Job to be done
- New or existing service
- Requirements

Risk
- Customer risk category
- Customer financial status
- Insurance cover
- Regulations



Profitability
- Profitability
- Investments
- Payment terms
- Off-balance sheet exposures

Contract
- Standard or non-standard contract
- Liability cap
- Consequential losses
- Customer identification for third-party claims

> Examples of activities during 2013

Securitas' Values and Ethics Code was introduced in 2012 (replacing the old Code of Conduct) and several risk management initiatives and activities pertaining to the Code were carried out in 2013.

- Training continued for all employees in the form of two detailed e-learning courses, translated into local languages: one course for managers and office personnel, and another for security officers.
- Securitas Integrity Line
  - Continuation of implementation efforts to reach full implementation
  - Reporting of cases

Risk-based monitoring

Monitoring is performed at several different levels. Key functions include the Board of Directors, the Audit Committee, Group Management, functional committees, management assurance, the Group legal function, the Group risk organization, and local and divisional management (see illustration on pages 44–45).

Risk assessments are used as the basis for determining which activities to be carried out in relation to monitoring from an audit perspective. One important recurring component is the analysis of the ERM self-assessment results, which are subject to validation procedures.

The scope of these procedures (meaning the countries and key risks in question) is also determined based on an annual risk assessment. Other important tools include country visits and diagnostics.

> Examples of activities during 2013

Country diagnostics
In 2013, the Group continued to focus on new countries, since these have been assessed as a risk area in terms of integration from a financial reporting and control standpoint. The diagnostic comprises a kit covering IFRS compliance, as well as key controls within financial reporting processes, contract management and IT security. These reviews are usually conducted within the first year from the acquisition date and a follow-up is performed during the second year, provided that significant areas for improvement have been identified.

Contract management
Another area that was subject to specific diagnostics in 2013 was the contract management key risk area and compliance with Group Policies in this area. These reviews are conducted on a rotational basis for all countries.

Basic controls
In 2013, Securitas also focused specifically on basic controls, listing the most important control objectives and activities and performing a benchmark of its largest countries in relation to these objectives.

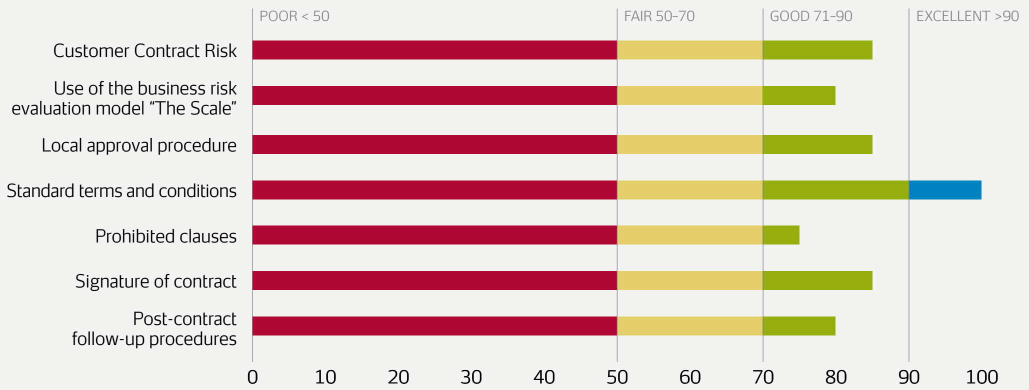
Process heat map: Example Country X

Area	Audit report 2013	Audit report 2012
Revenue and AR	Excellent	Good
HR and payroll	Good	Good
Purchasing and AP	Good	Good
IT security	Good	Fair
Contract management procedures incl. compliance	Excellent	Good
Financial reporting:		
– valuation	Good	Fair
– classification	Good	Good
– closing routines	Fair	Fair
Other	Fair	Poor

Poor
Fair
Good
Excellent

ERM Scoring Model: Example Country Y – Contract risk

A scale from poor (red) to excellent (blue) is used to give a quick overview and feedback to the country's president and risk owner(s). Good is the acceptable level* for most of the risks.



* Built in "risk appetite" or tolerance in the model.

Functional committees

The Group has established a number of functional committees and work groups, including the functions for Finance/Tax and Assurance, Corporate Finance/Treasury and Legal/Risk and Insurance. These committees include the CFO, Senior Vice President Finance, Senior Vice President General Counsel and the appropriate functional area experts. The main purpose of these functional committees is to determine appropriate policies, communicate the policies and ensure local understanding (including training) of the policies, as well as monitoring key issues within each area of responsibility. Quarterly meetings are held with the President and CEO, at which topics that must be reported to the Audit Committee are discussed.

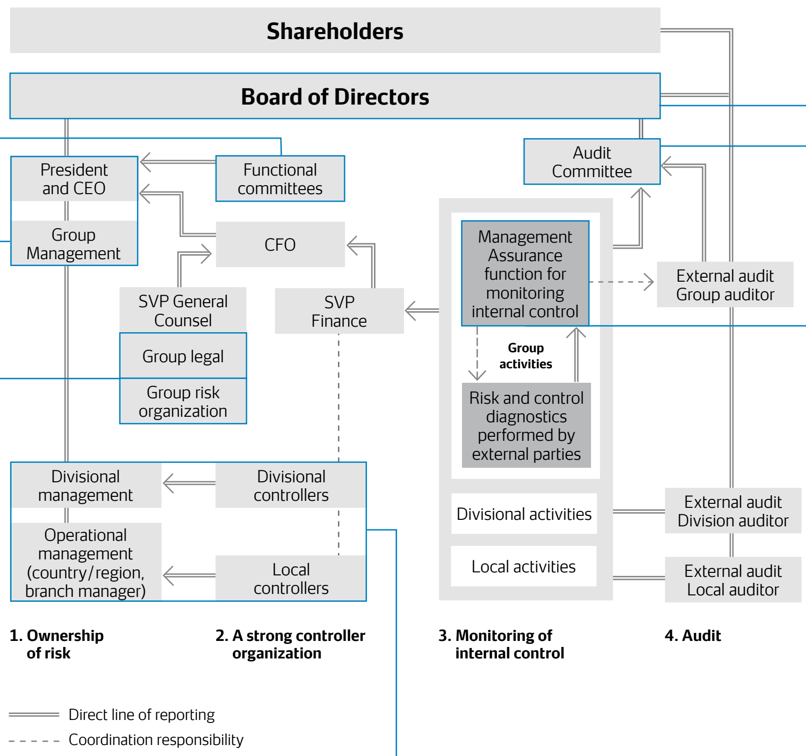
President and CEO and Group Management

The President and CEO and Group Management review performance through a comprehensive reporting system based on an annual budget, with regular business reviews of actual results, analysis of variances, key performance indicators (Securitas' model for financial control, refer to pages 50–51) and regular forecasting. This reporting is also reviewed by the Board.

Group legal function

The legal function is responsible for maintaining an adequate infrastructure to ensure that legal matters are brought to the attention of Group Management in an appropriate and timely manner. This function is headed by the Senior Vice President General Counsel. The legal function also monitors and manages legal risk exposures identified by the operating units and reports regularly to Group Management and Audit Committee on legal risks and ongoing disputes.

Organization of ERM and internal control



Group risk organization

The Group risk organization owns and manages the process which provides tools and helps management identify and manage the risks inherent in Securitas' line of business. Risk management is an integral part of the Securitas culture and is imperative for achieving Securitas' strategies and goals. The risk management process is continuously developing.

Local and divisional management responsibilities

Since Securitas' philosophy is to work in a decentralized environment, local management is primarily responsible for monitoring and ensuring compliance by local units with the Group Policies and Guidelines approved by the Board of Directors, including any division-specific policies and guidelines. Local management is responsible for the establishment and continued operations of a system of procedures and controls that ensures the reliability of the company's management and financial reporting information in the most economical and efficient manner possible. This includes ensuring a minimum of basic and supervisory controls in order to mitigate relevant risks. Local management reports to Group Management through divisional management on operational matters and local controllers report through divisional controllers on financial reporting matters. In order for this to work, Securitas has established a close link between these different levels of the organization.

Board of Directors

The activities of the Board of Directors, and the division of responsibility between the Board and the President and CEO and Group Management, are governed by formal procedures. The Board considers risk assessment and control fundamental to achieving its corporate objectives with an acceptable risk/reward profile. The Board plays an important role in the ongoing process of identifying and evaluating significant risks faced by the Group and the effectiveness of related controls. The processes used by the Board in order to review the effectiveness of the system of internal control include:

- Discussion with Group Management regarding risk areas identified by Group Management and the performed risk assessment procedures
- Review of significant issues arising from external audits and other reviews/investigations

The Board of Directors has established an Audit Committee in order to monitor the effectiveness of the Group's ERM and internal control systems and financial reporting process.

Audit Committee

The Audit Committee reviews all annual and quarterly financial reports before recommending their publication on behalf of the Board. The Audit Committee, in particular, discusses the significant accounting policies, estimates and judgments that have been applied in preparing the reports. The Audit Committee monitors the effectiveness of the Group's ERM and internal control systems as well as the financial reporting process. The Audit Committee supervises the quality and independence of the external auditors.

Management Assurance

The Group has a coordinating and monitoring function in relation to certain internal control activities at Group level. The Management Assurance staff function operates as the Group's internal audit function and reports directly to the Senior Vice President Finance with an open line of communication to the Audit Committee.

This function prepares an annual plan for its work, which is approved by the Audit Committee. The results of the function's work, which includes the execution and coordination of internal audit-related activities during the year, are presented at the Audit Committee meetings. The Management Assurance Director participated in all Audit Committee meetings during 2013.

In line with one of the Group's fundamental principles, this function has continued to develop step-by-step improvements of the Group's internal control through various activities throughout the year, including fine-tuning of follow-up procedures and reporting, identification of risks related to financial reporting and examination of the effectiveness of related internal controls. In 2013, specific focus lay on diagnostics in new market countries and new businesses. Sharing knowledge through different activities is also a key part of improving the control environment. The function utilizes a combination of internal resources and external resources in the form of external auditors, consultants and experts, depending on the specific situation and area. This enables greater flexibility and responsiveness to the risks faced by the Group, which fits Securitas' business model. For more information on the current responsibilities of the Management Assurance function, refer to www.securitas.com/management-assurance.

The function is subject to an annual assessment by the Board to ensure that the activities undertaken enable a well-functioning monitoring structure, together with the other components of the Group's internal control described within this report.

Insurance as a risk management tool

Securitas' insurance and claims strategy is to "act as if uninsured." This means that while external insurance is used to protect the balance sheet and minimize fluctuations in earnings, our day-to-day task is to perform our assignment as if we do not have any insurance in place.

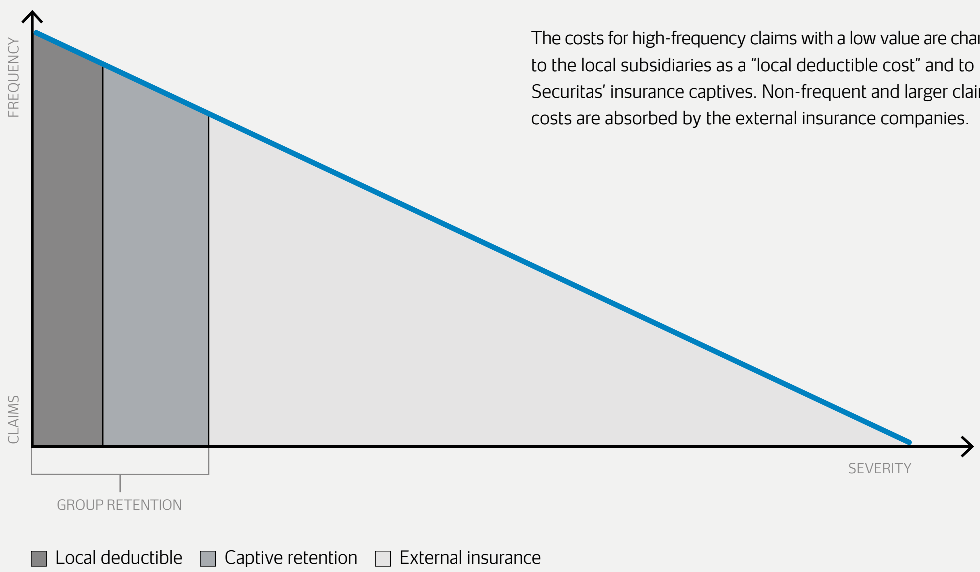
One important part of our risk management work involves taking a proactive approach to contracts and assignment instructions in order to prevent claims from occurring. From a risk management perspective, it is important that the contract clearly defines the assignment to be performed by Securitas and that our employees' assignment instructions mirror the contract. Our contract management process strives to find a fair distribution of risk between Securitas and our customers.

Another significant part of Securitas' risk management work involves active claims management, as well as ongoing claims analysis of frequent and large losses with the aim of identifying the underlying driving forces. Claims reports with updated information on claims and reserves are sent to all local risk managers and controllers on a monthly basis, and the claims are analyzed to find out if there are certain types of services, contracts, regions and so forth that cause insurance claims. Regular meetings are also held with the insurance companies and loss adjusters with the aim of continuously developing the claims handling process and claims prevention measures. As the Group's external insurance premiums are partly determined by the historic loss record, a favorable loss record will contribute to lower premiums and a lower cost of risk.

Insurance programs are procured with the objective of creating a balanced and cost-efficient protection against negative financial impact. Securitas seeks to achieve economies of scale through coordinated insurance programs and the optimal utilization of the Group's insurance captives. The strategy is to cover the more frequent claims arising in Securitas' own books. First, a local deductible is charged to the branch that has caused the claim; after that, our own insurance companies (captives) cover part of the cost. Using insurance captives gives the Group an opportunity to handle part of the claims process internally, and provides Group Management with an option to establish some independence from the cyclical nature of commercial insurance markets (see the graph below).

The design and purchase of all insurance programs is based on the risk exposure identified using the business risk evaluation model. The following types of insurance are strategically important to the Group and are the subject of central purchasing: liability insurance, including aviation liability and aviation war liability, crime insurance, directors' and officers' liability insurance, fiduciary liability insurance and employment practice liability insurance. Catastrophe exposure is protected by insurance companies with a minimum rating of A (Standard & Poor's).

Schematic illustration of distribution of risk



The costs for high-frequency claims with a low value are charged to the local subsidiaries as a "local deductible cost" and to Securitas' insurance captives. Non-frequent and larger claims costs are absorbed by the external insurance companies.

Auditors

The Annual General Meeting 2013 elected PricewaterhouseCoopers AB (PwC) as the Group's audit firm, with authorized public accountant Peter Nyllinge as auditor in charge, for a period of one year.

The auditors' work is based on an audit plan, which is agreed upon in consultation with the Audit Committee and the Board of Directors. The auditors participate in all meetings of the Audit Committee and present their findings from the annual audit at the Board meeting held in February. In addition, the auditors should inform the Audit Committee on an annual basis of any services rendered, other than audit assignments, and any auditing fees received for such services or other circumstances that might affect the evaluation of the auditors' independence. The auditors should also participate in the Annual General Meeting to present the audit report and its conclusions.

The audit is performed in compliance with the Swedish Companies Act, generally accepted auditing standards in Sweden and International Standards on Auditing (ISA).

Auditor in charge

Peter Nyllinge, born 1966, Authorized Public Accountant, Auditor in charge, PricewaterhouseCoopers AB. Peter Nyllinge has been auditor in charge of Securitas AB since 2008. Other audit assignments: Skandinaviska Enskilda Banken AB and Telefonaktiebolaget LM Ericsson.


Auditor Peter Nyllinge

Audit fees and reimbursement (PwC) to auditors have been paid for audit assignments and other reviews in accordance with existing laws, and for advice and assistance in connection with reviews undertaken. Fees have also been paid for independent advice. This advice mainly pertains to audit-related consultations for accounting and tax matters concerning restructuring work.

	Group			Parent Company		
MSEK	2013	2012	2011	2013	2012	2011
Audit assignments	29.4	28.1	29.8	6.6	5.9	5.4
Additional audit assignments	1.6	1.3	1.1	0.6	0.8	0.1
Tax assignments	11.6	12.7	14.6	1.2	3.7	4.1
Other assignments[1]	4.6	9.7	16.3	2.3	3.0	1.6
Total PwC	**47.2**	**51.8**	**61.8**	**10.7**	**13.4**	**11.2**

1 Fees for other assignments performed by PwC include fees for audit-related advisory services relating to accounting, including IFRS, IT, acquisitions, divestitures and matters relating to the Group's internal bank.

Stockholm, March 14, 2014

The Board of Directors of Securitas AB

Auditor's report on the Corporate Governance Statement

To the Annual General Meeting of the shareholders of Securitas AB, corporate identity number 556302-7241
It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2013 on pages 26–47 and that it has been prepared in accordance with the Annual Accounts Act.

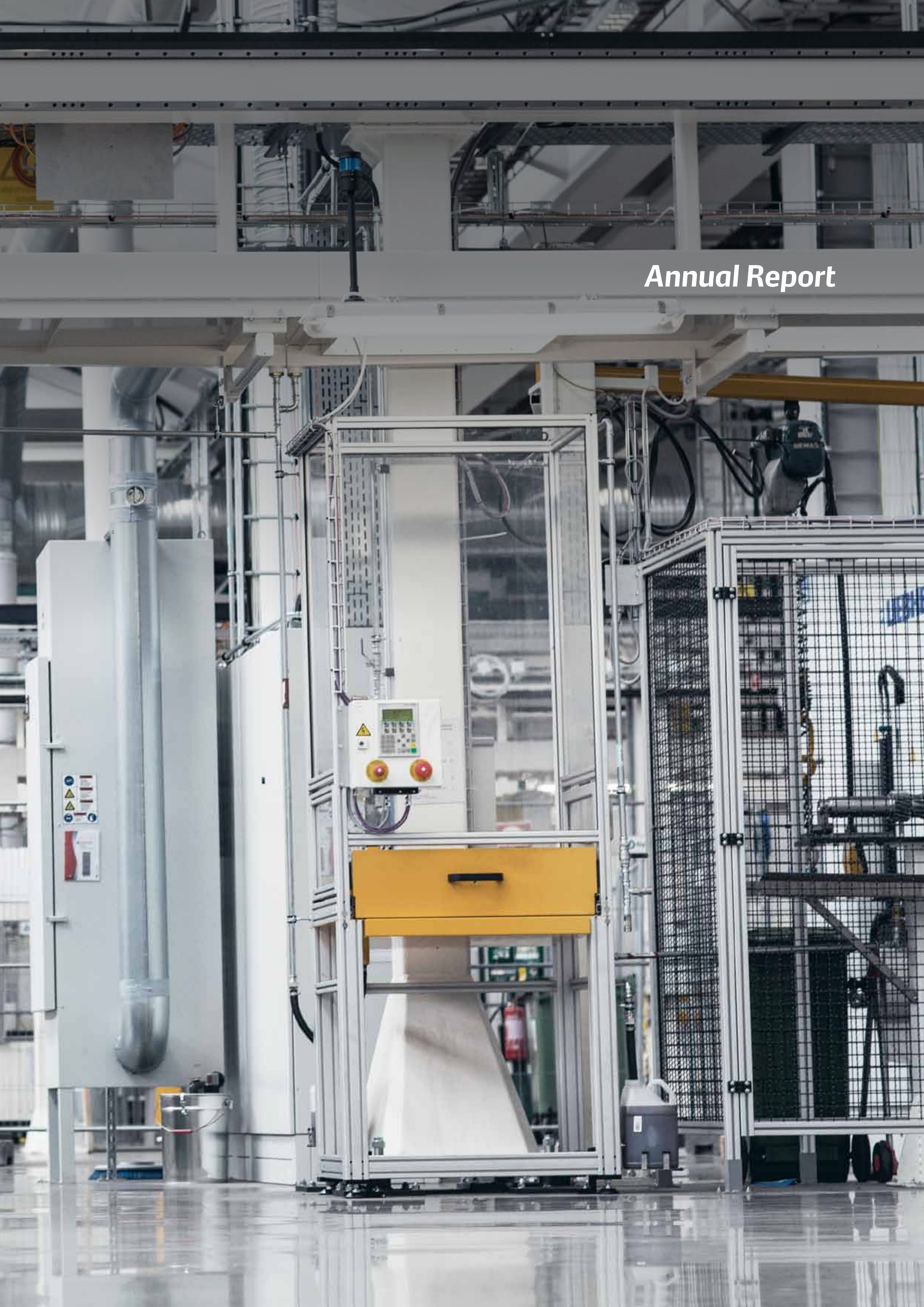
We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the Group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, March 14, 2014
PricewaterhouseCoopers AB

Peter Nyllinge, Authorized Public Accountant


Z21
VÄKTARE



Annual Report

SECURITAS' FINANCIAL MODEL – SIX FINGERS

How to Read and Understand our Finances

Securitas' model focuses on the factors that impact profit, and are clearly linked to operations. Factors are grouped into three categories: volume-related factors, efficiency-related factors and capital-usage-related factors.

These factors are then assigned key figures that are measured continuously, allowing managers to make decisions based on facts, enabling them to make quick adjustments if needed. The model is also used when analyzing acquisition targets. The factors and key figures are used throughout our operations from branch level to Group level.

SECURITAS' MODEL FOR FINANCIAL KEY FIGURES

Volume-related factors
The first two key figures, **New sales** (of contracts) and **Net change** (of contract portfolio), relate to the development of the customer contract portfolio. **New sales** are newly signed contracts that will increase the monthly fixed sales. **Net change** in the customer contract portfolio refers to new starts (a newly signed contract that has started) plus increased sales in existing contracts, less terminated customer contracts and reduced sales in existing contracts. Price changes are measured separately and added to **Net change** to determine the period's closing balance of the contract portfolio. The closing balance is the total value of monthly invoicing on our monthly fixed contracts at the closing date for the current period. The third key figure, taken from the statement of income, is **Total sales**, which in addition to contract-based sales, includes short-term assignments.

GROUP	OPERATIONS
	New sales
	Gross margin on new sales
	Terminations
	Gross margin on terminations
	Net change
	Price change
Organic sales growth	Organic sales growth
Acquired sales growth	
Real sales growth	
Total sales	**Total sales**

Efficiency-related factors
The efficiency-related key figures provide managers with tools to monitor service efficiency and cost trends. The fourth and fifth key figures are: **Gross margin**, which is defined as total sales less direct expenses as a percentage of total sales, and **Indirect expenses**, which pertain to the organization and include sales and administrative expenses (costs of branch, area and regional/country offices). Gross income less **Indirect expenses** equals operating income before amortization of acquisition-related intangible assets and acquisition-related costs. When this is expressed as a percentage of total sales, it indicates the Group's operating margin, which in Securitas' financial model, comes before acquisition-related items.

GROUP	OPERATIONS
	Employee turnover
	Wage cost increase
	Gross margin
	Indirect expenses
Operating margin	Operating margin
Income before tax	
Earnings per share	

Capital-usage-related factors
In general, Securitas' operations are not capital intensive. Accounts receivable tie up the most capital. The sixth key figure is **Days of sales outstanding** (DSO). Payment terms and effective collection procedures are decisive in determining how much capital is tied up in accounts receivable. These figures are followed up on an ongoing basis at all levels in the organization.

GROUP	OPERATIONS
	Days of sales outstanding
Operating capital employed as % of sales	Operating capital employed as % of sales
Cash flow from operating activities as % of operating income before amortization	Cash flow from operating activities as % of operating income before amortization
Free cash flow	
Return on capital employed	Return on capital employed
Free cash flow in relation to net debt	

Six key figures represent the backbone of the Six Fingers model (highlighted in the text and table), but there are complementary key figures used by all divisions, such as organic sales growth and operating margin. There are also complimentary key figures tailored to measure the business in prioritized areas such as within security solutions and technology. These key figures include volume-, efficiency- and capital-usage-related factors that hold specific bearing on the Group's progress. Examples are: the number of remote video solution installations, gross margin on security solution contracts (compared to traditional guarding contracts) and the investment in security equipment.

RELATIONSHIP BETWEEN INCOME, CASH FLOW AND BALANCE SHEET

Statement of income

The statement of income is broken down according to function, making responsibility for each profit level clear. Managers with operational responsibility can easily see what is expected of them and concentrate on the factors they can affect. Gross margin and operating margin are key indicators, and used in reviewing operations at both divisional and Group level. Amortization of acquisition-related intangible assets, acquisition-related costs, financial items and taxes are monitored separately.

Statement of cash flow

In principle, operating income should generate the same amount of cash flow from operating activities. The cash flow is affected by investments in non-current tangible and intangible assets used in operations and by changes in working capital. Cash flow from operating activities is an important indicator at operational level. It is defined as operating income less investments in non-current tangible and intangible assets plus reversal of depreciation, change in accounts receivable and change in other operating capital employed.

Free cash flow is cash flow from operating activities less net financial items paid and current taxes paid. Cash flow for the year is arrived at when cash flow relating to acquisitions and shareholders' equity is deducted from free cash flow. The consolidation of net debt in foreign currencies usually generates a translation difference that is reported separately. In addition, accounting standards require that certain elements of the net debt are revalued to market value after the initial recognition and this revaluation is also reported separately. The change in net debt corresponds to cash flow for the year plus the change in loans, translation differences and also the revaluation of financial instruments.

Balance sheet

Securitas uses the terms "capital employed" and "financing of capital employed" to describe the balance sheet and financial position. Capital employed consists of operating capital employed plus goodwill, acquisition-related intangible assets and shares in associated companies.

Operating capital employed, which consists of operating non-current tangible and intangible assets and working capital, is continuously monitored at the operating level to avoid unnecessary tied-up capital. Capital employed is financed by net debt and shareholders' equity.

Total sales	**Operating income before amortization**	Operating non-current tangible and intangible assets
Organic sales growth, %	Investments in non-current tangible and intangible assets	Accounts receivable
Production expenses	Reversal of depreciation	Other operating capital employed
Gross income	**Net investments in non-current tangible and intangible assets**	**Operating capital employed**
Gross margin, %	**Change in accounts receivable**	
Branch office expenses	**Change in other operating capital employed**	
Other selling and administrative expenses	**Cash flow from operating activities**	
Operating income before amortization	Net financial items paid	
Operating margin, %	Current taxes paid	
	Free cash flow	
Acquisitions	Shareholders	Amortization of net debt

This picture shows the connection between the statement of income, the statement of cash flow and the balance sheet. Different colors are used for the sake of clarity.
Operating items | Net-debt-related items | Goodwill, taxes and non-operating Items | Items related to shareholders' equity

The formal annual accounts and the consolidated accounts comprise pages 53–131

Annual Report

Report of the Board of Directors

The Board of Directors and the President of Securitas AB (publ.), corporate registration number 556302-7241, with its registered office in Stockholm, hereby submit the Annual Report and consolidated financial statements for the 2013 financial year.

Securitas' core business is integrated security solutions and the main service offering categories are specialized guarding, mobile security services, monitoring, technical solutions and consulting and investigation services. Securitas is present in 52 countries in North America, Europe, Latin America, the Middle East, Asia and Africa, with close to 310 000 employees.

In 2013 the Securitas Group consisted of the business segments Security Services North America, Security Services Europe and Security Services Ibero-America. In addition to these business segments, the Group conducts guarding operations in the Middle East, Asia and Africa, which are included under the heading Other in the segment report in note 9. Due to organizational changes within the Group and the adoption of IAS 19 (revised), segment and Group comparatives have been restated. The organizational changes have impacted the distribution of sales and operating result between the business segments as well as the elimination of intra-group sales but have not had any impact on the total sales, organic sales growth, operating income nor operating margin for the Group. The following organizational changes took place: Security Services North America has been affected by operations within security consulting in the Netherlands that have been moved from the segment Other to Pinkerton Corporate Risk Management within Security Services North America. The previous segments Security Services Europe and Mobile and Monitoring have been merged into one segment named Security Services Europe. Furthermore, operations in Spain and Portugal have been moved from the previous segment Mobile and Monitoring to Security Services Ibero-America, while operations within security consulting in Belgium have been moved from the segment Other to Security Services Europe. The impact on the Group's accounts from the adoption of IAS 19 (revised) can be found in the consolidated statement of changes in shareholders' equity and in note 2.

The organic sales growth in 2013 was 1 percent and reflected the challenging macroeconomic situation prevailing in the US and Europe, affecting especially the security markets in France, Portugal and Spain. Fragile signs of macroeconomic recovery in Europe and the US have not yet been reflected in security market growth. Latin America continued to show strong organic sales growth.

The operating margin improved compared with the preceding year, mainly driven by various restructuring and cost-saving actions taken in 2012. We achieved cost savings in accordance with our restructuring plan.

In 2012, sales of security solutions and technology represented approximately 6 percent of Group sales. We have set a target to triple this share of sales by the end of 2015. We continued to increase our investments in resources within security solutions and technology and the run rate in the fourth quarter of 2013 was 8 percent.

Due to current market dynamics and a gradual increase of the use of technology in security solutions, the security market in mature markets is no longer expected to grow 1 to 2 percent faster than GDP as it has historically, but rather the same pace as GDP. In the future, this trend could be improved through increased outsourcing of currently insourced traditional guarding activities and by allowing the private security industry to take over services performed by public authorities and governments.

The degree to which technology is being integrated into security solutions varies from country to country in Securitas' markets. However, as the pace accelerates, we are confident that we will be able to gain markets shares by having a stronger and more cost-efficient offering than many traditional guarding companies. We have already seen proof of this in markets where we are well equipped to offer security solutions, where we will be able to grow faster than the security market average.

Sales

Sales amounted to MSEK 65 700 (66 458) and organic sales growth was 1 percent (0). Key contributors to the organic sales growth were Argentina, Germany, Turkey and the business unit federal government services in the US, while main negative impact derived from France, Spain, the United Kingdom and the five guarding regions in the US.

Real sales growth, including acquisitions and adjusted for changes in exchange rates, was 2 percent (4).

SALES JANUARY–DECEMBER

MSEK	2013	2012	%
Total sales	**65 700**	**66 458**	***-1***
Acquisitions/divestitures	-683	-12	
Currency change from 2012	1 975	–	
Organic sales	**66 992**	**66 446**	***1***

Operating income before amortization

Operating income before amortization was MSEK 3 329 (3 027) which, adjusted for changes in exchange rates, represented an improvement of 13 percent.

The Group's operating margin was 5.1 percent (4.6), where the restructuring and cost savings program was the key reason behind the improvement. Security Services Ibero-America showed a slight decline in the operating margin, while Security Services Europe and Security Services North America improved. However, harsh macroeconomic conditions and a weak security market growth have had a negative impact on the operating result improvement. The total price adjustments in the Group were slightly lower compared to wage cost increases.

OPERATING INCOME JANUARY–DECEMBER

MSEK	2013	2012	%
Operating income before amortization	**3 329**	**3 027**	***10***
Currency change from 2012	96	–	
Currency adjusted operating income before amortization	**3 425**	**3 027**	***13***

Comparatives have been restated due to the adoption of IAS 19 (revised).

Operating income after amortization

Operating income after amortization was MSEK 3 028 (2 257).

Amortization and impairment of acquisition related intangible assets amounted to MSEK -274 (-297), of which impairment losses constitute MSEK 0 (-26).

Acquisition related costs were MSEK -27 (-49). For further information refer to note 11.

Items affecting comparability were MSEK 0 (-424). Last year MSEK -458 related to the cost savings program in the Group and MSEK 34 related to reversal of provisions. For further information refer to note 11.

Financial income and expenses

Financial income and expenses amounted to MSEK -385 (-573). The interest expense has been favorably impacted by the maturity of the MEUR 500 Eurobond loan in April 2013.

Income before taxes

Income before taxes was MSEK 2 643 (1 684). The real change adjusted for items affecting comparability and impairment losses, which last year amounted to MSEK -450, was 27 percent.

Taxes, net income and earnings per share

The Group's tax rate was 29.8 percent (30.2). The tax rate for the previous year before non-deductible impairment losses and tax on items affecting comparability was 29.7 percent.

Net income was MSEK 1 856 (1 175). Earnings per share amounted to SEK 5.07 (3.22), an increase of 57 percent compared to last year. Adjusted also for items affecting comparability and impairment losses earnings per share increased 23 percent. Real change of earnings per share, adjusted for items affecting comparability and impairment losses, was 27 percent due to the strengthening of the Swedish krona during 2013.

CONDENSED STATEMENT OF INCOME
ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2013	2012
Total sales	**65 700.1**	**66 458.2**
Organic sales growth, %	*1*	*0*
Production expenses	-54 276.6	-55 364.5
Gross income	**11 423.5**	**11 093.7**
Selling and administrative expenses	-8 112.4	-8 081.5
Other operating income	13.5	12.8
Share in income of associated companies	4.4	2.7
Operating income before amortization	**3 329.0**	**3 027.7**
Operating margin, %	*5.1*	*4.6*
Amortization and impairment of acquisition related intangible assets	-273.7	-297.1
Acquisition related costs	-26.8	-49.5
Items affecting comparability	–	-424.3
Operating income after amortization	**3 028.5**	**2 256.8**
Financial income and expenses	-385.0	-573.0
Income before taxes	**2 643.5**	**1 683.3**
Taxes	-787.9	-509.2
Net income for the year	**1 855.6**	**1 174.6**

Securitas' financial model is described on pages 50–51.

Operating items. Net debt-related items.
Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Comparatives have been restated due to the adoption of IAS 19 (revised).

Development in the Group's business segments

Security Services North America

SALES AND INCOME

MSEK	2013	2012	*Total, %*	*Real, %*
Total sales	**22 841**	**23 539**	***-3***	***0***
Organic sales growth, %	*0*	*1*		
Share of Group sales, %	*35*	*35*		
Operating income before amortization	**1 177**	**1 113**	***6***	***9***
Operating margin, %	*5.2*	*4.7*		
Share of Group operating income, %	*35*	*37*		

Comparatives have been restated due to the organizational changes that took place in the Group as of January 1, 2013 and adoption of IAS 19 (revised).
Further information regarding the statement of income, cash flow and capital employed is provided in note 9.

The organic sales growth was 0 percent (1). The positive impact from the business units federal government services, critical infrastructure and Pinkerton Corporate Risk Management was offset by negative impact from the loss of a few customer contracts in the five guarding regions.

The operating margin was 5.2 percent (4.7). Improvements were seen mainly in the five guarding regions as a result of the restructuring and cost savings program. Improvements were also seen in the business unit federal government services. The operating margin was hampered by a weak development in the business units aerospace/defense and healthcare.

The Swedish krona exchange rate strengthened versus the U.S. dollar and thus had a negative effect on the operating result in Swedish kronor. The real change was 9 percent in the period.

The client retention rate was 86 percent (90). The employee turnover rate in the business segment was 49 percent (53).

Security Services Europe

SALES AND INCOME

MSEK	2013	2012	Total, %	Real, %
Total sales	**32 716**	**32 741**	***0***	***1***
Organic sales growth, %	*0*	*1*		
Share of Group sales, %	*50*	*49*		
Operating income before amortization	**1 954**	**1 673**	***17***	***18***
Operating margin, %	*6.0*	*5.1*		
Share of Group operating income, %	*59*	*55*		

Comparatives have been restated due to the organizational changes that took place in the Group as of January 1, 2013 and adoption of IAS 19 (revised).
Further information regarding the statement of income, cash flow and capital employed is provided in note 9.

Organic sales growth was 0 percent (1). Main negative impact stemmed from France with -6 percent (-6) followed by the United Kingdom with -3 percent (-2). The Nordic countries had lower organic sales growth compared to last year, due to Norway and Sweden. Germany and Turkey supported organic sales growth.

The operating margin was 6.0 percent (5.1). The improvement was to a large extent a result of the successful implementation of the restructuring and cost savings program. The operating margin in Sweden improved due to operational efficiencies and the comparatives were weak as one-off costs were recognized in the fourth quarter last year. The price and wage balance in the business segment was negative in the period however balanced by reduced social costs and operational improvements. The period was burdened by restructuring costs of MSEK -28 in the United Kingdom, which were offset by the divestment of a part of the home alarm business in Belgium and the Netherlands.

The Swedish krona exchange rate strengthened versus the euro and thus had a negative effect on the operating result in Swedish kronor. The real change was 18 percent in the period.

The client retention rate was 92 percent (91). The employee turnover was 27 percent (25).

Security Services Ibero-America

SALES AND INCOME

MSEK	2013	2012	Total, %	Real, %
Total sales	**9 266**	**9 341**	***-1***	***6***
Organic sales growth, %	*4*	*-3*		
Share of Group sales, %	*14*	*14*		
Operating income before amortization	**480**	**496**	***-3***	***6***
Operating margin, %	*5.2*	*5.3*		
Share of Group operating income, %	*14*	*16*		

Comparatives have been restated due to the organizational changes that took place in the Group as of January 1, 2013.
Further information regarding the statement of income, cash flow and capital employed is provided in note 9.

Organic sales growth was 4 percent (-3), explained by the Latin American countries with a strong organic sales growth of 23 percent (21), primarily due to price increases in Argentina. Colombia showed a strong development with double digit organic sales growth, as did Uruguay and Costa Rica. Organic sales growth was negative in the Iberian countries, showing -12 percent (-16) in Spain in the period.

The operating margin was 5.2 percent (5.3). The operating margin in Spain was supported by the effects from the restructuring and cost savings program. Increased sales within security solutions and technology and the outcome of the collective bargaining agreement impacted positively, while portfolio losses, bad debt and increased social payroll taxes had a hampering effect. Last year, the operating margin was supported by a repayment of old outstanding accounts receivables from public sector customers in Spain. The operating margin in Latin America was burdened by primarily Argentina where effects from a high inflation as well as restructuring costs were the main reasons.

The Swedish krona exchange rate strengthened and thus had a negative effect on the operating result in Swedish kronor. Especially the Argentinian peso had a weak development against the Swedish krona which impacted the operating result negatively by MSEK -37. The real change in the segment was 6 percent in the period.

The client retention rate was 87 percent (83). The employee turnover was 30 percent (33).

Cash flow

Operating income before amortization amounted to MSEK 3 329 (3 027). Net investments in non-current tangible and intangible assets amounted to MSEK 142 (-93).

Changes in accounts receivable were MSEK 1 (206). Last year changes in accounts receivable were supported by the repayment of old outstanding accounts receivables from public sector customers in Spain. Changes in other operating capital employed were MSEK -242 (61).

Cash flow from operating activities amounted to MSEK 3 230 (3 201), equivalent to 97 percent (106) of operating income before amortization.

Financial income and expenses paid amounted to MSEK -532 (-532). Current taxes paid amounted to MSEK -610 (-583).

Free cash flow was MSEK 2 088 (2 086), equivalent to 93 percent (108) of adjusted income.

Cash flow from investing activities, acquisitions, was MSEK -295 (-677).

Cash flow from items affecting comparability was MSEK -307 (-194), whereof MSEK -88 (0) was related to the payment to Deutsche Bank in Germany, which was disclosed in the Annual Report 2012, MSEK -205 (-152) was related to the cost savings program, MSEK -12 (-38) was related to overtime compensation in Spain and MSEK -2 (-4) was related to premises in Germany.

Cash flow from financing activities was MSEK -2 271 (1 222).

Cash flow for the period was MSEK -785 (2 437).

CONDENSED STATEMENT OF CASH FLOW ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2013	2012
Operating income before amortization	**3 329.0**	**3 027.7**
Investments in non-current tangible and intangible assets	-804.0	-1 039.2
Reversal of depreciation	945.6	946.1
Net investments in non-current tangible and intangible assets	**141.6**	**-93.1**
Change in accounts receivable	1.0	205.4
Change in other operating capital employed	-241.5	60.8
Cash flow from operating activities	**3 230.1**	**3 200.8**
Cash flow from operating activities, %	*97*	*106*
Financial income and expenses paid	-532.0	-531.9
Current taxes paid	-610.4	-583.3
Free cash flow	**2 087.7**	**2 085.6**
Free cash flow, %	*93*	*108*
Cash flow from investing activities, acquisitions and divestitures	-294.7	-677.3
Cash flow from items affecting comparability	-307.5	-193.8
Cash flow from financing activities	-2 270.5	1 222.7
Cash flow for the year	**-785.0**	**2 437.2**

Securitas' financial model is described on pages 50–51.

Operating items. Net debt-related items.
Goodwill, taxes and non-operating items.

Comparatives have been restated due to the adoption of IAS 19 (revised).

Capital employed and financing

Capital employed

The Group's operating capital employed was MSEK 3 181 (2 582) corresponding to 5 percent of sales (4) adjusted for the full year sales figures of acquired units.

Acquisitions increased shares in associated companies by MSEK 29 and decreased operating capital employed by MSEK -63 during the year.

The annual impairment test of all Cash Generating Units (CGU), which is required under IFRS, took place during the third quarter 2013 in conjunction with the business plan process for 2014. None of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. Consequently no impairment losses have been recognized in 2013. In 2012, impairment losses of goodwill and other acquisition related intangible assets amounting to MSEK -26 were recognized.

Acquisitions increased consolidated goodwill by MSEK 151. Adjusted for translation differences of MSEK -64, total goodwill for the Group amounted to MSEK 14 362 (14 275).

Acquisitions have increased acquisition related intangible assets by MSEK 131. After amortization of MSEK -274 and translation differences of MSEK -43, acquisition related intangible assets amounted to MSEK 1 316 (1 502).

The Group's total capital employed was MSEK 18 991 (18 467). The translation of foreign capital employed to Swedish kronor decreased the Group's capital employed by MSEK -92.

The return on capital employed was 18 percent (14).

Financing

The Group's net debt amounted to MSEK 9 610 (9 865). Acquisitions and acquisition related payments increased the Group's net debt by MSEK 295, of which purchase price payments accounted for MSEK 257, assumed net debt for MSEK -17 and acquisition related costs paid accounted for MSEK 55. The Group's net debt increased by MSEK 146 due to the translation of net debt in foreign currency to Swedish kronor.

A dividend of MSEK 1 095 (1 095) was paid to the shareholders in May 2013.

The free cash flow to net debt ratio amounted to 0.22 (0.21).

The main capital market instruments drawn as of the end of December 2013 were twelve bonds issued under the Group's Euro Medium Term Note Program. Securitas has access to committed bank financing through a Revolving Credit Facility (RCF), which comprises two respective tranches of MUSD 550 and MEUR 420 (MUSD 1 100 in total). At the end of the year there was no drawing, leaving the full amount available. The Group also has access to a MSEK 5 000 Swedish Commercial Paper Program for short-term borrowing needs. Further information regarding financial instruments and credit facilities is provided in note 6.

Securitas has ample liquidity headroom under the committed credit facilities in line with established policies, which combined with the strong free cash flow generation means that the future liquidity requirements for the Company's operations are met.

Standard and Poor's rating for Securitas is BBB with stable outlook. The Group's liquidity position is regarded as strong.

The interest cover ratio amounted to 7.9 (4.9).

Shareholders' equity amounted to MSEK 9 381 (8 602). The translation of foreign assets and liabilities into Swedish kronor decreased shareholders' equity by MSEK -238 after taking into account net investment hedging of MSEK -202 and MSEK -36 before net investment hedging. Refer to the statement of comprehensive income for further information.

The total number of outstanding shares amounted to 365 058 897 as of December 31, 2013.

CONDENSED CAPITAL EMPLOYED AND FINANCING ACCORDING TO SECURITAS' FINANCIAL MODEL

MSEK	2013	2012
Operating capital employed	3 180.9	2 581.5
Operating capital employed as % of sales	*5*	*4*
Goodwill	14 361.9	14 275.4
Acquisition related intangible assets	1 315.6	1 501.9
Shares in associated companies	132.7	108.0
Total capital employed	**18 991.1**	**18 466.8**
Return on capital employed, %	*18*	*14*
Net debt	9 609.8	9 864.6
Shareholders' equity	9 381.3	8 602.2
Total financing	**18 991.1**	**18 466.8**

Securitas' financial model is described on pages 50–51.

Operating items. Net debt-related items.
Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Comparatives have been restated due to the adoption of IAS 19 (revised).

NET DEBT DEVELOPMENT

MSEK	2013	2012
Opening balance January 1	**-9 864.6**	**-10 348.8**
Cash flow from operating activities	3 230.1	3 200.8
Financial income and expenses paid	-532.0	-531.9
Current taxes paid	-610.4	-583.3
Free cash flow	**2 087.7**	**2 085.6**
Cash flow from investing activities, acquisitions and divestitures	-294.7	-677.3
Cash flow from items affecting comparability	-307.5	-193.8
Dividend paid	-1 095.2	-1 095.2
Change in net debt before revaluation and translation	**390.3**	**119.3**
Revaluation of financial instruments	10.9	10.6
Translation differences	-146.4	354.3
Change in net debt	**254.8**	**484.2**
Closing balance December 31	**-9 609.8**	**-9 864.6**

Acquisitions and divestitures

ACQUISITIONS JANUARY-DECEMBER 2013 (MSEK)

Company	Business segment[1]	Included from	Acquired share[2]	Annual sales[3]	Enterprise value[4]	Goodwill	Acq. related intangible assets
Opening balance						**14 275**	**1 502**
Selectron, Uruguay[7]	Security Services Ibero-America	Feb 1	100	27	12	14	8
ISS Facility Services, the Netherlands	Security Services Europe	Jul 5	–	315	9	3	45
ISS Facility Services, Denmark	Security Services Europe	Sep 1	–	30	13	–	13
Rentsec and Vamsa, South Africa[7]	Other	Oct 1	100	25	1	42	18
Tehnomobil, Croatia[7, 8]	Security Services Europe	Nov 1	65	65	21	44	24
Other acquisitions[5, 7]				82	184	48	23
Total acquisitions January–December 2013				**544**	**240**	**151[6]**	**131**
Amortization of acquisition related intangible assets						–	-274
Exchange rate differences						-64	-43
Closing balance						**14 362**	**1 316**

1 Refers to business segment with main responsibility for the acquisition.
2 Refers to voting rights for acquisitions in the form of share purchase agreements. For asset deals no voting rights are stated.
3 Estimated annual sales.
4 Purchase price paid plus acquired net debt, but excluding any deferred considerations.
5 Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Omniwatch, the USA, Force Security (contract portfolio), Nyx and Seccredo, Sweden, ISS (contract portfolio), PSS and Vaktvesenet, Norway, Sec Consulting (contract portfolio) and EF Sikring (contract portfolio), Denmark, Silvania (contract portfolio), Finland, NEO and Sectrans, France, RLH (contract portfolio) and IDA (contract portfolio), Austria, UwHuisVeilig, the Netherlands, IBBC, Nordserwis and Trezor (contract portfolio), Poland, Zvonimir Security, Ozon Projekt and Sigurnost Buzov, Croatia, Brink's Guarding, Morocco, Chillida Sistemas de Seguridad, Spain, Federal Resguard and Trailback, Argentina, Vip (contract portfolio) and ISP (contract portfolio), Uruguay, Risk Control, Peru, CSS Internacional, Costa Rica, European Safety Concepts, Thailand, Security Alliance Limited, Hong Kong, Legend Group, Singapore, PT Environmental Indokarya, Indonesia, Securitas Egypt, Egypt and Top Security (contract portfolio), South Africa. Related also to deferred considerations paid in the USA, Sweden, Norway, Denmark, Germany, France, Switzerland, Croatia, Turkey, Spain, Argentina, Uruguay, Ecuador, Costa Rica, Hong Kong, Singapore, Cambodia and South Africa.
6 Goodwill that is expected to be tax deductible amounts to MSEK 14.
7 Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations, payments made from previously recognized deferred considerations and revaluation of deferred considerations in the Group was MSEK -15. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 532.
8 No non-controlling interests have been accounted for since Securitas has an option to buy the remaining shares and the seller has an option to sell the remaining shares. Consequently, 100 percent of the company is consolidated.

All acquisition calculations are finalized no later than one year after the acquisition is made. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity. Transaction costs and revaluation of deferred considerations can be found in note 11.

For further information regarding acquisitions in 2013, refer to note 16.

Divestitures

Securitas and Securitas Direct Verisure have agreed that Securitas Direct Verisure acquires part of Securitas home alarm business in Belgium and the Netherlands. Net total purchase price was approximately MSEK 70 (MEUR 8.1).

The divestment provides Securitas an opportunity to focus on its core home alarm business to the high end residential segment, and further develop partnerships with certain partners with a broad customer base where Securitas will continue to offer services in monitoring and intervention. The net capital gain is included in operating income before amortization. The cash proceeds from the transaction were classified as cash flow from operating activities.

Other significant events

Authorization to repurchase shares in Securitas AB

In order to be able to contribute to shareholder value, the Board considers it beneficial for the company to be able to adjust the company's capital structure as appropriate at each point in time. The Board has therefore decided to propose to the Annual General Meeting on May 5, 2014, that the Board be authorized to be able to resolve on the acquisition of the company's shares for a period until the next Annual General Meeting, up to a maximum of ten (10) percent of the issued shares in the company. For this purpose, the Board intends to propose that any shares that have been repurchased as per such an authorization be cancelled.

Spain – tax audit

The Spanish tax authority has in connection with an audit of Securitas Spain, challenged a tax exemption for the demerger of the Spanish Systems company in connection with the Securitas AB's distribution of the shares in Securitas Systems AB to its shareholders and listing on the Stockholm Stock Exchange in 2006.

Securitas has appealed the tax assessment received in July 2013 to the court, Tribunal Económico Administrativo Central. If finally upheld by Spanish courts, the resolution by the Spanish tax authorities would result in tax of MEUR 19, including interest up to December 31, 2013.

Securitas believes it has acted in accordance with applicable law and will defend its position in court. It may take a long time until a final judgment is made.

For futher information refer to note 37.

USA – the events of September 11, 2001

On August 1, 2013 the last major outstanding legal issue in the September 11 case involving Globe and other defendants was decided by a Court in New York, USA. In its judgment the Court dismissed plaintiffs claim for damages from Globe and the other defendants for the destruction of the World Trade Center properties. The plaintiff has filed its notice of appeal of the judgment.

For futher information refer to note 37.

Other significant events after the balance sheet date

There have been no significant events with effect on the financial reporting after the balance sheet date.

A new collective bargaining agreement in Spain has been signed, stipulating a wage freeze for 2014.

In Spain, measures were initiated in the end of 2013 to change material aspects of the Spanish labor agreement in order to mitigate imposed cost increases for 2014. The final outcome of this process was expected no later than by the end of the first quarter of 2014, while in parallel negotiations between the unions and the employers have taken place. As a result, a new collective bargaining agreement stipulating a wage freeze for 2014 has been signed. This event has not impacted the financial statements as of December 31, 2013.

Change in Group Management

Erik-Jan Jansen, Chief Operating Officer of Security Services Europe, will leave Securitas on April 1, 2014 for a President and CEO position at an international company. Erik-Jan Jansen joined Securitas in 1996 and has been a member of Securitas Group Management since 2008.

Risk and uncertainties

Managing risk is necessary for Securitas to be able to fulfill its strategies and achieve its corporate objectives. Securitas' approach to enterprise risk management is described in more detail on pages 36–45.

Securitas' risks fall into three main categories: contract risks, operational assignment risks and financial risks.

Contract risks

This category encompasses the risks related to entering into a customer contract and also those risks related to the acquisition of a new business.

When entering into a contract with a customer a balanced division of responsibilities and risks between Securitas and the customer is essential. Standardized contracts are the norm. Reasonable caps on potential liability and indemnification for third-party claims are important. Significant focus is devoted to contract risks and the management of contract risks. Each segment has developed policies and procedures tailored to their specific needs. These policies are all based on the contract policies approved by the Board of Directors in the Group policies and guidelines.

In addition to organic growth resulting from new and/or increased customer contracts the Group has grown by a significant number of acquisitions over the years and will, as part of the Group's strategy, continue to acquire security companies. The integration of new companies always carries certain risks. To a higher degree than previously, such acquisitions are also taking place in new markets such as Latin America, the Middle East, Asia and Africa. The profitability of the acquired company may be lower than expected and/or certain costs in connection with the acquisition may be higher than expected.

The acquisitions and divestitures made during 2013 are described under the heading Acquisitions and divestitures above and in note 16.

Operational assignment risks

Operational assignment risks are risks associated with daily operations and the services we provide to our customers, for example, when services do not meet the required standards and result in loss of property, damage to property or bodily injury. Proper recruitment, training and supervision of security officers are important to mitigate these risks. Another type of operational assignment risk which may impact profitability is the risk that Securitas will not be able to increase prices to be paid by customers in order to compensate fully for increases in wages and related costs.

Financial risks

Financial risks are mainly managed through continuous measurement and follow-up of financial performance, with the help of Securitas' financial model. This model identifies certain key figures that are vital to the profitability of the operations, and facilitates the detection and handling of risks. The financial model is described in more detail on pages 50–51. In addition, financial risks (other than relating to financial reporting) arise because the Group has external financing needs and operates in a number of foreign currencies. The risks are mainly interest rate risk, foreign currency risk, financing and liquidity risk and credit/counterparty risk.

The customer credit risk, that is the risk of Securitas' customers not being able to fulfill their obligation of paying invoices for services being provided, increased during the current recession. The risk is reduced by the fact that the numerous customers are spread over many business sectors and geographies, and by established routines for monitoring and collecting of accounts receivable within Group companies. Further information regarding financial risk management is provided above under the section Capital employed and financing/Financing and in note 6.

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and judgments. Estimates and judgments will impact both the statement of income and the balance sheet as well as disclosures such as contingent liabilities. Actual results may differ from these estimates and judgments under different circumstances and conditions. Further information regarding critical estimates and judgments is provided in note 4.

For the forthcoming twelve month period, the financial impact of certain items affecting comparability, provisions and contingent liabilities, as described in note 11, note 32, note 35 and note 37 respectively, may vary from the current financial estimates and provisions made by management. This could affect the profitability and the financial position of the Group.

Personnel

With close to 310 000 employees in 52 countries, Securitas number one responsibility is to be a solid, trustworthy and stable employer to all our employees, striving to offer good working conditions, fair wages and opportunities for personal development. Our basic requirement is to act within the framework of laws and international conventions. This means that we respect and comply with labor market laws, agreements and safety requirements and other provisions that set the parameters for our operations.

The foundation for our work with responsibility issues is our ethics code, Securitas' Values and Ethics, which upholds and promotes high ethical business standards. Securitas' Values and Ethics is based on our three fundamental values: Integrity, Vigilance and Helpfulness. Integrity means being honest and also the right to openly express one's opinion. Vigilance entails striving to be attentive and able to observe, listen and evaluate. Helpfulness is about our employees always being ready to assist within the context of a particular assignment.

Taking responsibility as an employer starts with the very basics: Securitas does not employ or accept any form of child labor or forced or bonded labor and we respect the right of all employees to choose whether or not to be represented by a trade union and to form and join trade unions. Securitas is also an equal-opportunity employer and does not tolerate any form of harassment, bullying or abuse. Our employees are our most important resource and we promote relationships based on mutual respect and dignity. Securing the basic rights of the employees is fundamental. Securitas has for a long time been a driving force in raising the standards and level of professionalism in the security industry, improving the status of the security officer profession as well as wage levels. Improved status makes it easier to recruit and retain qualified employees with experience.

There are numerous opportunities for career advancement at Securitas, for example by specializing in a particular discipline at local, regional or national level. There are several training programs in place. In most countries there are specialized training programs geared towards specific customer segments, such as aviation, retail and gated communities. In all countries where Securitas has operations, we run local training centers. On a senior management level, Securitas has offered a one-year training program for many years. This program has been designed for sharing best practices and refining our operations. In addition to our social responsibility as an employer, we work with social projects in some regions where we see a pressing need of strengthening the local community. For further information, see pages 18–24.

For information regarding the average number of yearly employees, the distribution between women and men and the total staff costs, refer to note 12.

Research and development

Securitas is a service company and does not carry out any research activities as defined in IAS 38 Intangible assets. The service offering of the Group is continuously being developed, not least as an integrated item when carrying out the service delivery to the customers. Technical solutions are an important part of the integrated security solutions that Securitas offers. Securitas has invested in a global competence center in Malmö, Sweden within the Remote Video Solutions area with the aim of developing solutions and supporting the country organizations.

As of December 31, 2013 the Group had no capitalized research expenditures.

Environment

Environmentally, our most important responsibility is to minimize transportation emissions. We also purchase products, thereby creating an environmental impact. One large category of products we purchase is uniforms for security officers. On the whole Securitas is a service company with relatively low environmental impact compared with a manufacturing company. The operations of the Group do not require a permit under the Swedish Environmental Code.

Securitas Group Emissions Policy sets emission limits for new company cars (aimed to transport maximum five people) and new minivans (aimed for six or seven people), respectively. The limits are reduced on a yearly basis and from December 1, 2013, the limits are 145 and 185 gram CO_2 per kilometer for new company cars and minivans, respectively. Trucks, buses and specialist vehicles are not defined as company cars or minivans. The environmental target is set to decrease exhaust emissions year by year. On an average, the more than 12 000 company cars and minivans that Securitas owns or leases worldwide, emitted approximately 150 CO_2 gram per kilometer (155) in 2013.

Information regarding the Securitas share

Information about the Securitas share regarding the number of shares of Series A and Series B, differences between shares in Series A and Series B as well as information on major shareholders can be found in note 29. Further information regarding the Securitas share can also be found on pages 134–135.

In order to be able to contribute to shareholder value, the Board considers it beneficial for the company to be able to adjust the company's capital structure as appropriate at each point in time. The Board has therefore decided to propose to the Annual General Meeting on May 5, 2014, that the Board be authorized to be able to resolve on the acquisition of the company's shares for a period until the next Annual General Meeting, up to a maximum of ten (10) percent of the issued shares in the company. For this purpose, the Board intends to propose that any shares that have been repurchased as per such an authorization be cancelled. There is currently an authorization by the Annual General Meeting held on May 7, 2013, to the Board of Directors to repurchase Securitas shares with the same terms and limitations as proposed to the Annual General Meeting for 2014. The Board of Directors has as of the date of this Annual Report not taken any decisions to repurchase shares.

A shareholders' agreement that among other items comprises preemption rights for the sale of Series A shares by any part exists among Gustaf Douglas, Melker Schörling and companies closely related to them. Apart from this, the Board of Directors of Securitas AB is not aware of any shareholders' agreements or other arrangements between shareholders of Securitas AB.

Group development

The Group will during 2014 continue to focus on integrated security solutions. Our recipe for success involves developing optimal, cost-effective security solutions that integrate all of our areas of competence and result in improved margins, optimal solutions for the customers and stronger, more long-term customer relationships. The key is finding the right balance between operations done by security officers on site and operations done by specially trained security officers from a monitoring center, and to what extent security officers or technology solutions should be used. Securitas' plan is to move up the value chain, from traditional guarding to complete security solutions.

The sales of technology and security solutions represented approximately 6 percent of Group total sales in 2012. We then set a target to triple this share of sales, which we consider achievable by the end of 2015. Security solutions and technology sales run rate in the fourth quarter 2013 was 8 percent of Group sales.

In 2013, we achieved our financial target free cash flow in relation to net debt of at least 0.20. However, we will continue to be restrictive regarding acquisitions, with the exception of technology operations that create synergies and competence along our strategic path or acquisitions that strengthen our position in growth markets.

Parent Company operations

The Group's Parent Company, Securitas AB, is not involved in any operating activities. Securitas AB consist of Group Management and support functions for the Group.

The Parent Company's income amounted to MSEK 870 (992) and mainly relates to license fees and other income from subsidiaries.

Financial income and expenses amounted to MSEK 104 (2 792). The decrease in financial income and expenses compared to last year is mainly explained by lower dividends from subsidiaries.

Income before taxes amounted to MSEK 703 (3 498).

Income before taxes includes result from the sale of shares in subsidiaries of MSEK 0 (-9), dividends from subsidiaries of MSEK 1 119 (11 876), interest income of MSEK 165 (206), interest expense of MSEK -476 (-869) and other financial income and expenses, net, of MSEK -704 (-8 412). Included in other financial income and expenses, net are impairment losses relating to shares in subsidiaries of MSEK -554 (-8 602). Impairment losses in 2013 were recognized in conjunction with the Parent Company having received dividend from a subsidiary and for the shares in another subsidiary as a consequence of a capital contribution to the subsidiary. Impairment losses in 2012 were recognized in conjunction with the Parent Company having received dividends from subsidiaries and as a result of impairment of goodwill and acquisition related intangible assets in one subsidiary.

Net income was MSEK 696 (3 442).

Cash flow for the year amounted to MSEK 1 983 (20).

The Parent Company's non-current assets amounted to MSEK 38 043 (38 119) and mainly comprise shares in subsidiaries of MSEK 37 183 (37 156). Current assets amounted to MSEK 5 675 (6 440) of which liquid funds amounted to MSEK 2 008 (25). The increase in liquid funds is mainly due to the issuance of the MEUR 350 Eurobond in November.

Shareholders' equity amounted to MSEK 25 052 (25 545). A dividend of MSEK 1 095 (1 095) was paid to the shareholders in May 2013.

The Parent Company's liabilities amounted to MSEK 18 666 (19 014) and mainly consist of interest-bearing debt.

For further information, refer to the Parent Company's financial statements and the accompanying notes and comments.

Proposed guidelines for remuneration to senior management in Securitas for 2014

The Board of Directors of Securitas AB (publ.) proposes that the Annual General Meeting on May 5, 2014, adopts guidelines for remuneration to senior management in accordance with the following:

The fundamental principle is that remuneration and other terms of employment for senior management shall be competitive and in accordance with market conditions, in order to ensure that the Securitas Group will be able to attract and keep competent senior management employees.

The total remuneration to senior management shall consist of a fixed basic salary, variable remuneration, pensions and other benefits. In addition to a fixed annual salary the Group Management may also receive variable remuneration, which shall be based on the outcome in relation to financial goals within the individual area of responsibility (Group or division) and which shall agree with the interest of the shareholders. The variable remuneration shall amount to a maximum of 60 percent of the fixed annual salary for the President and CEO and a maximum of 42–200 percent of the fixed annual salary for other individuals of the Group Management. If cash payment of variable remuneration has been effected on grounds later proven to be obviously inaccurate, the company shall have the possibility to reclaim such paid remuneration.

The Board of Directors shall each year consider whether to propose that the General Meeting resolves upon a share or share price based incentive program.

The undertakings of the company as regards variable remuneration to the Group Management may, at maximum outcome during 2014, amount to a total of MSEK 55. Information on previously decided remuneration which has not yet been paid can be found in note 8 of this Annual Report.

The pension rights of senior management employees shall be applicable as from the age of 65 at the earliest and the entire Group Management shall be subject to defined contribution pension plans for which insurance premiums are transferred from the individual's total remuneration and paid by the company during the term of employment. Variable compensation shall not qualify for pension purposes unless local regulations provide otherwise.

Other benefits, such as company car, special health insurance or occupational health service shall be provided to the extent this is considered customary for senior management employees holding equivalent positions on the employment market where the senior management employee is active.

At dismissal, the notice period for all senior management employees shall amount to a maximum of 12 months with a right to redundancy payment after the end of the notice period, equivalent to a maximum of 100 percent of the fixed salary for a period not exceeding 12 months. At resignation by a senior management employee, the notice period shall amount to a maximum of six months.

These guidelines shall apply to individuals who are included in the Group Management during the term of application of these guidelines. The guidelines shall apply to agreements entered into after the adoption by the Annual General Meeting, and to changes made in existing agreements after this date. The Board shall be entitled to deviate from the guidelines in individual cases if there are particular grounds for such deviation.

Proposed allocation of earnings

The statements of income and the balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting on May 5, 2014.

Retained earnings in the Parent Company available for distribution:

	SEK
Hedging reserve	-373 991
Translation reserve	366 183 418
Retained earnings	16 262 340 749
Net income for the year[1]	695 827 197
Total	**17 323 977 373**

1 Includes Group contributions to subsidiaries of SEK 288 000.

The Board of Directors propose that the earnings are allocated as follows:

	SEK
a dividend to the shareholders of SEK 3.00 per share	1 095 176 691
retained earnings to be carried forward	16 228 800 682
Total	**17 323 977 373**

The Board's statement on the proposed dividend

With reference to the Board's dividend proposal, the Board of Directors hereby makes the following statement pursuant to Chapter 18, section 4 of the Swedish Companies Act.

The Company's unappropriated earnings as per December 31, 2013 amount to SEK 16 628 150 176. The net income for the year amounts to SEK 695 827 197 of which SEK 288 000 is related to Group contributions to subsidiaries and SEK 587 902 is the result of financial instruments being valued pursuant to Chapter 4, section 14 a of the Swedish Annual Accounts Act.

The Company's equity would not have been impacted as per December 31, 2013 if financial instruments, having been valued at fair value pursuant to Chapter 4, section 14 a of the Swedish Annual Accounts Act, had instead been valued at the lower of cost or market as there is no difference as of this date.

Unappropriated earnings of SEK 17 323 977 373 are therefore at the Annual General Meeting's disposal.

Provided that the 2014 Annual General Meeting resolves to allocate the earnings in accordance with the Board's proposal, SEK 16 228 800 682 will be carried forward. After distribution of the proposed dividend, there will be full coverage for the Company's restricted equity.

The Board has considered the Company's and the Group's consolidation requirements and liquidity through a comprehensive assessment of the financial position of the Company and the Group, as well as the possibilities of the Company and the Group to discharge at sight its obligations. The proposed dividend and Group contributions to subsidiaries do not jeopardize the Company's ability to make the investments that have been deemed necessary. The Company's financial position does not give rise to any other assessment than that the Company can continue its operations and that the Company is expected to comply with its obligations in a short as well as long term perspective. In addition to the assessment of the Company's consolidation requirements and liquidity, the Board has also taken into consideration all other known circumstances that may impact the Company's financial position.

With reference to the above, the Board makes the assessment that the dividend and Group contributions to subsidiaries are justifiable considering the requirements that the nature, scope and risks of the operations pose on the size of the Company's and the Group's equity as well as the Company's and the Group's consolidation requirements, liquidity and position in general.

As regards the Company's and the Group's result and position in general, refer to the statements of income, statements of comprehensive income, balance sheets and statements of cash flow as well as notes and comments.

Proposal on record date for dividend

As record date for dividend, the Board proposes May 8, 2014. If the Annual General Meeting so resolves, the dividend is expected to be distributed by Euroclear Sweden AB starting May 13, 2014.

Consolidated statement of income

MSEK	Note	2013	2012	2011
Sales		65 017.5	64 039.8	58 995.6
Sales, acquired business		682.6	2 418.4	5 061.5
Total sales	9, 10	**65 700.1**	**66 458.2**	**64 057.1**
Production expenses[1]	11, 12, 13	-54 276.6	-55 364.5	-52 983.9
Gross income[1]		**11 423.5**	**11 093.7**	**11 073.2**
Selling and administrative expenses[1]	11, 12, 13	-8 112.4	-8 081.5	-7 810.0
Other operating income	10	13.5	12.8	74.3
Share in income of associated companies	21	4.4	2.7	-2.4
Amortization and impairment of acquisition related intangible assets	17, 18	-273.7	-297.1	-218.2
Acquisition related costs	11	-26.8	-49.5	-193.5
Items affecting comparability	11	–	-424.3	–
Operating income[1]		**3 028.5**	**2 256.8**	**2 923.4**
Financial income	14	70.4	102.1	116.6
Financial expenses	14	-455.4	-675.1	-609.6
Income before taxes[1]		**2 643.5**	**1 683.8**	**2 430.4**
Taxes[1]	15	-787.9	-509.2	-721.7
Net income for the year[1]		**1 855.6**	**1 174.6**	**1 708.7**
Whereof attributable to:				
Equity holders of the Parent Company[1]		1 852.5	1 174.2	1 705.8
Non-controlling interests		3.1	0.4	2.9
Average number of shares before dilution		365 058 897	365 058 897	365 058 897
Average number of shares after dilution		365 058 897	365 058 897	365 058 897
Earnings per share before dilution (SEK)[1]	3	5.07	3.22	4.67
Earnings per share after dilution (SEK)[1]	3	5.07	3.22	4.67
Earnings per share before dilution and before items affecting comparability (SEK)[1]	3	5.07	4.11	4.67

Consolidated statement of comprehensive income

MSEK	Note	2013	2012	2011
Net income for the year[1]		**1 855.6**	**1 174.6**	**1 708.7**
Other comprehensive income				
Items that will not be reclassified to the statement of income				
Remeasurements of defined benefit pension plans net of tax[1]	31	243.0	-111.7	-237.1
Total items that will not be reclassified to the statement of income[1]		**243.0**	**-111.7**	**-237.1**
Items that subsequently may be reclassified to the statement of income				
Cash flow hedges net of tax	6	4.7	7.1	3.2
Net investment hedges net of tax		-202.3	-9.7	36.1
Translation differences[1]		-36.1	-550.1	-132.5
Total items that subsequently may be reclassified to the statement of income[1]		**-233.7**	**-552.7**	**-93.2**
Other comprehensive income[1]	**15**	**9.3**	**-664.4**	**-330.3**
Total comprehensive income for the year[1]		**1 864.9**	**510.2**	**1 378.4**
Whereof attributable to:				
Equity holders of the Parent Company[1]		1 863.9	510.4	1 376.1
Non-controlling interests		1.0	-0.2	2.3

1 The comparatives have been restated due to the adoption of IAS 19 (revised). Refer to note 2 for further information.

Securitas' financial model – consolidated statement of income

Supplementary information

MSEK	2013	2012	2011
Sales	65 017.5	64 039.8	58 995.6
Sales, acquired business	682.6	2 418.4	5 061.5
Total sales	**65 700.1**	**66 458.2**	**64 057.1**
Organic sales growth, %	*1*	*0*	*3*
Production expenses[1]	-54 276.6	-55 364.5	-52 983.9
Gross income[1]	**11 423.5**	**11 093.7**	**11 073.2**
Gross margin, %	*17.4*	*16.7*	*17.3*
Expenses for branch offices	-3 690.3	-3 828.5	-3 621.2
Other selling and administrative expenses[1]	-4 422.1	-4 253.0	-4 188.8
Total expenses[1]	**-8 112.4**	**-8 081.5**	**-7 810.0**
Other operating income	13.5	12.8	74.3
Share in income of associated companies	4.4	2.7	-2.4
Operating income before amortization[1]	**3 329.0**	**3 027.7**	**3 335.1**
Operating margin, %[1]	*5.1*	*4.6*	*5.2*
Amortization and impairment of acquisition related intangible assets	-273.7	-297.1	-218.2
Acquisition related costs	-26.8	-49.5	-193.5
Items affecting comparability	–	-424.3	–
Operating income after amortization[1]	**3 028.5**	**2 256.8**	**2 923.4**
Financial income and expenses	-385.0	-573.0	-493.0
Income before taxes[1]	**2 643.5**	**1 683.8**	**2 430.4**
Net margin, %[1]	*4.0*	*2.5*	*3.8*
Taxes[1]	-787.9	-509.2	-721.7
Net income for the year[1]	**1 855.6**	**1 174.6**	**1 708.7**

1 The comparatives have been restated due to the adoption of IAS 19 (revised). Refer to note 2 for further information.

Operating items. Net debt-related items. Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Securitas' financial model is described on pages 50–51.

Consolidated statement of cash flow

MSEK	Note	2013	2012	2011
Operations				
Operating income[1]		3 028.5	2 256.8	2 923.4
Adjustment for effect on cash flow from items affecting comparability	11	-307.5	230.5	-23.7
Adjustment for effect on cash flow from acquisition related costs	11	-28.4	-48.1	13.5
Reversal of depreciation and impairment losses	17, 18, 19, 20	1 219.3	1 243.2	1 120.2
Financial items received		70.6	100.6	113.9
Financial items paid		-602.6	-632.5	-589.0
Current taxes paid		-610.4	-583.3	-763.9
Change in accounts receivable		1.0	205.4	-722.6
Change in other operating capital employed[1]		-241.5	60.8	-397.3
Cash flow from operations		**2 529.0**	**2 833.4**	**1 674.5**
Investing activities				
Investments in non-current tangible and intangible assets		-804.0	-1 039.2	-1 009.8
Acquisition and divestitures of subsidiaries	16	-239.5	-579.7	-1 702.0
Cash flow from investing activities		**-1 043.5**	**-1 618.9**	**-2 711.8**
Financing activities				
Dividend paid to shareholders of the Parent Company		-1 095.2	-1 095.2	-1 095.2
Proceeds from bond loans	30, 33	3 629.9	6 617.6	3 344.1
Redemption of bond loans	30, 33	-5 176.5	-1 000.0	-1 000.0
Proceeds from other long-term borrowings	30	–	–	516.1
Repayment of other long-term borrowings		–	–	-2 041.8
Change in other interest-bearing net debt excluding liquid funds		371.3	-3 299.7	1 245.7
Cash flow from financing activities		**-2 270.5**	**1 222.7**	**968.9**
Cash flow for the year		**-785.0**	**2 437.2**	**-68.4**
Liquid funds at beginning of year		4 880.7	2 507.4	2 586.9
Translation differences on liquid funds		-45.9	-63.9	-11.1
Liquid funds at year-end	**28**	**4 049.8**	**4 880.7**	**2 507.4**

1 The comparatives have been restated due to the adoption of IAS 19 (revised). Refer to note 2 for further information.

Supplementary information – Change in interest-bearing net debt in 2013

MSEK	Opening balance 2013	Cash flow for the year	Change in loans[1]	Revaluation of financial instruments	Translation differences	Closing balance 2013
Liquid funds	4 880.7	-785.0	–	–	-45.9	4 049.8
Other net debt	-14 745.3	–	1 175.3	10.9	-100.5	-13 659.6
Interest-bearing net debt	**-9 864.6**	**-785.0**	**1 175.3**	**10.9**	**-146.4**	**-9 609.8**

1 Refers to the net effect of the proceeds from bond loans MSEK -3 629.9, redemption of bond loans MSEK 5 176.5 and change in other interest-bearing net debt excluding liquid funds MSEK -371.3.

Securitas' financial model – consolidated statement of cash flow

Supplementary information

MSEK	2013	2012	2011
Operating income before amortization[1]	**3 329.0**	**3 027.7**	**3 335.1**
Investments in non-current tangible and intangible assets	-804.0	-1 039.2	-1 009.8
Reversal of depreciation	945.6	946.1	902.0
Net investments in non-current assets	**141.6**	**-93.1**	**-107.8**
Change in accounts receivable	1.0	205.4	-722.6
Change in other operating capital employed[1]	-241.5	60.8	-397.3
Cash flow from operating activities	**3 230.1**	**3 200.8**	**2 107.4**
Cash flow from operating activities as % of operating income before amortization[1]	*97*	*106*	*63*
Financial income and expenses paid	-532.0	-531.9	-475.1
Current taxes paid	-610.4	-583.3	-763.9
Free cash flow	**2 087.7**	**2 085.6**	**868.4**
Free cash flow as % of adjusted income[1]	*93*	*108*	*40*
Acquisition and divestitures of subsidiaries	-239.5	-579.7	-1 702.0
Acquisition related costs paid	-55.2	-97.6	-180.0
Cash flow from items affecting comparability	-307.5	-193.8	-23.7
Cash flow from financing activities	-2 270.5	1 222.7	968.9
Cash flow for the year	**-785.0**	**2 437.2**	**-68.4**

1 The comparatives have been restated due to the adoption of IAS 19 (revised). Refer to note 2 for further information.

Operating items. Net debt-related items. Goodwill, taxes and non-operating items.

Securitas' financial model is described on pages 50–51.

Consolidated balance sheet

MSEK	Note	2013	2012	2011	Jan. 1, 2011[2]
ASSETS					
Non-current assets					
Goodwill	17	14 361.9	14 275.4	14 727.4	13 338.8
Acquisition related intangible assets	18	1 315.6	1 501.9	1 574.1	1 096.5
Other intangible assets	19	325.2	368.1	330.5	272.4
Buildings and land	20	310.4	318.8	341.7	337.4
Machinery and equipment	20	1 959.0	2 058.9	2 020.1	1 946.5
Shares in associated companies	21	132.7	108.0	108.2	125.6
Deferred tax assets[1]	15	1 391.1	1 541.8	1 510.5	1 352.8
Interest-bearing financial non-current assets	22	150.9	224.3	189.5	205.7
Other long-term receivables	23	605.6	628.9	534.2	384.3
Total non-current assets[1]		**20 552.4**	**21 026.1**	**21 336.2**	**19 060.0**
Current assets					
Inventories	24	131.1	116.7	68.2	45.9
Accounts receivable	25	9 676.4	10 490.1	10 965.0	9 724.1
Current tax assets	15	355.9	323.8	305.4	255.2
Other current receivables	26	2 412.1	1 503.5	1 464.0	1 144.3
Other interest-bearing current assets	27	59.5	116.3	19.6	68.3
Liquid funds	28	4 049.8	4 880.7	2 507.4	2 586.9
Total current assets		**16 684.8**	**17 431.1**	**15 329.6**	**13 824.7**
TOTAL ASSETS[1]		**37 237.2**	**38 457.2**	**36 665.8**	**32 884.7**
SHAREHOLDERS' EQUITY AND LIABILITIES					
Shareholders' equity					
Share capital		365.1	365.1	365.1	365.1
Other capital contributed		7 362.6	7 362.6	7 362.6	7 362.6
Other reserves[1]		-1 612.7	-1 381.1	-829.0	-736.4
Retained earnings[1]		3 250.3	2 241.7	2 305.4	1 945.3
Shareholders' equity attributable to equity holders of the Parent Company[1]		**9 365.3**	**8 588.3**	**9 204.1**	**8 936.6**
Non-controlling interests		**16.0**	**13.9**	**2.6**	**3.1**
Total shareholders' equity[1]	**29**	**9 381.3**	**8 602.2**	**9 206.7**	**8 939.7**
Long-term liabilities					
Long-term loan liabilities	30	11 509.8	9 099.9	8 576.8	7 202.6
Other long-term liabilities	30	487.3	409.3	532.1	282.3
Provisions for pensions and similar commitments[1]	31	1 024.6	1 468.7	1 451.7	1 149.4
Deferred tax liabilities	15	747.4	719.0	669.4	432.1
Other long-term provisions	32	691.8	699.3	999.7	981.5
Total long-term liabilities[1]		**14 460.9**	**12 396.2**	**12 229.7**	**10 047.9**
Current liabilities					
Short-term loan liabilities	33	2 360.2	5 986.0	4 488.5	3 867.2
Accounts payable		959.4	1 033.1	914.9	853.6
Current tax liabilities	15	362.8	237.0	253.4	285.5
Other current liabilities	34	8 902.2	9 108.2	8 793.6	8 227.3
Short-term provisions	35	810.4	1 094.5	779.0	663.5
Total current liabilities		**13 395.0**	**17 458.8**	**15 229.4**	**13 897.1**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES[1]		**37 237.2**	**38 457.2**	**36 665.8**	**32 884.7**

1 The comparatives have been restated due to the adoption of IAS 19 (revised). Refer to note 2 for further information.
2 Disclosed due to the adoption of IAS 19 (revised).

Securitas' financial model – consolidated capital employed and financing

Supplementary information

MSEK	2013	2012	2011	Jan. 1, 2011[2]
Operating capital employed				
Other intangible assets	325.2	368.1	330.5	272.4
Buildings and land	310.4	318.8	341.7	337.4
Machinery and equipment	1 959.0	2 058.9	2 020.1	1 946.5
Deferred tax assets[1]	1 391.1	1 541.8	1 510.5	1 352.8
Other long-term receivables	605.6	628.9	534.2	384.3
Inventories	131.1	116.7	68.2	45.9
Accounts receivable	9 676.4	10 490.1	10 965.0	9 724.1
Current tax assets	355.9	323.8	305.4	255.2
Other current receivables	2 412.1	1 503.5	1 464.0	1 144.3
Total assets[1]	**17 166.8**	**17 350.6**	**17 539.6**	**15 462.9**
Other long-term liabilities	487.3	409.3	532.1	282.3
Provisions for pensions and similar commitments[1]	1 024.6	1 468.7	1 451.7	1 149.4
Deferred tax liabilities	747.4	719.0	669.4	432.1
Other long-term provisions	691.8	699.3	999.7	981.5
Accounts payable	959.4	1 033.1	914.9	853.6
Current tax liabilities	362.8	237.0	253.4	285.5
Other current liabilities	8 902.2	9 108.2	8 793.6	8 227.3
Short-term provisions	810.4	1 094.5	779.0	663.5
Total liabilities[1]	**13 985.9**	**14 769.1**	**14 393.8**	**12 875.2**
Total operating capital employed[1]	**3 180.9**	**2 581.5**	**3 145.8**	**2 587.7**
Goodwill	14 361.9	14 275.4	14 727.4	13 338.8
Acquisition related intangible assets	1 315.6	1 501.9	1 574.1	1 096.5
Shares in associated companies	132.7	108.0	108.2	125.6
Total capital employed[1]	**18 991.1**	**18 466.8**	**19 555.5**	**17 148.6**
Operating capital employed as % of sales	*5*	*4*	*5*	*4*
Return on capital employed, %	*18*	*14*	*17*	*22*
Net debt				
Interest-bearing financial non-current assets	150.9	224.3	189.5	205.7
Other interest-bearing current assets	59.5	116.3	19.6	68.3
Liquid funds	4 049.8	4 880.7	2 507.4	2 586.9
Total interest-bearing assets	**4 260.2**	**5 221.3**	**2 716.5**	**2 860.9**
Long-term loan liabilities	11 509.8	9 099.9	8 576.8	7 202.6
Short-term loan liabilities	2 360.2	5 986.0	4 488.5	3 867.2
Total interest-bearing liabilities	**13 870.0**	**15 085.9**	**13 065.3**	**11 069.8**
Total net debt	**9 609.8**	**9 864.6**	**10 348.8**	**8 208.9**
Net debt equity ratio, multiple	*1.02*	*1.15*	*1.12*	*0.92*
Shareholders' equity				
Share capital	365.1	365.1	365.1	365.1
Other capital contributed	7 362.6	7 362.6	7 362.6	7 362.6
Other reserves[1]	-1 612.7	-1 381.1	-829.0	-736.4
Retained earnings[1]	3 250.3	2 241.7	2 305.4	1 945.3
Non-controlling interests	16.0	13.9	2.6	3.1
Total shareholders' equity[1]	**9 381.3**	**8 602.2**	**9 206.7**	**8 939.7**
Total financing[1]	**18 991.1**	**18 466.8**	**19 555.5**	**17 148.6**

1 The comparatives have been restated due to the adoption of IAS 19 (revised). Refer to note 2 for further information.
2 Disclosed due to the adoption of IAS 19 (revised).

Operating items. Net debt-related items. Goodwill, taxes and non-operating items. Items related to shareholders' equity.

Securitas' financial model is described on pages 50–51.

Consolidated statement of changes in shareholders' equity[1]

MSEK	Share capital	Other capital contributed	Hedging reserve	Translation reserve	Retained earnings	Total	Non-controlling interests	Total shareholders' equity
	Shareholders' equity attributable to equity holders of the Parent Company							
Opening balance 2011	**365.1**	**7 362.6**	**-15.4**	**-720.9**	**1 944.0**	**8 935.4**	**3.1**	**8 938.5**
Effect of change in accounting principle IAS 19[2]	–	–	–	-0.1	1.3	1.2	–	1.2
Opening balance adjusted in accordance with new accounting principle	**365.1**	**7 362.6**	**-15.4**	**-721.0**	**1 945.3**	**8 936.6**	**3.1**	**8 939.7**
Net income for the year[3]	**–**	**–**	**–**	**–**	**1 705.8**	**1 705.8**	**2.9**	**1 708.7**
Other comprehensive income								
Items that will not be reclassified to the statement of income								
Remeasurements of defined benefit pension plans net of tax[3]	–	–	–	–	-237.1	-237.1	–	-237.1
Total items that will not be reclassified to the statement of income[3]	**–**	**–**	**–**	**–**	**-237.1**	**-237.1**	**–**	**-237.1**
Items that subsequently may be reclassified to the statement of income								
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	-29.7	–	–	-29.7	–	-29.7
Deferred tax on transfer to hedging reserve	–	–	7.8	–	–	7.8	–	7.8
Transfer to interest expense in the statement of income before tax	–	–	34.1	–	–	34.1	–	34.1
Deferred tax on transfer to statement of income	–	–	-9.0	–	–	-9.0	–	-9.0
Net investment hedges net of tax	–	–	–	36.1	–	36.1	–	36.1
Translation differences[3]	–	–	–	-131.9	–	-131.9	-0.6	-132.5
Total items that subsequently may be reclassified to the statement of income[3]	**–**	**–**	**3.2**	**-95.8**	**–**	**-92.6**	**-0.6**	**-93.2**
Other comprehensive income[3]	**–**	**–**	**3.2**	**-95.8**	**-237.1**	**-329.7**	**-0.6**	**-330.3**
Total comprehensive income for the year[3]	**–**	**–**	**3.2**	**-95.8**	**1 468.7**	**1 376.1**	**2.3**	**1 378.4**
Transactions with non-controlling interests	–	–	–	–	–	–	-2.8	-2.8
Share-based incentive scheme[4]	–	–	–	–	-13.4	-13.4	–	-13.4
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2	–	-1 095.2
Closing balance 2011[3]	**365.1**	**7 362.6**	**-12.2**	**-816.8**	**2 305.4**	**9 204.1**	**2.6**	**9 206.7**
Opening balance 2012[3]	**365.1**	**7 362.6**	**-12.2**	**-816.8**	**2 305.4**	**9 204.1**	**2.6**	**9 206.7**
Net income for the year[3]	**–**	**–**	**–**	**–**	**1 174.2**	**1 174.2**	**0.4**	**1 174.6**
Other comprehensive income								
Items that will not be reclassified to the statement of income								
Remeasurements of defined benefit pension plans net of tax[3]	–	–	–	–	-111.7	-111.7	–	-111.7
Total items that will not be reclassified to the statement of income[3]	**–**	**–**	**–**	**–**	**-111.7**	**-111.7**	**–**	**-111.7**
Items that subsequently may be reclassified to the statement of income								
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	-9.5	–	–	-9.5	–	-9.5
Deferred tax on transfer to hedging reserve	–	–	2.5	–	–	2.5	–	2.5
Transfer to interest expense in the statement of income before tax	–	–	19.1	–	–	19.1	–	19.1
Deferred tax on transfer to statement of income	–	–	-5.0	–	–	-5.0	–	-5.0
Net investment hedges net of tax	–	–	–	-9.7	–	-9.7	–	-9.7
Translation differences[3]	–	–	–	-549.5	–	-549.5	-0.6	-550.1
Total items that subsequently may be reclassified to the statement of income[3]	**–**	**–**	**7.1**	**-559.2**	**–**	**-552.1**	**-0.6**	**-552.7**
Other comprehensive income[3]	**–**	**–**	**7.1**	**-559.2**	**-111.7**	**-663.8**	**-0.6**	**-664.4**
Total comprehensive income for the year[3]	**–**	**–**	**7.1**	**-559.2**	**1 062.5**	**510.4**	**-0.2**	**510.2**
Transactions with non-controlling interests[5]	–	–	–	–	-35.0	-35.0	11.5	-23.5
Share-based incentive scheme[4]	–	–	–	–	4.0	4.0	–	4.0
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2	–	-1 095.2
Closing balance 2012[3]	**365.1**	**7 362.6**	**-5.1**	**-1 376.0**	**2 241.7**	**8 588.3**	**13.9**	**8 602.2**
Opening balance 2013	**365.1**	**7 362.6**	**-5.1**	**-1 376.0**	**2 241.7**	**8 588.3**	**13.9**	**8 602.2**
Net income for the year	**–**	**–**	**–**	**–**	**1 852.5**	**1 852.5**	**3.1**	**1 855.6**
Other comprehensive income								
Items that will not be reclassified to the statement of income								
Remeasurements of defined benefit pension plans net of tax	–	–	–	–	243.0	243.0	–	243.0
Total items that will not be reclassified to the statement of income	**–**	**–**	**–**	**–**	**243.0**	**243.0**	**–**	**243.0**
Items that subsequently may be reclassified to the statement of income								
Cash flow hedges								
Transfer to hedging reserve before tax	–	–	-3.9	–	–	-3.9	–	-3.9
Deferred tax on transfer to hedging reserve[7]	–	–	-2.6	–	–	-2.6	–	-2.6
Transfer to interest expense in the statement of income before tax	–	–	14.3	–	–	14.3	–	14.3
Deferred tax on transfer to statement of income	–	–	-3.1	–	–	-3.1	–	-3.1
Net investment hedges net of tax	–	–	–	-202.3	–	-202.3	–	-202.3
Translation differences	–	–	–	-34.0	–	-34.0	-2.1	-36.1
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**4.7**	**-236.3**	**–**	**-231.6**	**-2.1**	**-233.7**
Other comprehensive income	**–**	**–**	**4.7**	**-236.3**	**243.0**	**11.4**	**-2.1**	**9.3**
Total comprehensive income for the year	**–**	**–**	**4.7**	**-236.3**	**2 095.5**	**1 863.9**	**1.0**	**1 864.9**
Transactions with non-controlling interests[6]	–	–	–	–	-2.0	-2.0	1.1	-0.9
Share-based incentive scheme[4]	–	–	–	–	10.3	10.3	–	10.3
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2	–	-1 095.2
Closing balance 2013	**365.1**	**7 362.6**	**-0.4**	**-1 612.3**	**3 250.3**	**9 365.3**	**16.0**	**9 381.3**

1 Further information is provided in note 29.
2 Refers to net impact after taxes of adoption of IAS 19 (revised).
3 The comparatives have been restated due to the adoption of IAS 19 (revised). Refer to note 2 for further information.
4 Refers to the net of share-based remuneration MSEK 63.0 (56.1 and 53.7) and swap agreement MSEK -52.7 (-52.1 and -67.1). Further information is provided in note 29.
5 Mainly related to acquisition of non-controlling interest in Pinkerton Corporate Risk Management India and divestiture 30 percent in South Africa.
6 Mainly related to acquisition of non-controlling interest of 20 percent in Securitas Egypt.
7 Includes an adjustment of opening balance deferred tax of MSEK -3.5 due to a change in the Swedish tax rate from 26.3 percent to 22.0 percent.

Notes

NOTE 1 General corporate information

Operations

Securitas' core business is integrated security solutions and the main service offering categories are specialized guarding, mobile security services, monitoring, technical solutions and consulting and investigation services. Securitas is present in 52 countries in North America, Europe, Latin America, the Middle East, Asia and Africa, with close to 310 000 employees.

Information regarding Securitas AB

Securitas AB, corporate registration number 556302-7241, is a Swedish public company and has its registered office in Sweden. The address of the head office is:

Securitas AB
Lindhagensplan 70
SE-102 28 Stockholm

Securitas AB is listed on NASDAQ OMX Stockholm on the Large Cap List. The Securitas share is included in the OMX Stockholm All Share Index and the OMX Stockholm 30 Index. Securitas has been listed on the stock exchange since 1991.

Information regarding the Annual Report and the consolidated financial statements

This Annual Report including the consolidated financial statements was signed by the Board of Directors of Securitas AB and also approved for publication on March 14, 2014.

The statements of income and balance sheets for the Parent Company and the Group included in the Annual Report and the consolidated financial statements are subject to adoption by the Annual General Meeting on May 5, 2014.

NOTE 2 Accounting principles

Basis of preparation

Securitas' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU), the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 1 Supplementary Accounting Rules for Groups. The consolidated financial statements have been prepared in accordance with the historical cost convention method except where a fair value measurement is required according to IFRS. Examples of assets and liabilities measured at fair value are financial assets or financial liabilities (including derivatives) at fair value through profit or loss and plan assets related to defined benefit pension plans.

Estimates and judgments

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and judgments. Estimates and judgments will impact both the statement of income and the balance sheet as well as disclosures such as contingent liabilities. Actual outcome may differ from these judgments under different assumptions or conditions. For further information regarding estimates and judgments refer to note 4.

Adoption and impact of new and revised IFRS for 2013

During 2013 the following published standards and interpretations that are mandatory for the Group's financial year 2013 have been implemented by the Group:

The impact on Securitas from IAS 1 (amended) is that the items in other comprehensive income have been split into two categories: items that will not be reclassified to the statement of income and items that subsequently may be reclassified to the statement of income. Taxes are disclosed separately for each category.

The impact on Securitas from IAS 19 (revised) is that interest cost and expected return on assets have been replaced by a net interest cost which is calculated by applying the discount rate to the net defined benefit obligation (or asset). Further, past service costs are recognized immediately instead of being accrued over the vesting period. The effect on the Group's financial statements is that the costs recognized for 2011 and 2012 related to defined benefits to employees have increased when restating the comparative years. The increase of the costs is MSEK -58 before taxes and MSEK -37 after taxes for 2012. For 2011 the increase is MSEK -50 before taxes and MSEK -30 after taxes. The increase in costs, affects production expenses as well as selling and administrative expenses in operating income. The actual benefits and the cash contributions for these plans are not impacted by IAS 19 (revised). The effect on opening balance equity due to the change in accounting principle amounts to MSEK 1 as of January 1, 2011. Refer to the consolidated statement of changes in shareholders' equity on page 70 for further information.

According to IAS 19 (revised) it is no longer possible to apply the so called corridor method. Since Securitas has not applied the corridor method, this change has no effect on the Group's financial statements.

Other standards

None of the other published standards and interpretations that are mandatory for the Group's financial year 2013 has had any impact on the Group's financial statements.

Introduction and effect of new and revised IFRS that are not yet effective and have not been early adopted by Securitas

IFRS 10 Consolidated Financial statements, IFRS 11 Joint arrangements and IFRS 12 Disclosures of interests in other entities came into force January 1, 2013. They will be applied by companies within the EU for financial years beginning January 1, 2014 or later. These standards will thus be adopted by Securitas as of the financial year 2014. They are assessed to have no material impact on the Group's financial statements.

None of the other published standards and interpretations that are mandatory for the Group's financial year 2014 is assessed to have any impact on the Group's financial statements.

There are no published standards and interpretations that are mandatory for the Group's financial year 2015 or later that are expected to have any material impact on the Group's financial statements.

Scope of the consolidated financial statements (IAS 27)

The consolidated financial statements relate to the Parent Company Securitas AB and all subsidiaries. Subsidiaries are all companies where the Group has the right to govern the financial and operational policies in order to achieve economic benefits, in a way that normally follows a shareholding of more than one half of the voting rights.

The acquisition method (IFRS 3)

The acquisition method is used to account for the acquisitions of subsidiaries and operations by the Group. For acquisitions made before 2010, the cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

For acquisitions made as from 2010, all payments to acquire a business are recorded at fair value at the acquisition date, with contingent considerations and acquisition related option liabilities classified as debt subsequently re-measured through the statement of income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition related transaction costs are expensed. These costs are in the Group accounted for on a line in the statement of income named acquisition related costs. Costs accounted for on this line are transaction costs, revaluation (including discounting) of contingent considerations and acquisition related option liabilities, revaluation to fair value of previously acquired shares in step acquisitions and acquisition related restructuring and integration costs.

For all acquisitions, the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the consolidated statement of income.

The consolidated financial statements include companies acquired with effect from the date that the Group obtains control. Companies divested are excluded with effect from the date that the Group ceases to have control.

Pricing of deliveries among Group companies is based on normal business principles. Inter-company transactions, balances and unrealized gains between Group companies are eliminated. Unrealized losses are also eliminated, but indicate the need for an impairment of the asset transferred.

Non-controlling interests (IAS 27)

For acquisitions made before 2010, the Group has adopted the principle of treating transactions with non-controlling interests as transactions with parties outside the Group. Acquisitions of non-controlling interests give rise to goodwill that is determined as the difference between the purchase price paid and the acquired share of the book value of the subsidiaries' net assets.

For acquisitions made as from 2010 the Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For acquisitions from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

Gains or losses on disposals to non-controlling interests are also recorded in equity. When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest.

Investments in associates (IAS 28)

The equity method is used to account for shareholdings that are neither subsidiaries nor joint ventures, but where Securitas can exert a significant influence, generally accompanying a shareholding of between 20 percent and 50 percent of the voting rights. For acquisitions made before 2010, the cost of an acquisition is measured at the fair value of the assets given, any contingent considerations and acquisition related option liabilities that have been estimated, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed as a result of the acquisition are measured initially at their fair values at the acquisition date. The acquisition of the associated companies Long Hai Security Services Joint Stock Company (Long Hai) and Walson Services Pvt Ltd (Walsons) took place before 2010, and are consequently accounted for as per above.

For acquisitions made as from 2010, all payments to acquire a business are recorded at fair value at the acquisition date, with contingent considerations and acquisition related option liabilities classified as debt subsequently re-measured through the statement of income. All acquisition related transaction costs are expensed.

For all acquisitions, the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is attributed to goodwill, which is included in investments in associated companies in the consolidated balance sheet. If the cost of acquisition is less than the fair value of the net assets of the associated company acquired, the difference is recognized directly in the consolidated statement of income.

The consolidated financial statements include associated companies with effect from the date of the acquisition. Associated companies divested are excluded with effect from the divestment date. If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to the statement of income where appropriate.

Transactions, balances and unrealized gains between the Group and its associated companies are eliminated to the extent of the Group's interest in the associate. Unrealized losses are also eliminated, but indicate the need for an impairment of the asset transferred.

Share in income of associated companies is recognized in the consolidated statement of income. Depending on the purpose of the investment share in income of associated companies is included either in operating income, if it is related to associated companies that have been acquired to contribute to the operations (operational), or in income before taxes as a separate line within net financial items, if it is related to associated companies that have been acquired as part of the financing of the Group (financial investments). In both cases the share in income of associated companies are net of tax. All associated companies in the Group are currently classified as operational associates.

In the consolidated balance sheet, investments in associated companies are stated at cost including the cost of the acquisition that is attributed to goodwill, adjusted for dividends and the share of income after the acquisition date (see note 21).

Joint ventures (IAS 31)

The proportional method is applied to joint ventures in which there is a shared controlling interest. According to this method, all statement of income and balance sheet items are stated in the consolidated statement of income, the consolidated statement of cash flow and the consolidated balance sheet in proportion to the level of influence. The proportional method of consolidation is used with effect from the date when a shared controlling interest is achieved and up until a shared controlling interest ceases to exist. The Group has used the proportional method to account for its investment in Securitas Direct S.A. (Switzerland) up to the divestiture of this company on October 21, 2011 (see note 7).

Translation of foreign subsidiaries (IAS 21)

The functional currency of each Group company is determined by the primary economic environment in which the company operates, that is the currency in which the company primarily generates and expends cash. The functional currency of the Parent Company and the presentation currency of the Group, that is the currency in which the financial statements are presented, is Swedish kronor (SEK).

When translating the financial statements of each foreign subsidiary, each month's statement of income is translated using the exchange rate prevailing on the last day of the month. This means that income for each month is not affected by foreign exchange fluctuations during subsequent periods. Balance sheets are translated using exchange rates prevailing at each balance sheet date. Translation differences arising in the conversion of balance sheets are posted directly to other comprehensive income and thus do not affect net income for the year. The translation difference arising because statements of income are translated using average rates, while balance sheets are translated using exchange rates prevailing at each balance sheet date, is posted directly to other comprehensive income. Where loans have been raised to reduce the Group's foreign exchange/translation exposure in foreign net assets, and qualify for the hedge accounting criteria, exchange rate differences on such loans are recognized together with the exchange rate differences arising from the translation of foreign net assets in other comprehensive income. The accumulated translation differences are accounted for in translation reserve in equity. When a foreign operation or part thereof is sold, such exchange differences are recognized in the statement of income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated using exchange rates prevailing at each balance sheet date.

Transactions, receivables and liabilities in foreign currency (IAS 21)

Transactions in foreign currency are translated into the functional currency in accordance with the exchange rates prevailing at the date of the transaction. Exchange differences on monetary items are recognized in the statement of income when they arise, with the exception of net investment hedges recognized via other comprehensive income (see above under the section Translation of foreign subsidiaries). Exchange differences from operating items are recognized as either production expenses or selling and administrative expenses, while exchange differences from financial items are recognized as financial income or financial expenses.

When preparing the financial statements of individual companies, foreign currency denominated receivables and liabilities are translated to the functional currency of the individual company using the exchange rates prevailing at each balance sheet date.

Revenue recognition (IAS 11 and IAS 18)

The Group's revenue is generated mainly from various types of security services. There is also revenue from the sale of alarm products and, to a limited extent, cash handling services. Revenue from services is recognized in the period in which the services have been performed. Alarm installations are recognized in revenue as they are completed, in accordance with the percentage of completion method. According to this method, revenue, expenses, and thus, income are recognized in the period in which the work was performed. The determination of the percentage of alarm installations that can be recognized as revenue is based on the time spent in relation to the total estimated time.

Trademark fees from the former subsidiary Securitas Direct AB, relating to the use of the Securitas trademark, are recognized on an accrual basis in accordance with the substance of the agreement, and are based on the sales recognized by Securitas Direct AB.

Interest income is recognized in the statement of income in the period to which it is attributable.

Operating segments (IFRS 8)

Operating segments are business activities that may earn revenues or incur expenses, whose operating results are regularly reviewed by the chief operating decision maker, the President and CEO, and for which discrete financial information is available. Operating segments constitute the operational structure for governance, monitoring and reporting. A combination of factors has been used in order to identify the Group's segments. Most important is the characteristic of the services provided and the geographical split. For information regarding the segments operations, refer to note 9.

According to the conditions in IFRS 8, certain of the Group's operating segments have been aggregated in the financial reporting. The Group's operations are consequently divided into three reportable segments and Other:

- Security Services North America
- Security Services Europe
- Security Services Ibero-America
- Other (consisting of an aggregation of all other operating segments)

These segments are also referred to as business segments in the Group's financial reports.

As of 2013, the Security Services Europe and Mobile and Monitoring business segments have been merged into one business segment named Security Services Europe. Refer to note 9 for further information regarding the organizational changes in the Group that came into force as of 2013.

Other includes all other operating segments as well as general administrative expenses, expenses for head offices and other central expenses. All other operating segments comprise the guarding operations in the Middle East, Asia and Africa as well as certain operations within security consulting that report directly to the chief operating decision maker. Until October 21, 2011, Other also includes the Group's joint venture Securitas Direct S.A. (Switzerland), which has been divested as of this date.

The assets and liabilities of each segment include only those items that have been utilized or arisen in ongoing operations. Non-operational balance sheet items, primarily current tax, deferred tax, and provisions for taxes, are accounted for under the Other heading in the table Capital employed and financing in note 9. In the table Assets and liabilities in the same note, these items are accounted for as unallocated non-interest bearing assets and unallocated non-interest bearing liabilities. A reconciliation between total segments and the Group is disclosed in note 9.

Geographical information related to sales and non-current assets is disclosed in note 9 for Sweden (which is Securitas' country of domicile) and for all individual countries where the sales or non-current assets exceed 10 percent of the total amount for the Group.

The geographical split of sales is based on the location of the sales. The location of the sales corresponds in all material aspects to the location of the customers. There are no sales to any individual customer that are deemed to represent a significant portion of the Group's total sales.

Accounting for government grants and disclosure of government assistance (IAS 20)

Securitas, like other employers, is eligible for a variety of grants relating to employees. These grants relate to training, incentives for hiring new staff, reduction of working hours, etc. All grants are accounted for in the statement of income as a cost reduction in the same period as the related underlying cost.

Taxes (IAS 12)

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

A deferred tax asset is recognized when it is probable that sufficient taxable income will arise that the deferred tax asset can be offset against. Deferred tax assets are valued as of the balance sheet date, and any potential previously unvalued deferred tax asset is recognized when it is expected to be usable, or correspondingly, reduced when it is expected to be wholly or partly unusable against future taxable income.

Current and deferred taxes are posted directly to other comprehensive income if the relevant underlying transaction or event is posted directly to other comprehensive income in the period, or previous period if it pertains to an adjustment of an opening balance of retained earnings as the result of a change in accounting principle. Changes in current and deferred taxes that relates to exchange rate differences in the translation of the balance sheets of foreign subsidiaries are posted to translation differences in other comprehensive income.

Provisions are allocated for estimated taxes on dividends paid from subsidiaries to the Parent Company in the following year.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Non-current assets held for sale and discontinued operations (IFRS 5)

The Group applies IFRS 5 Non-current assets held for sale and discontinued operations, which sets out requirements for the classification, measurement and presentation of non-current assets held for sale and discontinued operations.

According to IFRS 5, a non-current asset classified as held for sale or disposal group shall be measured at the lower of its carrying amount and fair value less cost to sell, if the carrying amount will be recovered through a sales transaction rather than through its continuous use in the operations. Measurement is carried out in two steps. First, all assets and liabilities are measured in accordance with the relevant standard. For disposal groups a second step also involves a re-measurement to the lower of the carrying amount and the fair value less cost to sell. A re-measurement should be carried out at each balance sheet date subsequent to the initial recognition. No depreciation or amortization should be recognized for these assets from the date of reclassification up until the disposal has been completed.

A discontinued operation is a component of a group that represents a major line of business or geographical area of operations. The net income (after tax) relating to discontinued operations is included in the consolidated statement of income on a separate line, net income for the year, discontinued operations.

The Group currently has no non-current assets held for sale and no discontinued operations.

Statement of cash flow (IAS 7)

The statement of cash flow has been prepared in accordance with the indirect method. Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits.

Goodwill and other acquisition related intangible assets (IFRS 3, IAS 36 and IAS 38)

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired subsidiary/operations at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity or operations sold.

Other acquisition related intangible assets arising from acquisitions can include various types of intangible assets such as marketing-related, customer-related, contract-related, brand-related and technology-based intangible assets. Other acquisition related intangible assets normally have a definite useful life. These assets are recognized at fair value on the date of acquisition and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated using the linear method to allocate the cost of assets over their estimated useful lives. Securitas' acquisition related intangible assets mainly relate to customer contract portfolios and the related customer relationships. The valuation of the customer contract portfolios and the related customer relationships is based on the Multiple Excess Earnings Method (MEEM) which is a valuation model based on discounted cash flows. The valuation is based on the churn rates and profitability of the acquired portfolio at the time of the acquisition. In the model a specific charge – a contributory asset charge – is applied as a cost or return requirement for the assets supporting the intangible asset. Cash flows are discounted using the Weighted Average Cost of Capital (WACC) adjusted for local interest rate levels in the countries of acquisition. The useful life of customer contract portfolios and the related customer relationships are based on the churn rate of the acquired portfolio and are normally between 3 and 10 years, corresponding to a yearly amortization of between 10.0 percent and 33.3 percent. Brand-related intangible assets are calculated using the relief of royalty method. The useful life of these brands is normally up to 10 years corresponding to a yearly amortization of up to 10 percent.

A deferred tax liability is calculated at the local tax rate on the difference between the book value and tax value of the intangible asset. The deferred tax liability is reversed over the same period as the intangible asset is amortized, which means that it neutralizes the impact of the amortization of the intangible asset on the full tax rate percentage on the income after tax. The initial recognition of this deferred tax liability increases the amount of goodwill.

Goodwill and other acquisition related intangible assets are allocated to cash-generating units (CGU) per country in a segment. This allocation is also the basis for the yearly impairment testing.

Amortization and impairment of acquisition related intangible assets are shown on the line amortization and impairment of acquisition related intangible assets in the statement of income.

Acquisition related restructuring and integration costs

Acquisition related restructuring cost are costs relating to the restructuring and/or integration of acquired operations into the Group. Restructuring costs are costs that are recognized based on the specific criteria for restructuring provisions in IAS 37 (see further under the section Provisions below). Restructuring costs can cover several activities that are necessary to prepare acquired operations for integration into the Group, such as redundancy payments, provisions for rented premises that will not be utilized or sublet below cost or other non-cancellable leasing contracts that will not be utilized. Integration costs normally cover activities that do not qualify to be recognized as provisions. Such activities could be re-branding (changing logotypes on buildings, vehicles, uniforms, etc.), but could also cover personnel costs for example training, recruitment, relocation and travel, certain customer related costs and other incremental costs to transform the acquired operation into the acquirers format. Classifying expenses as costs relating to integration of acquired operations must also fulfill the criteria below:

- The cost would not have been incurred if the acquisition not had taken place
- The cost relate to a project identified and controlled by management as part of a integration program set up at the time of acquisition or as a direct consequence of an immediate post-acquisition review

Items affecting comparability

This item includes events and transactions with significant effects, which are relevant for understanding the financial performance when comparing income for the current period with previous periods. They include:

- Capital gains and losses arising from the disposal of material cash generating units
- Material impairment losses and bad debt losses
- Material litigations and insurance claims
- Other material income and expense items of a non-recurring nature, such as the restructuring costs for the cost savings program carried out at the end of 2012

Provisions, impairment losses, bad debt losses or other material non-recurring items that are classified as items affecting comparability in a period are accounted for consistently in future periods by treating any reversal of provisions, impairment losses, bad debt losses or other non-recurring items as items affecting comparability.

Refer to note 11 for further information regarding items affecting comparability.

Other intangible assets (IAS 36 and IAS 38)

Other intangible assets are recognized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and that the cost of the asset can be measured reliably. Other intangible assets include the trade mark Securitas, which is estimated to have an indefinite useful life. The trademark has been capitalized only in those cases where it has been acquired from a third party. This trademark is not amortized but tested annually for impairment.

Other items in other intangible assets have a definite useful life. These assets are recognized at cost and subsequently carried at cost less accumulated amortization and any accumulated impairment losses.

Linear amortization is used for all asset classes.
The amortization rates are normally:

Software licenses	10.0–33.3 percent
Other intangible assets	10.0–33.3 percent

Rental rights and similar rights are amortized over the same period as the underlying contractual period.

Tangible non-current assets (IAS 16 and IAS 36)

Tangible non-current assets are recognized at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is based on historical cost and the useful life of the asset.

Linear depreciation is used for all asset classes.
The depreciation rates are normally:

Machinery and equipment	10–50 percent
Buildings and land improvements	2–10 percent
Land	0 percent

Impairment (IAS 36)

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. In addition to goodwill, these assets are limited to the brand name Securitas in one of the Group's countries of operations. Assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is measured as expected future discounted cash flows. The calculation of value in use necessitates that a number of assumptions and estimates are made. The main assumptions concern the organic sales growth, the development of the operating margin and the necessary operating capital employed requirement as well as the relevant WACC (Weighted Average Cost of Capital) rate used to discount future cash flows. For the purposes of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU).

Previously recognized impairment losses, with the exception of impairment losses related to goodwill, are reversed only if a change has occurred regarding the assumptions that formed the basis for determining the recoverable amount when the impairment loss was recognized. If this is the case, a reversal of the impairment loss is carried out in order to increase the book value of the impaired asset to its recoverable amount. A reversal of a previous impairment loss is only recognized to the extent that the new book value does not exceed what should have been the book value (after depreciation and amortization) if the impairment loss had not been recognized in the first place. Impairment losses related to goodwill are never reversed.

Leasing contracts (IAS 17)

When a leasing contract means that the Group, as the lessee, essentially receives the economic benefits and bears the economic risk associated with the leased asset – termed finance leases – the asset is recognized as a non-current asset in the consolidated balance sheet. The net present value of the corresponding obligation to pay leasing fees in the future is recognized as a liability. In the consolidated statement of income, leasing payments are divided into depreciation and interest. The Group has no significant finance leases where it is the lessor.

Operational leases, where the Group is the lessee, are recognized as an operating expense on a linear basis over the period of the lease in the consolidated statement of income. In cases where the Group is the lessor, revenue is recognized on a linear basis and included in total sales in the consolidated statement of income. Depreciation is recognized under operating income.

Accounts receivable

Accounts receivable are accounted for at nominal value net after provisions for probable bad debt. Probable and recognized bad debt losses are included in the line production expenses in the statement of income. Payments received in advance are accounted under other current liabilities.

Inventories (IAS 2)

Inventories are valued at the lower of cost and net realizable value. Cost is determined according to the first-in, first-out principle. The cost of finished goods and work in progress comprises material, direct labor and other direct costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Financial instruments (IFRS 7 / IFRS 13 / IAS 32 / IAS 39)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The definition of financial instruments thus includes equity instruments of another entity but also for example contractual rights to receive cash such as accounts receivable.

Financial instruments are recorded initially at fair value with the subsequent measurement depending on the designation of the instrument.

The Group designates its financial instruments in the following categories:

- Financial assets or financial liabilities at fair value through profit or loss (including derivatives not designated as hedging instruments)
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial assets
- Financial liabilities designated as hedged item in a fair value hedge
- Other financial liabilities
- Derivatives designated for hedging

The designation depends on the purpose for which the financial instrument is acquired. Management determines the designation of its financial instruments at initial recognition and re-evaluates this designation at each reporting date.

Most of the Group's current assets are loans and receivables (including accounts receivable and most other current receivables). Financial assets or financial liabilities at fair value through profit or loss (with exception for derivatives), held-to-maturity investments and available-for-sale financial assets are normally categories in which the Group has no or very limited positions. Financial liabilities designated as the hedged item in a fair value hedge include both long-term and short-term loans designated as hedged items that are hedged effectively via derivatives designated for hedge accounting. Other financial liabilities comprise all other financial liabilities, including such items as accounts payable and other current liabilities, and also any long-term and short-term loans not included in the category financial liabilities designated for hedging.

Further information regarding carrying and fair values is provided in the table Financial instruments by category – carrying and fair values in note 6 as well as in the definitions of the categories below.

Financial assets or financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss have two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Fair value derivative assets are also categorized as held for trading unless they qualify for hedge accounting. Assets in this category are classified as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date. Financial liabilities at fair value are trading securities with negative fair value; normally derivative liabilities unless they qualify for hedge accounting.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for loans and receivables with maturities later than 12 months after the balance sheet date.

Held-to-maturity investments
Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

Financial liabilities designated as hedged item in a fair value hedge
This category includes financial liabilities designated as hedged item in a fair value hedge. The hedging instruments are included in the category derivatives designated for hedging. Financial liabilities designated as hedged item in a fair value hedge are included in current liabilities except for liabilities with maturities later than 12 months from the balance sheet date.

Other financial liabilities
Other financial liabilities are any financial liabilities that are not included in either of the categories financial liabilities designated as hedged item in a fair value hedge or financial liabilities at fair value through profit or loss. They are included in current liabilities except for liabilities with maturities later than 12 months from the balance sheet date.

Derivatives designated for hedging
The Group normally only enters into derivative contracts when they either qualify for hedge accounting or when there is a natural offset in the accounting. This category includes the first type of derivatives. Derivatives where the hedged item or the item for which a natural offset in the accounting is sought has a maturity within 12 months after the balance sheet date are either included in current assets on the line other interest-bearing current assets, or in current liabilities on the line other short-term loan liabilities. Derivatives where the hedged item or the item for which a natural offset in the accounting is sought has a maturity later than 12 months after the balance sheet date are either included in non-current assets on the line other interest-bearing financial non-current assets, or in long-term liabilities on the line other long-term loan liabilities.

Recognition and subsequent measurement
Purchases and sales of financial instruments are recognized on the trade date – the date on which the Group commits to purchase or sell the instrument.

Financial assets and liabilities are initially recognized at fair value. Any transaction costs are charged to the statement of income.

Financial assets are derecognized when the rights to receive cash flows from the instruments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are removed when the obligation is discharged, cancelled or has expired.

Financial assets or financial liabilities at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortized cost using the effective interest method. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets or liabilities at fair value through profit or loss category are included in financial income or financial expenses in the statement of income in the period in which they arise.

Financial liabilities with the exception of financial liabilities at fair value through profit or loss and financial liabilities designated for hedging are subsequently carried at amortized cost.

Financial liabilities designated as the hedged item in a fair value hedge are carried at amortized cost but are adjusted for changes in the fair value due to the hedged risk. Changes in the fair value are included in financial income or financial expenses in the statement of income in the period in which they arise. The corresponding gain or loss from re-measuring the hedging instrument at fair value is also included in financial income or financial expenses in the statement of income in the same period as that in which the gain or loss on the hedged item arises.

Cash flow hedging instruments are carried at fair value in the balance sheet and the gains or losses from re-measuring the hedging instruments at fair value are recognized in the hedging reserve in other comprehensive income with a reversal from the hedging reserve to the statement of income in the period in which the cash flow of the hedged item impacts the statement of income. Exchange rate gains and losses on derivatives that are part of a net investment hedge relationship are recognized in other comprehensive income. Any ineffectiveness is recognized in the statement of income.

Actual cash flows (accruals) that arise from interest-rate derivative contracts are recognized as interest income and/or interest expense in the period to which they relate. Changes in fair value (after accruals) for both the hedged item and the hedging instrument (derivative) are recognized separately as revaluation of financial instruments. The line revaluation of financial instruments is included within financial income and/or financial expense.

The fair values of quoted financial instruments are based on current bid prices. If the market for a financial instrument is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Impairment of financial assets
The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Employee benefits (IAS 19)

The Group operates or participates in a number of defined benefit and defined contribution pension and other long-term employee benefit plans. Other plans primarily relate to healthcare benefits. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are recognized as expenses when they fall due for payment. Other pension plans are defined benefit plans.

Calculations for the defined benefit plans that exist within Securitas are carried out by independent actuaries.

Costs related to defined benefit plans are recognized in operating income. The calculation of service cost is based on the projected unit credit method in a way that distributes the cost over the employee's working life. The net interest cost is estimated by applying the discount rate to the net defined benefit obligation. Administration costs are recognized in operating income in the period which they occur.

The net defined benefit obligation recognized in the balance sheet is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The obligations are valued at the present value of the expected future cash flows using a discount rate corresponding to the interest rate on high quality corporate bonds or government bonds with a remaining term that is approximately the same as the obligations. Further information regarding the determination of the discount rate is provided in note 31.

Remeasurements of post-employment benefit plans and reimbursement rights are recognized in other comprehensive income in the period which they occur. Remeasurements of other long-term employee benefit plans as well as past service costs are recognized immediately in the statement of income.

If accounting for a defined benefit plan results in a balance sheet asset, this is reported as a net asset in the consolidated balance sheet under other long-term receivables. Otherwise it is reported as a provision under provisions for pensions and similar commitments. Provisions for pensions and similar commitments are not included in net debt.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognized. This reimbursement right is measured at fair value and classified as a long-term receivable.

Share-based payments (IFRS 2)

IFRS 2 requires that fair value of the equity settled schemes should be accounted for as an expense in the statement of income with the corresponding entry accounted for as equity. The expense should be accrued on a linear basis over the vesting period. For cash settled schemes IFRS 2 also requires that the fair value of the scheme should be recognized as an expense in the statement of income on a linear basis over the vesting period, but with the corresponding entry recognized as a liability rather than as equity. Furthermore if the incentive scheme lapses without settlement, this will result in a reversal of the accrued cost for cash settled schemes only. For equity settled schemes, no reversal will occur after the vesting date since no adjustment to the net assets is required.

Securitas has a share-based incentive scheme where the participants in the scheme receive a bonus where two thirds are payable in cash in the beginning of the year after the bonus has been accrued. The remaining one third of the bonus is used to acquire shares at market value. These shares are delivered to the participants in the beginning of the year after they have been acquired if the participants still are employed by Securitas. The cost for Securitas, including social security expenses, is accounted for in the statement of income during the vesting period. However, the share-based portion of the bonus is classified as equity and not as a liability. At the end of the program, a revaluation is made of the original estimates and the final outcome of social security expenses is determined. Any deviation due to the revaluation, for example due to any participant leaving the Group and not receiving allocated shares, is accounted for in the statement of income. Corresponding adjustments are made to retained earnings in equity up until the vesting date.

In order to hedge the share portion of Securitas share-based incentive scheme 2012, the Group has entered into a swap agreement with a third party. The swap agreement represents an obligation for the Parent Company to purchase its own shares at a predetermined price. The swap agreement is consequently classified as an equity instrument and accounted for in equity as a reduction of retained earnings. Swap agreements were also entered into to hedge the share portion of Securitas share-based incentive scheme 2011 and 2010. The swap agreements have settled during 2013 and 2012 in conjunction with the delivery of the shares to the participants upon vesting.

Provisions (IAS 37)

Provisions are recognized when the Group has a legal or constructive obligation as a result of a past event, and it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions for restructuring are recognized when a detailed, formal plan for measures has been established and valid expectations that the restructuring will take place have been raised by those affected by the measures. No provisions are recognized for future operating losses.

Claims reserves are calculated on the basis of a combination of case reserves, which represent claims reported, and IBNR (incurred but not reported) reserves. Actuarial calculations are performed quarterly to assess the adequacy of the reserves based on open claims and historical IBNR.

NOTE 3 *Definitions, calculation of key ratios and exchange rates*

DEFINITIONS

Statement of income according to Securitas' financial model

Production expenses[1]
Wages and related costs, the cost of equipment used when performing professional duties, and all other costs directly related the performance of services invoiced.

Selling and administrative expenses[1]
All costs of selling, administration and management including branch office expenses. The primary function of the branch offices is to provide the production with administrative support as well as to serve as a sales channel.

Gross margin
Gross income as a percentage of total sales.

Operating income before amortization
Operating income before amortization and impairment of acquisition related intangible assets, acquisition related costs and items affecting comparability, but including amortization and depreciation of other intangible assets, buildings and land and machinery and equipment.

Operating margin
Operating income before amortization as a percentage of total sales.

Operating income after amortization
Operating income after amortization and impairment of acquisition related intangible assets, acquisition related costs, items affecting comparability and including amortization and depreciation of other intangible assets, buildings and land and machinery and equipment.

Adjusted income
Operating income before amortization, adjusted for financial income and expenses (excluding revaluation of financial instruments according to IAS 39) and current taxes.

Net margin
Income before taxes as a percentage of total sales.

Real change
Change adjusted for changes in exchange rates.

Statement of cash flow according to Securitas' financial model

Cash flow from operating activities
Operating income before amortization adjusted for depreciation/amortization less capital expenditures in non-current tangible and intangible assets (excluding acquisition of subsidiaries), change in accounts receivable and changes in other operating capital employed.

Free cash flow
Cash flow from operating activities adjusted for financial income and expenses paid and current taxes paid.

Cash flow for the year[1]
Free cash flow adjusted for acquisition of subsidiaries, acquisition related costs paid, cash flow from items affecting comparability, dividends, new issues and change in interest-bearing net debt excluding liquid funds.

Balance sheet according to Securitas' financial model

Operating capital employed
Capital employed less goodwill, acquisition related intangible assets and shares in associated companies.

Capital employed
Non interest-bearing non-current and current assets less non interest-bearing long-term and current liabilities.

Net debt
Interest-bearing non-current and current assets less long-term and short-term interest-bearing loan liabilities.

CALCULATION OF KEY RATIOS 2013

Acquired sales growth: 1%
This year's sales from acquired business as a percentage of the previous year's total sales.
Calculation: 682.6/66 458.2 = 1%

Organic sales growth: 1%
Total sales for the year adjusted for acquisitions and changes in exchange rates as a percentage of the previous year's total sales adjusted for divestitures.
Calculation: ((65 700.1-682.6+1 974.6)/(66 458.2-11.9))-1 = 1%

Real sales growth: 2%
Total sales for the year including acquisitions and adjusted for changes in exchange rates as a percentage of the previous year's total sales.
Calculation: ((65 700.1+1 974.6)/66 458.2)-1 = 2%

Operating margin: 5.1%
Operating income before amortization as a percentage of total sales.
Calculation: 3 329.0/65 700.1 = 5.1%

Earnings per share before dilution[2,3]: SEK 5.07 (3.22 and 4.67)
Net income for the year attributable to equity holders of the Parent Company in relation to the average number of shares before dilution.
Calculation 2013: ((1 855.6-3.1)/365 058 897) x 1 000 000 = SEK 5.07
Calculation 2012: ((1 174.6-0.4)/365 058 897) x 1 000 000 = SEK 3.22
Calculation 2011: ((1 708.7-2.9)/365 058 897) x 1 000 000 = SEK 4.67

Earnings per share before dilution[2,3] and before items affecting comparability and impairment losses: SEK 5.07
Net income for the year attributable to equity holders of the Parent Company before items affecting comparability (after tax) and impairment losses in relation to the average number of shares before dilution.
Calculation: ((1 855.6-3.1+0.0)/365 058 897) x 1 000 000 = SEK 5.07

Cash flow from operating activities as % of operating income before amortization: 97%
Cash flow from operating activities as a percentage of operating income before amortization.
Calculation: 3 230.1/3 329.0 = 97%

1 The definition is also valid for the formal primary statements – the statement of income and the statement of cash flow.
2 There are no convertible debenture loans. Consequently there is no difference between earnings per share before and after dilution.
3 Number of shares includes shares related to the Group's share-based incentive scheme that have been hedged through a swap agreement.

Free cash flow as % of adjusted income: 93%
Free cash flow as a percentage of adjusted income.
Calculation: 2 087.7 / (3 329.0-384.5-708.6) = 93%

Free cash flow in relation to net debt: 0.22
Free cash flow in relation to closing balance net debt.
Calculation: 2 087.7/9 609.8 = 0.22

Operating capital employed as % of total sales: 5%
Operating capital employed as a percentage of total sales adjusted for full year sales of acquisitions.
Calculation: 3 180.9/(65 700.1+267.3) = 5%

Return on capital employed: 18%
Operating income before amortization plus items affecting comparability as a percentage of the closing balance of capital employed.
Calculation: (3 329.0-0.0)/18 991.1 = 18%

Net debt equity ratio: 1.02
Net debt in relation to shareholders' equity.
Calculation: 9 609.8 /9 381.3 = 1.02

Interest coverage ratio: 7.9
Operating income before amortization plus interest income in relation to interest expense.
Calculation: (3 329.0+67.7)/428.5 = 7.9

Return on equity: 21%
Net income for the year as a percentage of average shareholders' equity.
Calculation: 1 855.6/((9 381.3+8 602.2)/2) = 21%

Equity ratio: 25%
Shareholders' equity as a percentage of total assets.
Calculation: 9 381.3/37 237.2 = 25%

EXCHANGE RATES USED IN THE CONSOLIDATED FINANCIAL STATEMENTS 2011–2013

			2013		2012		2011	
			Weighted average	End-rate December	Weighted average	End-rate December	Weighted average	End-rate December
Argentina	ARS	1	1.17	1.00	1.46	1.33	1.56	1.60
Bosnia and Herzegovina	BAM	1	4.44	4.55	4.43	4.39	4.61	4.56
Canada	CAD	1	6.30	6.04	6.73	6.55	6.54	6.76
Chile	CLP	100	1.31	1.23	1.38	1.36	1.33	1.33
China	CNY	1	1.06	1.07	1.07	1.05	1.01	1.09
Colombia	COP	100	0.35	0.34	0.37	0.37	0.35	0.36
Costa Rica	CRC	100	1.30	1.28	1.34	1.28	1.38	1.38
Croatia	HRK	1	1.15	1.17	1.15	1.14	1.21	1.19
Czech Republic	CZK	1	0.33	0.32	0.35	0.34	0.37	0.35
Denmark	DKK	1	1.16	1.19	1.17	1.15	1.21	1.20
Egypt	EGP	1	0.95	0.93	1.11	1.05	1.09	1.14
EMU Countries	EUR	1	8.68	8.90	8.68	8.59	9.02	8.92
Hong Kong	HKD	1	0.84	0.83	0.87	0.84	0.83	0.89
Hungary	HUF	100	2.91	3.00	3.01	2.95	3.24	2.85
India	INR	1	0.11	0.10	0.13	0.12	0.14	0.13
Indonesia	IDR	100	0.06	0.05	0.07	0.07	0.07	0.08
Jordan	JOD	1	9.20	9.13	9.46	9.18	9.27	9.72
Latvia	LVL	1	12.36	12.66	12.45	12.31	12.92	12.76
Mexico	MXN	1	0.51	0.49	0.51	0.50	0.52	0.49
Morocco	MAD	1	0.78	0.79	0.78	0.77	0.80	0.80
Norway	NOK	1	1.10	1.06	1.16	1.16	1.16	1.15
Peru	PEN	1	2.40	2.31	2.52	2.56	2.34	2.53
Poland	PLN	1	2.06	2.14	2.08	2.11	2.18	2.00
Romania	RON	1	1.96	1.99	1.95	1.94	2.13	2.06
Saudi Arabia	SAR	1	1.74	1.72	1.79	1.74	1.73	1.84
Serbia	RSD	1	0.08	0.08	0.08	0.08	0.09	0.08
Singapore	SGD	1	5.21	5.10	5.40	5.33	5.16	5.31
South Africa	ZAR	1	0.67	0.62	0.82	0.77	0.88	0.85
Sri Lanka	LKR	100	5.04	4.94	5.24	5.13	5.82	6.05
Switzerland	CHF	1	7.06	7.25	7.21	7.11	7.33	7.34
Taiwan	TWD	1	0.22	0.22	0.23	0.22	0.22	0.23
Thailand	THB	1	0.21	0.20	0.22	0.21	0.21	0.22
Turkey	TRY	1	3.38	3.03	3.75	3.64	3.82	3.65
United Arab Emirates	AED	1	1.78	1.76	1.83	1.77	1.76	1.88
United Kingdom	GBP	1	10.20	10.65	10.70	10.50	10.35	10.66
Uruguay	UYU	1	0.32	0.31	0.33	0.34	0.34	0.35
USD countries	USD	1	6.52	6.47	6.71	6.52	6.46	6.89
Vietnam	VND	100	0.03	0.03	0.03	0.03	0.03	0.03

NOTE 4 *Critical estimates and judgments*

The preparation of financial reports requires the Board of Directors and Group Management to make estimates and judgments using certain assumptions. Estimates and judgments will impact both the statement of income and the balance sheet as well as disclosures such as contingent liabilities. Actual results may differ from these estimates and judgments under different assumptions and conditions.

Acquisition of subsidiaries/operations and contingent considerations including acquisition related option liabilities

The valuation of identifiable assets and liabilities in connection with the acquisition of subsidiaries or operations involves that items in the acquired company's balance sheet as well as items that have not been recognized in the acquired company's balance sheet, such as customer relations, should be valued at fair value. In normal circumstances, as quoted market prices are not available for the assets and liabilities that are to be valued, different valuation methods have to be used. These valuation methods are based on a number of assumptions. For a personnel intensive company like Securitas, employee related items such as accrued salaries, accrued social benefits, holiday pay, long-term employee benefits and post-employment benefits are significant items in the balance sheet that can be difficult to value. Accounts receivable is another example of a significant balance sheet item where it can be difficult to value the amount of bad debt and thus to what extent they will be collected. Other items that can be difficult both to identify as well as to value are contingent liabilities that could have arisen in the acquired company in connection with for example litigations. The valuation of identifiable assets and liabilities is also dependent on the accounting environment that the acquired company/operations have been active in. This is true for example for the basis of preparation for the financial reporting and consequently the extent of adjustments that are necessary in order to follow the Group's accounting principles, the frequency for which closings have been prepared and the availability of different types of data that can be necessary in order to value identifiable assets and liabilities. All balance sheet items are thus subject to estimates and judgments. This also means that the initial accounting may have to be provisionally determined and subsequently adjusted. All acquisition calculations are finalized no later than one year after the acquisition is made. Considering the above description including the practicability to compile and disclose all individual adjustments in a manner that will benefit the reader of the financial statements, Securitas has chosen not to state the reasons to why the initial accounting of the business combination is provisional nor which assets and liabilities for which the initial accounting is provisional for each individual business combination unless it is a material adjustment.

All payments to acquire a subsidiary/operation are recorded at fair value at the acquisition date, including debt related to contingent considerations and acquisition related option liabilities (deferred considerations). This debt is measured at fair value in subsequent periods with re-measurement through the statement of income. The final outcome of deferred considerations often depends on one or more events which only will be confirmed by a future development, such as the future profitability development for an agreed period. The final outcome can therefore either be lower or higher than the initially recognized amount. Short-term deferred considerations, which amount to MSEK 141.6 (224.7 and 166.7) and is included in other current liabilities (note 34) and long-term deferred considerations, which amount to MSEK 390.3 (319.5 and 439.4) and is included in other long-term liabilities (note 30), are thus subject to critical estimates and judgments.

Further information regarding acquisitions is provided in note 16 and regarding revaluation of deferred considerations in note 11.

Impairment testing of goodwill, other acquisition related intangible assets and shares in associated companies

In connection with the impairment testing of goodwill, other acquisition related intangible assets and shares in associated companies, the book value is compared with the recoverable value. The recoverable value is determined by the higher of an asset's net realizable value and its value in use. Since under normal circumstances no quoted market prices are available to assess an asset's net realizable value, the book value is normally compared with the value in use. The calculation of the value in use is based on assumptions and judgments. The most important assumptions are the organic sales growth, the development of the operating margin, the operating working capital requirements and the relevant WACC, which is used to discount future cash flows. All in all, this means that the valuation of the balance sheet items goodwill, which amounts to MSEK 14 361.9 (14 275.4 and 14 727.4), acquisition related intangible assets, which amounts to MSEK 1 315.6 (1 501.9 and 1 574.1) and shares in associated companies, which amounts to MSEK 132.7 (108.0 and 108.2) are subject to critical estimates and judgments. A sensitivity analysis regarding the organic sales growth, the operating margin and the WACC is provided in note 16.

Valuation of accounts receivable and the provision for bad debt losses

Accounts receivable, which amounts to MSEK 9 676.4 (10 490.1 and 10 965.0), is one of the most significant balance sheet items. Accounts receivable are accounted for at nominal value net after provisions for probable bad debt. The provision for bad debt losses, which amounts to MSEK -488.8 (-474.6 and -419.3), is thus subject to critical estimates and judgments. As stated above, accounts receivable is often an important item in relation to the acquisition of subsidiaries/operations. Further information regarding the credit risk in accounts receivable is provided in note 6. Information regarding the development of the provision for bad debt losses during the year is provided in note 25.

Actuarial calculations regarding employee benefits such as pensions and medical benefits

For defined benefit plans relating to benefits particularly for pensions and medical benefits and where the payment to the employee is several years into the future, actuarial calculations are required. These calculations are based on assumptions regarding economic variables such as the discount rate, salary increases, inflation rate, pension increases and the inflation rate for medical benefits, but also on demographic variables such as the expected life span. All in all, the balance sheet item pension balances for defined benefit plans which amounts to MSEK 7.0 (0.0 and 0.0) and which is stated under other long-term receivables (note 23), and the balance sheet item provisions for pensions and similar commitments, which amounts to MSEK 1 024.6 (1 468.7 and 1 451.7), is subject to critical estimates and judgments. The Group's opinion is that the most important assumptions are the discount rate, the inflation rate and the expected life span. A sensitivity analysis regarding these three variables is provided in note 31.

Actuarial calculations regarding claims reserves and timing of outflows

The Group is exposed to various types of risks in the day-to-day running of the business. The operational risks can result in the need to recognize reserves for damages resulting from property claims, personal injuries as well as workers' compensation claims relating to the Group's employees. Claims reserves are calculated based on a combination of case reserves and incurred but not reported reserves. Actuarial calculations are performed on a quarterly basis to assess the adequacy of the reserves based on open claims and historical data for incurred but not reported claims. Actuarial calculations are based on several assumptions. Claims reserves comprise a large number of individual insurance cases, where some cases are compensated with a lump-sum payment and others are paid over a longer period of time. It is thus not possible to disclose any detailed information regarding the timing of outflows from claims reserves.

All in all, this means that the balance sheet items short-term liability insurance-related claims reserves, which amounts to MSEK 574.4 (586.2 and 662.8) and is included in short-term provisions (note 35), and liability insurance-related claims reserves, which amounts to MSEK 374.0 (384.8 and 410.5) and is included in other long-term provisions (note 32), are subject to critical estimates and judgments.

Calculation of taxes and timing of outflows

Deferred tax is calculated on temporary differences between the carrying amounts and the tax values of assets and liabilities. Assumptions and assessments affect recognized deferred tax, partly to determine the carrying amounts of the different assets and liabilities, and partly related to forecasts regarding future taxable profits, where future utilization of deferred tax assets depends on this. Significant assessments and assumptions are also made regarding recognition of provisions and contingent liabilities relating to tax risks and the potential impact of ongoing tax audits. Tax audits are often lengthy processes that go on for several years. It is thus not possible to disclose any detailed information regarding the timing of outflows from taxes.

The balance sheet includes deferred tax assets which amounts to MSEK 1 391.1 (1 541.8 and 1 510.5), deferred tax liabilities which amounts to MSEK 747.4 (719.0 and 669.4) and provisions for taxes which amounts to MSEK 208.4 (195.1 and 195.0) included in other long-term provisions (note 32), which are all are subject to critical estimates and judgments. Further information regarding taxes is provided in note 15, note 32 and note 37.

The impact on the Group's financial position of ongoing litigations and the valuation of contingent liabilities

Over the years, the Group has made a number of acquisitions in different countries. As a result of such acquisitions, certain contingent liabilities of the businesses acquired have been assumed. Companies within the Group are also involved in a number of other legal proceedings and tax audits arising out of the operations. The accounting for litigations, legal proceedings and tax audits are subject to critical estimates and judgments. Further information is provided in note 32, note 35 and note 37.

NOTE 5 *Events after the balance sheet date*

Approval of the Annual Report and Consolidated Financial Statements for 2013

This Annual Report including the Consolidated Financial Statements was approved by the Board of Directors of Securitas AB on March 14, 2014.

Collective bargaining agreement in Spain signed

A new collective bargaining agreement in Spain has been signed, stipulating a wage freeze for 2014.

In Spain, measures were initiated in the end of 2013 to change material aspects of the Spanish labor agreement in order to mitigate imposed cost increases for 2014. The final outcome of this process was expected no later than by the end of the first quarter of 2014, while in parallel negotiations between the unions and the employers have taken place. As a result, a new collective bargaining agreement stipulating a wage freeze for 2014 has been signed. This event has not impacted the financial statements as of December 31, 2013.

NOTE 6 *Financial risk management*

Financial risk factors

The Group's business activities create exposure to financial risks, such as interest rate risk, foreign currency risk, financing and liquidity risk and credit/counterparty risk, as detailed in the sections below. The Group's overall financial risk management program focuses on the unpredictability of the financial markets and aims to minimize potential adverse effects on the financial performance of the Group.

Treasury organization and activities

The aim of the treasury organization in Securitas is to support business operations by identifying, quantifying and minimizing financial risks and to the extent possible, to take advantage of economies of scale in the treasury operations.

Business segments

Treasury operations in the business segments concentrate on improving cash flow by focusing on profitability in the business operations, reducing capital tied-up in accounts receivable, and in the most efficient way handling both investments and local cash management.

Countries

In countries with extensive operations, liquidity surpluses and liquidity deficits in local subsidiaries are matched at country level with the help of local cash-pooling solutions. In addition, Securitas operates an overall cash-pooling structure incorporating countries in the Eurozone, UK and USA. All local long-term financial requirements are financed directly from the Group's internal bank, Group Treasury Centre (GTC), in Dublin.

Group Treasury Centre

By concentrating the financial risk management in a single location, the Group can readily monitor and control these risks and benefit from the expertise of dedicated treasury personnel. Also, by concentrating internal and external financing through GTC, economies of scale can be used to obtain the best possible pricing of investments and loans. GTC also has responsibility for matching local liquidity surpluses and deficits between countries and cash-pools. GTC identifies, evaluates and hedges financial risks in co-operation with the operating units. The Board of Directors of Securitas AB establishes policies for overall risk management, as well as policies covering specific areas such as foreign exchange risks, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

Derivatives are used for the following main purposes: hedging the interest rate element of external debt and changing its currency profile, gearing ratio hedging and hedging of internal borrowings and investments.

Interest rate risk

Interest rate risk is the risk that the Group's net income will be affected by changes in market interest rates. The Group has raised funds in mainly USD, EUR and SEK with both fixed and floating interest rates. Detailed information on long-term borrowings is provided in note 30. The Group uses interest rate derivatives in designated fair value and cash flow hedges to hedge changes in the risk free rate, converting the interest rate profile of this debt. Since income is tied to customer contracts with an annual price review and this impact usually follows each country's economic development and inflation rate, interest rate risks are most effectively minimized through short interest rate periods. Strong cash flows from operations reduce the Group's dependency on external financing and thereby also minimize interest rate risk. Other external financing requirements may arise from time to time in connection with acquisitions. The interest rate exposure on this acquisition financing is managed on a case by case basis. Information on the Group's debt profile is provided in the table below as well as information on interest rate fixings.

The target for the free cash flow to net debt ratio is always to exceed 0.20. Free cash flow to net debt as of December 31, 2013 was 0.22 (0.21 and 0.08). The Group's interest coverage ratio, a measure of its ability to pay interest costs, was 7.9 (4.9* and 6.0*) as of December 31, 2013.

* The comparatives have been restated due to the adoption of IAS 19 (revised).

THE GROUP'S INTEREST BEARING LIABILITIES AND ASSETS PER CURRENCY AS PER DECEMBER 31, 2012–2013

Currency	Amount, MSEK	Duration (days)	*Current book cost (incl. credit margin)*	*Interest rates, +1%*	Net impact on income statement due to 1% increase[1]	*Interest rates, -1%*	Net impact on income statement due to 1% decrease[1]
December 31, 2013							
USD liabilities	-3 998	155	*2.31%*	*3.17%*	-27	*1.46%*	27
EUR liabilities	-6 253	703	*2.04%*	*2.50%*	-22	*1.58%*	22
GBP liabilities	-563	30	*1.90%*	*2.90%*	-4	*0.90%*	4
SEK liabilities	-2 585	48	*1.91%*	*2.91%*	-20	*0.91%*	20
Other currencies liabilities	-471	26	*4.06%*	*5.06%*	-4	*3.06%*	4
Total liabilities	**-13 870**	**373**	***2.16%***	***2.87%***	**-77**	***1.44%***	**77**
USD assets	199	0	*0.00%*	*1.00%*	2	*0.00%*	0
EUR assets	2 734	25	*0.12%*	*1.12%*	21	*0.00%*	-3
GBP assets	37	7	*0.00%*	*1.00%*	0	*0.00%*	0
SEK assets	620	13	*0.26%*	*1.26%*	5	*0.00%*	-1
Other currencies assets	670	7	*4.06%*	*5.06%*	5	*3.06%*	-5
Total assets	**4 260**	**19**	***0.75%***	***1.75%***	**33**	***0.48%***	**-9**
Total	**-9 610**	**–**	***2.81%***	**–**	**-44**	**–**	**68**
December 31, 2012							
USD liabilities	-4 147	123	*2.53%*	*3.26%*	-22	*1.81%*	22
EUR liabilities	-5 935	908	*3.58%*	*3.63%*	-2	*3.53%*	2
GBP liabilities	-1 073	32	*2.75%*	*3.75%*	-8	*1.75%*	8
SEK liabilities	-3 468	50	*2.50%*	*3.50%*	-26	*1.50%*	26
Other currencies liabilities	-463	30	*8.69%*	*9.69%*	-3	*7.69%*	3
Total liabilities	**-15 086**	**406**	***3.14%***	***3.69%***	**-61**	***2.59%***	**61**
USD assets	248	0	*0.03%*	*1.03%*	2	*0.00%*	0
EUR assets	2 499	16	*0.13%*	*1.13%*	18	*0.00%*	-2
GBP assets	69	7	*0.00%*	*1.00%*	1	*0.00%*	0
SEK assets	1 831	3	*0.55%*	*1.55%*	13	*0.00%*	-7
Other currencies assets	574	7	*8.69%*	*9.69%*	4	*7.69%*	-4
Total assets	**5 221**	**10**	***1.21%***	***2.21%***	**38**	***0.85%***	**-13**
Total	**-9 865**	**–**	***4.18%***	**–**	**-23**	**–**	**48**

1 The 1 percent increase/decrease in interest rates is calculated by adjusting the floating rate accordingly and applying this rate to the asset/liability to establish the impact on net financial items in the income statement. This is further adjusted by the effective corporation tax rate.

Interest rate fixing

It is the policy of Securitas to use interest rate derivatives if required to manage its interest rate risk and as a consequence the Group's financing costs. The duration for these derivatives does not normally exceed the duration of the underlying debt. Group policy allows for the use of both options-based and fixed-rate products.

INTEREST FIXING PER CURRENCY[1]

	December 31, 2013			December 31, 2014			December 31, 2015			
Currency	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Amount MSEK	Amount MLOC	*Rate[2] %*	Final maturity
USD	983	152	*2.08%*	582	90	*2.10%*	–	–	–	December 2015
EUR	3 355	377	*2.73%*	3 355	377	*2.73%*	3 355	377	*2.73%*	December 2017
Total	**4 338**	**–**	**–**	**3 937**	**–**	**–**	**3 355**	**–**	**–**	

1 Refers to interest rate fixing with a maturity in excess of three months.
2 Average rate including credit margin.

Foreign currency risks

Financing of foreign assets – translation risk
Translation risk is the risk that the SEK value of foreign currency equity will fluctuate due to changes in foreign exchange rates.

Securitas' foreign currency capital employed as of December 31, 2013 was MSEK 18 856 (18 461* and 19 072*). Capital employed is financed by loans in local currency and shareholders' equity. This means that Securitas, from a Group perspective, has shareholders' equity in foreign currency that is exposed to changes in exchange rates. This exposure gives rise to a translation risk and consequently unfavourable changes in exchange rates could have a negative effect on the Group's foreign net assets when translated into SEK. With the object of minimizing the impact of changes in exchange rates on the Group's net debt to equity ratio, Securitas aims to maintain a long-term debt to equity ratio in USD and EUR that is close to the Group's total debt to equity ratio.

The tables below show how the Group's capital employed is distributed by currency, and its financing. They also show the sensitivity of the net debt and capital employed to changes in the SEK exchange rate.

The consolidated statement of income is affected by the translation to SEK of the statements of income of foreign subsidiaries. As these subsidiaries essentially operate only in local currency, their competitive situation is not affected by changes in exchange rates and since the Group as a whole is geographically diversified, this exposure is not hedged. Group internal currency flows between holding companies and subsidiaries in respect of dividends are normally hedged to SEK immediately the amount is agreed between the internal parties.

* The comparatives have been restated due to the adoption of IAS 19 (revised).

CAPITAL EMPLOYED AND FINANCING PER CURRENCY AS PER DECEMBER 31, 2011–2013

MSEK	EUR	USD	GBP	Other currencies	Total foreign currencies	SEK	Total Group	Total Group +10%[1]	Total Group -10%[1]
December 31, 2013									
Capital employed	7 275	7 370	1 270	2 941	18 856	135	18 991	20 877	17 105
Net debt	-3 516	-3 788	-525	211	-7 618	-1 992	-9 610	-10 372	-8 848
Non-controlling interests	4	–	–	12	16	–	16	17	14
Net exposure	3 755	3 582	745	3 140	11 222	-1 857	9 365	10 488	8 243
Net debt to equity ratio	*0.94*	*1.06*	*0.70*	*-0.07*	*0.68*	*-1.07*	*1.02*	*0.99*	*1.07*
December 31, 2012									
Capital employed[2]	6 835	7 350	1 276	3 000	18 461	6	18 467	20 312	16 620
Net debt	-3 412	-3 913	-1 004	104	-8 225	-1 640	-9 865	-10 688	-9 043
Non-controlling interests	3	–	–	11	14	–	14	15	13
Net exposure[2]	3 420	3 437	272	3 093	10 222	-1 634	8 588	9 609	7 564
Net debt to equity ratio	*1.00*	*1.14*	*3.69*	*-0.03*	*0.80*	*-1.00*	*1.15*	*1.11*	*1.19*
December 31, 2011									
Capital employed[2]	6 989	7 757	1 210	3 116	19 072	484	19 556	21 461	17 647
Net debt	-3 966	-3 955	-893	89	-8 725	-1 624	-10 349	-11 222	-9 477
Non-controlling interests	4	–	–	-1	3	–	3	3	2
Net exposure[2]	3 019	3 802	317	3 206	10 344	-1 140	9 204	10 236	8 168
Net debt to equity ratio	*1.31*	*1.04*	*2.82*	*-0.03*	*0.84*	*-1.42*	*1.12*	*1.10*	*1.16*

1 Changes in capital employed due to changes in foreign exchange rates are accounted for in other comprehensive income. Consequently, they do not impact net income.
2 The comparatives have been restated due to the adoption of IAS 19 (revised).

Transaction risk
Transaction risk is the risk that the Group's net income will be affected by changes in the value of commercial flows in foreign currencies due to fluctuating exchange rates. The nature of the business is domestic rather than cross-border and consequently foreign currency transaction risk is not significant.

Financing and liquidity risk

The Group's short-term liquidity is ensured by maintaining a liquidity reserve (cash and bank deposits, short-term investments and the unutilized portion of committed credit facilities), which should correspond to a minimum of 5 percent of consolidated annual sales. As of December 31, 2013 the short-term liquidity reserve corresponded to 14 percent (16 and 8) of the Group's annual sales.

The Group's long-term financing risk is minimized by ensuring that the level of long-term financing (shareholders' equity, long-term committed loan facilities and long-term bond loans) at least matches the Group's capital employed. Per December 31, 2013 long-term financing corresponded to 148 percent (163 and 142) of the Group's capital employed.

Long-term financing of the Group should be well balanced among different sources. The aim is that long-term committed loan facilities and long-term bond loans should have an average maturity of more than 3.5 years. As per December 31, 2013 the average maturity was three years and four months. The following tables summarize the Group's liquidity risk at end 2013, 2012 and 2011 respectively.

LIQUIDITY REPORT AS PER DECEMBER 31, 2011–2013

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
December 31, 2013				
Borrowings	-14 924	-2 386	-8 627	-3 911
Derivatives outflows	-9 308	-9 227	-61	-20
Finance leases	-75	-44	-31	–
Accounts payable	-959	-959	–	–
Total outflows[3]	**-25 266**	**-12 616**	**-8 719**	**-3 931**
Investments	2 797	2 797	–	–
Derivatives receipts	9 740	9 269	326	145
Accounts receivable	9 676	9 676	–	–
Total inflows[3]	**22 213**	**21 742**	**326**	**145**
Net cash flows, total[1, 2]	**-3 053**	**9 126**	**-8 393**	**-3 786**
December 31, 2012				
Borrowings	-15 964	-6 285	-6 718	-2 961
Derivatives outflows	-12 157	-12 132	-24	-1
Finance leases	-83	-47	-36	–
Accounts payable	-1 033	-1 033	–	–
Total outflows[3]	**-29 237**	**-19 497**	**-6 778**	**-2 962**
Investments	3 656	3 656	–	–
Derivatives receipts	12 411	12 241	150	20
Accounts receivable	10 490	10 490	–	–
Total inflows[3]	**26 557**	**26 387**	**150**	**20**
Net cash flows, total[1, 2]	**-2 680**	**6 890**	**-6 628**	**-2 942**
December 31, 2011				
Borrowings	-13 641	-4 763	-8 530	-348
Derivatives outflows	-6 741	-6 708	-33	–
Finance leases	-88	-49	-39	–
Accounts payable	-915	-915	–	–
Total outflows[3]	**-21 385**	**-12 435**	**-8 602**	**-348**
Investments	1 123	1 123	–	–
Derivatives receipts	6 769	6 713	56	–
Accounts receivable	10 965	10 965	–	–
Total inflows[3]	**18 857**	**18 801**	**56**	**-**
Net cash flows, total[1, 2]	**-2 528**	**6 366**	**-8 546**	**-348**

1 All contractual cash flows per the balance sheet date are included, including future interest payments.
2 Variable rate cash flows have been estimated using the relevant yield curve.
3 Refers to gross cash flows.

Long-term committed loan facilities consist of a Multi Currency Revolving Credit Facility comprising two respective tranches of MUSD 550 and MEUR 420. It was signed in January 2011 with a syndicate of 12 international banks and matures in January 2016. Drawings under this facility are priced at the relevant prevailing market interest rate for the term selected.

Securitas also has a Euro Medium Term Note Program (EMTN) with a limit of MEUR 2 000 under which public and private funding can be raised on international capital markets. As of December 31, 2013 there were 12 outstanding bond loans with maturities ranging from 2014 to 2021.

In January 2002, Securitas established a short-term Swedish commercial paper program in the amount of MSEK 5 000. The objective is to obtain access to short-term financing at competitive prices. Pricing is based on the prevailing market rates at time of issuance.

The table below shows a summary of the credit facilities as of December 31, 2013:

CREDIT FACILITIES AS PER DECEMBER 31, 2013

Type	Currency	Facility amount (million)	Available amount (million)	Maturity
Multi Currency Revolving Credit Facility	USD (or equivalent)	550	550	2016
Multi Currency Revolving Credit Facility	EUR (or equivalent)	420	420	2016
EMTN Eurobond, 2.625% fixed	EUR	350	0	2021
EMTN Eurobond, 2.25% fixed	EUR	300	0	2018
EMTN Eurobond, 2.75% fixed	EUR	350	0	2017
EMTN FRN private placement	EUR	45	0	2014
EMTN FRN private placement	SEK	600	0	2015
EMTN 3.45% fixed	SEK	400	0	2015
EMTN FRN private placement	SEK	500	0	2014
EMTN FRN private placement	SEK	500	0	2014
EMTN FRN private placement	USD	85	0	2019
EMTN FRN private placement	USD	50	0	2018
EMTN FRN private placement	USD	62	0	2015
EMTN FRN private placement	USD	40	0	2015
Commercial Paper (uncommitted)	SEK	5 000	4 250	n/a

In combination with Securitas' strong cash flow, these sources of financing provide liquidity on a short and long-term basis as well as flexibility to finance the Group's expansion.

Credit / counterparty risks

Counterparty risk – accounts receivable

Securitas has generally low risk in the accounts receivables for a number of reasons. A large proportion of sales are based on contracts with well known large and medium sized customers with an established and long-term relationship. This provides for transparent and safe collection of invoices. New customers are duly reviewed in terms of credit worthiness.

The contract portfolio sales are also diversified in several ways, of which the most important is that there are few/no clients that represent a significant portion of total sales. Default by a single customer then has little overall effect. In addition, Securitas provides its services to geographically dispersed customers in a large number of sectors including governments, utilities, financial sector, travel, logistics and industrial. Hence, the exposure to financial distress in any particular sector or region is relatively limited.

Securitas' services are also, although vital in many aspects, mostly ancillary to the business of the customers. This means that the cost of security services represents a small fraction of total costs of running clients' business, making Securitas less exposed to payment defaults than suppliers of services or goods more directly involved in the value chain.

All of this provides for secure collection of the sales generated, which is evidenced by low bad debt losses averaging below 0.2 percent of sales over the past three years.

ACCOUNTS RECEIVABLE AND AGEING ANALYSIS

MSEK	2013	%	2012	%	2011	%
Accounts receivable before deduction of provision for bad debt losses	10 165.2	*100*	10 964.7	*100*	11 384.3	*100*
Provision for bad debt losses	-488.8	*-5*	-474.6	*-4*	-419.3	*-4*
Total accounts receivable	**9 676.4**	***95***	**10 490.1**	***96***	**10 965.0**	***96***

AGEING OF ACCOUNTS RECEIVABLE BEFORE DEDUCTION OF PROVISION FOR BAD DEBT LOSSES

MSEK	2013	%	2012	%	2011	%
Overdue 1–30 days	1 828.7	*19*	1 744.9	*17*	1 822.1	*17*
Overdue 31–90 days	700.7	*7*	778.5	*7*	801.8	*7*
Overdue >90 days	745.1	*8*	773.7	*7*	802.3	*7*
Total overdue	**3 274.5**	***34***	**3 297.1**	***31***	**3 426.2**	***31***

The credit quality of interest-bearing receivables is described below. 86 percent of interest-bearing receivables have a rating of A1/P1.

COUNTERPARTIES WITH EXTERNAL CREDIT RATINGS

MSEK	2013	2012	2011
Credit quality interest-bearing receivables			
A1/P1	3 661	3 873	2 245

The Group has policies in place that limit the amount of credit exposure to any one financial institution. Investments of liquid funds may only be made in government paper or with financial institutions with a high credit rating. As of December 31, 2013 the weighted average credit rating of these institutions was short-term A1/P1. The largest total exposure for all instrument types to any one institution was MSEK 1 442 (1 620 and 1 062).

Rating

In order to access international debt capital markets in an effective manner, Securitas has obtained long-term and short-term credit ratings from Standard & Poor's. The long-term rating is BBB with "Stable Outlook" and the short-term rating is A-2. The Nordic short-term rating is K-2.

Fair value of financial instruments

The methods and assumptions used by the Group in estimating the fair value of the financial instruments are:

- Cash and bank deposits and short-term investments: carrying amounts approximate fair values.
- Derivative and other financial instruments: fair values are estimated based on quoted market prices, on prices provided by independent brokers, or are calculated on best market prices. The prices used are fair values stated excluding accrued interest.
- Debt: fair values of fixed rate debt are based on either quoted prices or are estimated using discounted cash flow calculations based upon the Group's current incremental borrowing rates for similar types of borrowings with maturities consistent with those remaining for the debt being valued. The fair value of floating rate debt is assumed to equal the carrying value of the debt.

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2013	2012	2011
Recognized in the statement of income			
Financial income[1]	0.7	1.0	3.3
Financial expenses[1]	-0.2	–	-0.2
Deferred tax	-0.1	-0.3	-0.8
Impact on net income for the year	**0.4**	**0.7**	**2.3**
Recognized in other comprehensive income			
Transfer to hedging reserve before tax	-3.9	-9.5	-29.7
Deferred tax on transfer to hedging reserve	-2.6[4]	2.5	7.8
Transfer to hedging reserve net of tax	**-6.5**	**-7.0**	**-21.9**
Transfer to statement of income before tax	14.3	19.1	34.1
Deferred tax on transfer to statement of income	-3.1	-5.0	-9.0
Transfer to statement of income net of tax	**11.2**	**14.1**	**25.1**
Total change of hedging reserve before tax[2]	10.4	9.6	4.4
Deferred tax on total change of hedging reserve before tax[2]	-5.7[4]	-2.5	-1.2
Total change of hedging reserve net of tax	**4.7**	**7.1**	**3.2**
Total impact on shareholders' equity as specified above			
Total revaluation before tax[3]	10.9	10.6	7.5
Deferred tax on total revaluation[3]	-5.8	-2.8	-2.0
Total revaluation after tax	**5.1**	**7.8**	**5.5**

1 Related to financial assets and financial liabilities at fair value through profit or loss. There was no significant ineffectiveness in the fair value hedges or in the cash flow hedges.
2 Total of transfer to hedging reserve and transfer from hedging reserve to statement of income.
3 Total revaluation and deferred tax recognized via statement of income and via other comprehensive income.
4 Includes an adjustment of opening balance deferred tax of MSEK -3.5 due to a change in the Swedish tax rate from 26.3 percent to 22.0 percent.

FAIR VALUE – HIERARCHY AS PER DECEMBER 31

	Quoted market prices			Valuation techniques using observable market data			Valuation techniques using non-observable market data			Total		
MSEK	2013	2012	2011	2013	2012	2011	2013	2012	2011	2013	2012	2011
Financial assets at fair value through profit or loss	–	–	–	59.5	105.6	19.6	–	–	–	59.5	105.6	19.6
Financial liabilities at fair value through profit or loss	–	–	–	-50.5	-48.4	-21.2	–	–	–	-50.5	-48.4	-21.2
Derivatives designated for hedging with positive fair value	–	–	–	41.9	102.0	33.6	–	–	–	41.9	102.0	33.6
Derivatives designated for hedging with negative fair value	–	–	–	-7.8	-10.9	-20.5	–	–	–	-7.8	-10.9	-20.5

The table below discloses carrying values and fair values of financial instruments according to the categories in note 2.

FINANCIAL INSTRUMENTS BY CATEGORY – CARRYING AND FAIR VALUES

	2013		2012		2011	
MSEK	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Assets						
Financial assets at fair value through profit or loss						
Other interest-bearing current assets (note 27)	59.5	59.5	105.6	105.6	19.6	19.6
Total	**59.5**	**59.5**	**105.6**	**105.6**	**19.6**	**19.6**
Loans and receivables						
Interest-bearing financial non-current assets (note 22)	109.0	109.0	133.0	133.0	155.9	155.9
Other long-term receivables (note 23)[1]	368.0	368.0	363.9	363.9	329.2	329.2
Accounts receivable	9 676.4	9 676.4	10 490.1	10 490.1	10 965.0	10 965.0
Other current receivables (note 26)[2]	1 757.1	1 757.1	852.9	852.9	802.4	802.4
Liquid funds (note 28)	4 049.8	4 049.8	4 880.7	4 880.7	2 507.4	2 507.4
Total	**15 960.3**	**15 960.3**	**16 720.6**	**16 720.6**	**14 759.9**	**14 759.9**
Liabilities						
Financial liabilities at fair value through profit or loss						
Short-term loan liabilities (note 33)	50.5	50.5	48.4	48.4	21.2	21.2
Total	**50.5**	**50.5**	**48.4**	**48.4**	**21.2**	**21.2**
Financial liabilities designated as hedged item in a fair value hedge						
Short-term loan liabilities (note 33)[5]	–	–	4 302.4	4 355.7	–	–
Long-term loan liabilities (note 30)[6]	9 284.2	9 376.4	6 030.2	6 109.8	4 484.8	4 705.7
Total	**9 284.2**	**9 376.4**	**10 332.6**	**10 465.5**	**4 484.8**	**4 705.7**
Other financial liabilities						
Long-term loan liabilities (note 30)	2 217.9	2 217.9	3 066.3	3 066.3	4 075.5	4 075.5
Long-term liabilities (note 30)[3]	400.4	400.4	326.7	326.7	457.8	457.8
Short-term loan liabilities (note 33)	2 309.6	2 309.6	1 627.7	1 627.7	4 463.3	4 463.3
Accounts payable	959.4	959.4	1 033.1	1 033.1	914.9	914.9
Other current liabilities (note 34)[4]	2 974.4	2 974.4	3 157.9	3 157.9	2 856.8	2 856.8
Total	**8 861.7**	**8 861.7**	**9 211.7**	**9 211.7**	**12 768.3**	**12 768.3**
Derivatives designated for hedging						
Interest-bearing financial current assets (note 27)	–	–	10.7	10.7	–	–
Interest-bearing financial non-current assets (note 22)	41.9	41.9	91.3	91.3	33.6	33.6
Total assets	**41.9**	**41.9**	**102.0**	**102.0**	**33.6**	**33.6**
Short-term loan liabilities (note 33)	0.1	0.1	7.5	7.5	4.0	4.0
Long-term loan liabilities (note 30)	7.7	7.7	3.4	3.4	16.5	16.5
Total liabilities	**7.8**	**7.8**	**10.9**	**10.9**	**20.5**	**20.5**
Net total	**34.1**	**34.1**	**91.1**	**91.1**	**13.1**	**13.1**
1 Excluding all pension balances and reimbursement rights (note 23)	*237.6*	*237.6*	*265.0*	*265.0*	*205.0*	*205.0*
2 Excluding prepaid expenses	*655.0*	*655.0*	*650.6*	*650.6*	*661.6*	*661.6*
3 Excluding pension balances (note 30)	*86.9*	*86.9*	*82.6*	*82.6*	*74.3*	*74.3*
4 Excluding employee-related accrued expenses and prepaid income	*5 927.8*	*5 927.8*	*5 950.3*	*5 950.3*	*5 936.8*	*5 936.8*

5 The difference between the carrying value and fair value of short term loan liabilities in 2012 is due to the reduction in margin in the MEUR 500 bond from 4.20 percent at issue to 0.25 percent as at December 31, 2012.

6 The difference between the carrying value and fair value of long-term loan liabilities is due to the credit margin in the discount rate.

Offsetting financial assets and financial liabilities

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis. However, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such failure is not remedied within periods of 30 to 60 days after notice of such failure is given to the party, or bankruptcy.

Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements or similar agreements.

MSEK	Gross amounts of recognized financial assets	Gross amounts of recognized financial liabilities set off in the balance sheet	Net amounts of financial assets presented in the balance sheet	Financial instruments not set off in the balance sheet	Net amount
December 31, 2013					
Derivative financial assets	101.4	–	101.4	55.9	45.5
Total	**101.4**	**–**	**101.4**	**55.9**	**45.5**
December 31, 2012					
Derivative financial assets	207.6	–	207.6	52.9	154.7
Total	**207.6**	**–**	**207.6**	**52.9**	**154.7**
December 31, 2011					
Derivative financial assets	53.2	–	53.2	16.5	36.7
Total	**53.2**	**–**	**53.2**	**16.5**	**36.7**

Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements or similar agreements.

MSEK	Gross amounts of recognized financial liabilities	Gross amounts of recognized financial assets set off in the balance sheet	Net amounts of financial liabilities presented in the balance sheet	Financial instruments not set off in the balance sheet	Net amount
December 31, 2013					
Derivative financial liabilities	58.3	–	58.3	55.9	2.4
Total	**58.3**	**–**	**58.3**	**55.9**	**2.4**
December 31, 2012					
Derivative financial liabilities	59.3	–	59.3	52.9	6.4
Total	**59.3**	**–**	**59.3**	**52.9**	**6.4**
December 31, 2011					
Derivative financial liabilities	41.8	–	41.8	16.5	25.3
Total	**41.8**	**–**	**41.8**	**16.5**	**25.3**

NOTE 7 *Transactions with related parties*

Joint ventures

The Securitas Group has had only one company, Securitas Direct S.A. (Switzerland), in which its share of the voting rights was 50 percent. This company was divested as of October 21, 2011. Due to the negligible impact of this company on the Group's earnings and financial position, it has not been reported separately in the consolidated statement of income or balance sheet. There have been no transactions between Securitas Direct S.A. and Securitas except loans, interest and dividends. The company is included under Other in the Group's segment reporting as per below:

MSEK	2013	2012	2011
Total sales	**–**	**–**	**50**
Operating income before amortization	**–**	**–**	**5**
Operating income after amortization	**–**	**–**	**5**
Operating non-current assets	–	–	–
Accounts receivable	–	–	–
Other assets	–	–	–
Other liabilities	–	–	–
Total operating capital employed	**–**	**–**	**–**
Goodwill	–	–	–
Total capital employed	**–**	**–**	**–**

Other

Information on the remuneration to the Board of Directors and Senior Management is provided in note 8. Information on total payroll expenses for the Board of Directors and the Presidents of the Group is provided in note 12.

Guarantees on behalf of related parties amount to MSEK 4.2 (4.9 and 73.2).

For information on the Parent Company's transactions with related parties, refer to note 40 and note 43.

NOTE 8 *Remuneration to the Board of Directors and senior management*

General

Principles

The Chairman of the Board and the Directors receive fees in accordance with the decision of the Annual General Meeting. Separate fees are paid for committee work. Neither the President and CEO nor the employee representatives receive Directors' fees.

The Annual General Meeting on May 7, 2013 decided upon guidelines for remuneration to senior management regarding 2013 in accordance with the following:

The fundamental principle is that remuneration and other terms of employment for senior management shall be competitive and in accordance with market conditions, in order to ensure that the Securitas Group will be able to attract and keep competent senior management employees.

The total remuneration to senior management shall consist of a fixed basic salary, variable remuneration, pensions and other benefits.

In addition to a fixed annual salary, the Group Management may also receive variable remuneration, which shall be based on the outcome in relation to financial goals within the individual area of responsibility (Group or division) and which shall agree with the interest of the shareholders. The variable remuneration shall amount to a maximum of 60 percent of the fixed annual salary for the President and CEO and a maximum of 42–200 percent of the fixed annual salary for other individuals of the Group Management. If cash payment of variable remuneration has been effected on grounds later proven to be obviously inaccurate, the company shall have the possibility to reclaim such paid remuneration.

The Board of Directors shall each year consider whether to propose that the General Meeting resolves upon a share or share price based incentive program. The Annual General Meeting in 2012, as well as the Annual General Meetings in 2010 and 2011, adopted a resolution on an incentive scheme.

The undertakings of the company as regards variable remuneration to Group Management may, at maximum outcome during 2013, amount to a total of MSEK 56. Information on previously decided remuneration that has not yet been paid can be found in note 8 of the Annual Report for 2012.

The pension rights of senior management employees shall be applicable as from the age of 65 at the earliest and the entire Group Management shall be subject to defined contribution pension plans for which insurance premiums are transferred from the individual's total remuneration and paid by the company during the term of employment. Variable compensation shall not qualify for pension purposes unless local regulations provide otherwise.

Other benefits, such as company car, special health insurance or occupational health service shall be provided to the extent this is considered customary for senior management employees holding equivalent positions on the employment market where the senior management employee is active.

At dismissal, the notice period for all senior management employees shall amount to a maximum of 12 months with a right to redundancy payment after the end of the notice period, equivalent to a maximum of 100 percent of the fixed salary for a period not exceeding 12 months. At resignation by a senior management employee, the notice period shall amount to a maximum of six months.

These guidelines shall apply to individuals who are included in Group Management during the term of application of these guidelines. The guidelines shall apply to agreements entered into after the adoption by the Annual General Meeting, and to changes made in existing agreements after this date. The Board shall be entitled to deviate from the guidelines in individual cases if there are particular grounds for such deviation.

The Board of Directors proposal to the Annual General Meeting in May 2014 on guidelines for remuneration to senior management regarding 2014 is presented in the Report of the Board of Directors, in this Annual Report.

Planning and decision-making process

The Board's remuneration committee deals with all the above matters regarding the President and CEO and other members of Group Management, as well as other management levels if the committee so decides. The committee presents its proposals to the Board of Directors, which takes all decisions. The members of the remuneration committee are Melker Schörling (chairman) and Annika Falkengren. The committee has held two meetings in 2013.

Board of Directors

For the 2013 financial year, the Chairman Melker Schörling received a director's fee, including committee work fee, of MSEK 1.1. The other Directors received an aggregate director's fee, including committee work fee, of MSEK 3.6. The remuneration for each member of the Board of Directors is disclosed in the tables below. The Board of Directors is otherwise not entitled to any other compensation except for travel and lodging expenses.

President and Chief Executive Officer

The President and CEO, and Divisional President for Security Services Europe, Alf Göransson, received in the financial year 2013, a fixed salary amounting to MSEK 11.9 and salary benefits of MSEK 0.1.

The President and CEO has a defined contribution pension plan amounting to 30 percent of his annual fixed salary. The retirement age for the President and CEO is 65. In 2013 the pension costs for the President and CEO amounted to MSEK 3.5. No pension benefit is conditioned by future employment.

Upon dismissal, the notice period for the President and CEO amount to 12 months with a right to a severance pay after the end of the notice period, equivalent to 12 months fixed salary.

Other members of Group Management

During 2013 the other Group Management consisted of the following 10 members: Bart Adam (Chief Financial Officer), William Barthelemy (Chief Operating Officer Security Services North America), Santiago Galaz (Divisional President Security Services North America), Erik-Jan Jansen (Chief Operating Officer Security Services Europe), Gisela Lindstrand (Senior Vice President Corporate Communications and Public Affairs), Jan Lindström (Senior Vice President Finance), Marc Pissens (President Aviation), Luis Posadas (Divisional President Security Services Ibero-America), Åsa Thunman (Senior Vice President General Counsel and Group Risk Manager) and Antonio Villaseca Lòpez (Senior Vice President Technical Solutions).

In the 2013 financial year the other members of Group Management aggregate fixed salaries amounted to MSEK 42.4, and other salary benefits to MSEK 2.0.

The other 10 members of Group Management have individual pension plans. The retirement age varies from country to country and pension plan. The retirement age is 65 years for six members and for four members no retirement age is agreed.

As described under Principles above, members can allocate part of their remuneration to a defined contribution pension plan. All members have defined contribution pension plans for which pension premiums are allocated from the member's total remuneration and paid by the company during the term of employment. These premiums may vary but are limited to amounts deductible for tax purposes by the company. In 2013 the pension costs for these members of Group Management amounted to MSEK 5.9. No pension benefits are conditioned by future employment.

Three members have a Swedish defined benefit pension plan (ITP), but can also allocate part of their remuneration to a defined contribution plan. The Swedish defined benefit plan guarantees a lifetime pension from the age of 65. The pension compensation corresponds to a certain percentage of the final salary, and the maximum pensionable income is MSEK 1.7 per employee. This pension benefit is funded through annual premiums paid by the company during the term of employment, and the pension cost for these three members in 2013 was MSEK 1.1 (included in the total pension cost stated in the table below for other Group Management).

Upon dismissal, the notice period and a right to a severance pay after the end of the notice period, is equivalent to a maximum of 24 months fixed salary, for members of Group Management.

Short- and long-term incentives

Short-term as well as long-term incentives for eligible employees in Securitas include clearly measurable performance based targets that are set as close to the local business as possible and aim for long-term profitability of the Group. The performance targets that are required to achieve maximum bonus, vary depending on the position of the employee, but are as a principle based on year-on-year improvement of the operating result ("EBITA") in the area of responsibility and targets based on improvement of cash flow.

For the President and CEO as well as the four members of Group Management responsible for staff functions, no long-term incentives are in place, and the short-term incentive is based on year-on-year real improvement of the earnings per share.

The President and CEO and the other members of Group Management are included in the short-term Securitas share-based incentive schemes 2012 and 2013 respectively, which were approved by the Annual General Meetings in these years. These short-term incentive schemes, for which the maximum bonus is limited to 42–100 percent of the fixed base salary, is paid by two thirds in cash in the beginning of the year following the performance year, and the remaining one third is used to acquire Series B shares in Securitas AB over the stock market. These shares are allocated to Group Management in March, two years following the performance year, conditioned by a continuous employment during the vesting period. See further information in note 2 and 12. Information regarding the final allocation of shares to the Group Management in March 2014 under the 2012 share-based incentive scheme, as well as the potential allocation of shares in 2015 under the 2013 share-based incentive scheme and the fair value of these shares, are disclosed in the tables below.

For the President and CEO there is no short-term variable compensation due for the 2013 performance.

The aggregate short-term variable compensation relating to the 2013 performance to the other members of Group management amounted to MSEK 18.9, whereof MSEK 6.2 will be allocated in shares in 2015 and MSEK 12.7 will be paid in cash in 2014.

During 2013 two members of Group Management have had long-term incentive plans in which the maximum bonus is limited to 100 percent of the fixed base salary. The long-term bonus plans are provided for during the performance year and are paid out by one third per year over the three following years. At resignation by a management employee, any unpaid long-term bonus will stay with the company.

The aggregate long-term compensation and provision relating to the 2013 performance amounted to MSEK 7.8. The accumulated provision for long-term bonus programs amounted to MSEK 7.8 for two Group Management members as per December 31, 2013.

ALLOCATION OF SHARES TO GROUP MANAGEMENT
RELATING TO SECURITAS SHARE-BASED INCENTIVE SCHEME 2013

	Number of shares[1]	Fair value[2], MSEK
	2013	2013
Alf Göransson, President and CEO	0	0.0
Other members of Group Management	84939	6.0
Total holdings	**84939**	**6.0**

1 Potential allocation of shares 2015, according to Securitas share-based incentive scheme 2013, according to purchase prices for Securitas Series B shares in March 2014.
2 Fair value of potential allocation of shares based on Securitas Series B share purchase prices in March 2014.

Remuneration to the Board of Directors and Group Management

REMUNERATION RELATED TO 2013:

KSEK	Base salary/fee	Other benefits	Short-term bonus[2]	Long-term bonus[3]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1 100	–	–	–	–	1 100
Carl Douglas, vice Chairman	750	–	–	–	–	750
Fredrik Cappelen[1]	600	–	–	–	–	600
Marie Ehrling[1]	700	–	–	–	–	700
Annika Falkengren[1]	550	–	–	–	–	550
Fredrik Palmstierna	500	–	–	–	–	500
Sofia Schörling Högberg	500	–	–	–	–	500
Subtotal Board of Directors	**4 700**	**–**	**–**	**–**	**–**	**4 700**
Alf Göransson, President and CEO	11 924	89	0	–	3 504	15 517
Other members of Group Management	42 448	2 048	18 868	7 799	5 915	77 078
Subtotal President and CEO and Group Management	**54 372**	**2 137**	**18 868**	**7 799**	**9 419**	**92 595**
Total	**59 072**	**2 137**	**18 868**	**7 799**	**9 419**	**97 295**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. The Board of Directors has no pension benefits.

1 Including remuneration for committee work.
2 Refer to the cost for 2013 for Securitas incentive scheme for cash and share-based bonus, see also separate table for the share-based part.
3 Refer to the cost for 2013, please find further reference under the section short- and long-term incentives.

REMUNERATION RELATED TO 2012:

KSEK	Base salary/fee	Other benefits	Short-term bonus[2]	Long-term bonus[3]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1 100	–	–	–	–	1 100
Carl Douglas, vice Chairman	750	–	–	–	–	750
Fredrik Cappelen[1]	600	–	–	–	–	600
Marie Ehrling[1]	700	–	–	–	–	700
Annika Falkengren[1]	550	–	–	–	–	550
Fredrik Palmstierna	500	–	–	–	–	500
Sofia Schörling Högberg	500	–	–	–	–	500
Subtotal Board of Directors	**4 700**	**–**	**–**	**–**	**–**	**4 700**
Alf Göransson, President and CEO	11 893	89	0	–	3 503	15 485
Other members of Group Management[4]	42 711	2 115	9 182	0	5 955	59 963
Subtotal President and CEO and Group Management	**54 604**	**2 204**	**9 182**	**0**	**9 458**	**75 448**
Total	**59 304**	**2 204**	**9 182**	**0**	**9 458**	**80 148**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. The Board of Directors has no pension benefits.

1 Including remuneration for committee work.
2 Refer to the cost for 2012 for Securitas incentive scheme for cash and share-based bonus, see also separate table for the share-based part.
3 Refer to the cost for 2012, please find further reference under the section short- and long-term incentives.
4 The compensation for one member who left Group Management on August 8, 2012 and two members who left October 25, 2012, respectively relates up to these dates.

REMUNERATION RELATED TO 2011:

KSEK	Base salary/fee	Other benefits	Short-term bonus[2]	Long-term bonus[3]	Pension	Total remuneration
Melker Schörling, Chairman of the Board[1]	1 100	–	–	–	–	1 100
Carl Douglas, vice Chairman	750	–	–	–	–	750
Fredrik Cappelen[1]	600	–	–	–	–	600
Marie Ehrling[1]	700	–	–	–	–	700
Annika Falkengren[1]	550	–	–	–	–	550
Fredrik Palmstierna	500	–	–	–	–	500
Sofia Schörling Högberg	500	–	–	–	–	500
Subtotal Board of Directors	**4 700**	**–**	**–**	**–**	**–**	**4 700**
Alf Göransson, President and CEO	11 690	93	0	–	3 450	15 233
Other members of Group Management[4]	44 812	2 279	5 211	0	6 348	58 650
Subtotal President and CEO and Group Management	**56 502**	**2 372**	**5 211**	**0**	**9 798**	**73 883**
Total	**61 202**	**2 372**	**5 211**	**0**	**9 798**	**78 583**

Above information refers to full year remuneration for the current Group Management, unless stated otherwise. The Board of Directors has no pension benefits.

1 Including remuneration for committee work.
2 Refer to the cost for 2011 for Securitas incentive scheme for cash and share-based bonus, see also separate table for the share-based part.
3 Refer to the cost for 2011, please find further reference under the section short- and long-term incentives.
4 The compensation for three members who joined Group Management on May 6 and July 1, 2011 respectively and for one member who left June 30, 2011, relates as from and up to these dates.

Shareholdings

The Board of Director's and Group Management's shareholdings through acquisitions on the stock market as well as the allocation of shares to the Group Management according to Securitas share-based incentive scheme 2013 are detailed in the table below.

BOARD OF DIRECTORS' AND GROUP MANAGEMENT'S HOLDINGS OF SECURITAS SERIES A AND B SHARES[1]

	A shares 2013	A shares 2012	B shares 2013[4]	B shares 2012[4]	B shares Allocation March 2014[5]
Melker Schörling, Chairman of the Board[2]	4 500 000	4 500 000	16 001 500	16 001 500	–
Carl Douglas, vice Chairman[3]	12 642 600	12 642 600	27 190 000	29 390 000	–
Fredrik Cappelen	–	–	4 000	4 000	–
Marie Ehrling	–	–	4 000	4 000	–
Annika Falkengren	–	–	7 500	7 500	–
Fredrik Palmstierna	–	–	17 200	17 200	–
Sofia Schörling Högberg	–	–	2 400	2 400	–
Alf Göransson, President and CEO	–	–	58 698	58 698	0
Bart Adam	–	–	15 264	15 264	11 058
William Barthelemy	–	–	20 040	19 716	1 612
Santiago Galaz	–	–	86 546	80 195	5 878
Erik-Jan Jansen	–	–	4 385	3 086	1 832
Gisela Lindstrand	–	–	2 017	2 017	0
Jan Lindström	–	–	5 600	5 600	0
Marc Pissens	–	–	0	0	24 426
Luis Posadas	–	–	17 911	40 136	1 927
Åsa Thunman	–	–	653	653	0
Antonio Villaseca Lòpez	–	–	0	0	963
Total holdings	**17 142 600**	**17 142 600**	**43 437 714**	**45 651 965**	**47 696**

1 Information refers to shareholdings as of December 31, 2013 and 2012.
2 Holdings through Melker Schörling AB.
3 Holdings private and through Investment AB Latour Group and Förvaltnings AB Wasatornet.
4 Holdings per December 31 excluding potential allocation of shares according to Securitas share-based incentive scheme (see footnote 5 below).
5 Actual allocation of shares in March 2014 according to Securitas share-based incentive scheme 2012, including shares corresponding to dividend decided related to potential allocation of shares during 2013. The gross number of allocated shares is stated, of which part of the shares may have been sold to cover tax on the benefit. Other holdings of Securitas Series B shares in March 2014 are not included.

NOTE 9 *Segment reporting*

Segment structure

The Group's operations are divided into three reportable segments: Security Services North America, Security Services Europe and Security Services Ibero-America. Due to organizational changes in the Group that took place on January 1, 2013 and the impact from the adoption of IAS 19 (revised) that took place on the same date, comparatives have been restated for the segments.

Security Services North America has been affected by operations within security consulting in the Netherlands that have been moved from the segment Other to Pinkerton Corporate Risk Management within Security Services North America. The previous segments Security Services Europe and Mobile and Monitoring have been merged into one segment named Security Services Europe. Furthermore, operations in Spain and Portugal have been moved from the previous segment Mobile and Monitoring to Security Services Ibero-America, while operations within security consulting in Belgium have been moved from the segment Other to Security Services Europe.

All segments apply the accounting principles explained in note 2. The segment reporting follows the format of Securitas' financial model, which provides a foundation for financial planning and reporting from branch office level up to the Board of Directors. Acquisitions of subsidiaries are therefore excluded from the operating cash flow. All material acquisitions are stated at business segment level in the report of the Board of Directors under the heading Acquisitions and divestitures.

Security Services North America

Security Services North America provides specialized security services in the USA, Canada and Mexico and comprises 13 business units: one organization for national and global accounts, five geographical regions and five specialized business units – critical infrastructure (includes federal government services and defense and aerospace), healthcare, Pinkerton Corporate Risk Management, mobile and technology – in the USA, plus Canada and Mexico. In total, there are approximately 104 000 employees, about 640 branch managers and 93 geographical areas.

Security Services Europe

Security Services Europe provides specialized security services for large and medium-sized customers in 27 countries, and airport security in 14 countries. Security Services Europe offers mobile security services for small and medium-sized businesses and residential sites and electronic alarm surveillance services. In total, the organization has more than 117 000 employees and over 800 branch managers.

Security Services Ibero-America

Security Services Ibero-America provides specialized security services for large and medium-sized customers in seven Latin American countries as well as Portugal and Spain in Europe. Security Services Ibero-America has a combined total of approximately 57 000 employees and close to 190 branch managers.

Other

Other includes all other operating segments as well as general administrative expenses, expenses for head offices and other central expenses. All other operating segments comprise the guarding operations in the Middle East, Asia and Africa as well as certain operations within security consulting that report directly to the chief operating decision maker.

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MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Total segments	Eliminations	Group
Income							
Sales, external	22 834	32 716	9 266	884	65 700	–	65 700
Sales, intra-group	7	–	–	2	9	-9	–
Total sales	**22 841**	**32 716**	**9 266**	**886**	**65 709**	**-9**	**65 700**
Organic sales growth, %	*0*	*0*	*4*	–	–	–	*1*
Operating income before amortization[1]	**1 177**	**1 954**	**480**	**-282**	**3 329**	**–**	**3 329**
of which share in income of associated companies	*1*	*0*	–	*3*	*4*	–	*4*
Operating margin, %	*5.2*	*6.0*	*5.2*	–	–	–	*5.1*
Amortization and impairment of acquisition related intangible assets	-33	-147	-70	-24	-274	–	-274
Acquisition related costs	0	-24	-9	6	-27	–	-27
Items affecting comparability	–	–	–	–	–	–	–
Operating income after amortization	**1 144**	**1 783**	**401**	**-300**	**3 028**	**–**	**3 028**
Financial income and expenses	–	–	–	–	–	–	-385
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**2 643**
Taxes	–	–	–	–	–	–	-787
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1 856**
Operating cash flow							
Operating income before amortization	**1 177**	**1 954**	**480**	**-282**	**3 329**	**–**	**3 329**
Investments in non-current tangible and intangible assets	-117	-565	-137	15	-804	–	-804
Reversal of depreciation[1]	163	657	112	14	946	–	946
Change in operating capital employed	-50	-344	121	32	-241	–	-241
Cash flow from operating activities	**1 173**	**1 702**	**576**	**-221**	**3 230**	**–**	**3 230**
Cash flow from operating activities, %	*100*	*87*	*120*	–	–	–	*97*
Capital employed and financing							
Operating non-current assets	715	1 869	444	172	3 200	–	3 200
Accounts receivable	2 781	4 822	1 991	107	9 701	-25	9 676
Other assets	1 057	953	436	1 845	4 291	–	4 291
Other liabilities	-3 116	-7 468	-1 729	-1 698	-14 011	25	-13 986
Total operating capital employed	**1 437**	**176**	**1 142**	**426**	**3 181**	**–**	**3 181**
Operating capital employed as % of sales	*6*	*1*	*12*	–	–	–	*5*
Goodwill	5 976	6 687	1 450	249	14 362	–	14 362
Acquisition related intangible assets	84	810	338	83	1 315	–	1 315
Shares in associated companies	3	29	–	101	133	–	133
Total capital employed	**7 500**	**7 702**	**2 930**	**859**	**18 991**	**–**	**18 991**
Return on capital employed, %	*16*	*25*	*16*	–	–	–	*18*
Net debt	–	–	–	–	–	–	-9 610
Shareholders' equity	–	–	–	–	–	–	9 381
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**18 991**
Net debt equity ratio, multiple	–	–	–	–	–	–	*1.02*
Assets and liabilities							
Non-interest-bearing assets	10 616	15 170	4 659	810	31 255	-25	31 230
Unallocated non-interest-bearing assets[2]	–	–	–	–	–	–	1 747
Unallocated interest-bearing assets	–	–	–	–	–	–	4 260
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**37 237**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**9 381**
Non-interest-bearing liabilities	3 116	7 468	1 729	243	12 556	-25	12 531
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	1 455
Unallocated interest-bearing liabilities	–	–	–	–	–	–	13 870
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**27 856**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**37 237**

1 Depreciation and amortization of tangible and non-acquisition related intangible assets per segment are specified on the line Reversal of depreciation in the statement of cash flow above. Further information regarding depreciation and amortization is provided in note 13.
2 Included in Other in the table Capital employed and financing.

JANUARY – DECEMBER 2012[3]

MSEK	Security Services North America	Security Services Europe	Security Services Ibero-America	Other	Total segments	Eliminations	**Group**
Income							
Sales, external	23 535	32 738	9 341	844	66 458	–	66 458
Sales, intra-group	4	3	–	0	7	-7	–
Total sales	**23 539**	**32 741**	**9 341**	**844**	**66 465**	**-7**	**66 458**
Organic sales growth, %	*1*	*1*	*-3*	–	–	–	*0*
Operating income before amortization[1]	**1 113**	**1 673**	**496**	**-255**	**3 027**	**–**	**3 027**
of which share in income of associated companies	–	–	–	*3*	*3*	–	*3*
Operating margin, %	*4.7*	*5.1*	*5.3*	–	–	–	*4.6*
Amortization and impairment of acquisition related intangible assets	-34	-169	-71	-23	-297	–	-297
Acquisition related costs	8	-18	-42	3	-49	–	-49
Items affecting comparability	-74	-296	-50	-4	-424	–	-424
Operating income after amortization	**1 013**	**1 190**	**333**	**-279**	**2 257**	**–**	**2 257**
Financial income and expenses	–	–	–	–	–	–	-573
Income before taxes	**–**	**–**	**–**	**–**	**–**	**–**	**1 684**
Taxes	–	–	–	–	–	–	-509
Net income for the year	**–**	**–**	**–**	**–**	**–**	**–**	**1 175**
Operating cash flow							
Operating income before amortization	**1 113**	**1 673**	**496**	**-255**	**3 027**	**–**	**3 027**
Investments in non-current tangible and intangible assets	-152	-716	-134	-37	-1 039	–	-1 039
Reversal of depreciation[1]	161	673	103	9	946	–	946
Change in operating capital employed	-19	187	125	-26	267	–	267
Cash flow from operating activities	**1 103**	**1 817**	**590**	**-309**	**3 201**	**–**	**3 201**
Cash flow from operating activities, %	*99*	*109*	*119*	–	–	–	*106*
Capital employed and financing							
Operating non-current assets	785	1 971	423	196	3 375	–	3 375
Accounts receivable	3 525	4 656	2 217	121	10 519	-29	10 490
Other assets	298	891	375	1 962	3 526	-40	3 486
Other liabilities	-3 407	-7 920	-1 799	-1 712	-14 838	69	-14 769
Total operating capital employed	**1 201**	**-402**	**1 216**	**567**	**2 582**	**–**	**2 582**
Operating capital employed as % of sales	*5*	*-1*	*13*	–	–	–	*4*
Goodwill	6 032	6 482	1 563	198	14 275	–	14 275
Acquisition related intangible assets	117	849	439	97	1 502	–	1 502
Shares in associated companies	–	–	–	108	108	–	108
Total capital employed	**7 350**	**6 929**	**3 218**	**970**	**18 467**	**–**	**18 467**
Return on capital employed, %	*14*	*20*	*14*	–	–	–	*14*
Net debt	–	–	–	–	–	–	-9 865
Shareholders' equity	–	–	–	–	–	–	8 602
Total financing	**–**	**–**	**–**	**–**	**–**	**–**	**18 467**
Net debt equity ratio, multiple	–	–	–	–	–	–	*1.15*
Assets and liabilities							
Non-interest-bearing assets	10 757	14 849	5 017	815	31 438	-69	31 369
Unallocated non-interest-bearing assets[2]	–	–	–	–	–	–	1 867
Unallocated interest-bearing assets	–	–	–	–	–	–	5 221
Total assets	**–**	**–**	**–**	**–**	**–**	**–**	**38 457**
Shareholders' equity	**–**	**–**	**–**	**–**	**–**	**–**	**8 602**
Non-interest-bearing liabilities	3 407	7 920	1 799	278	13 404	-69	13 335
Unallocated non-interest-bearing liabilities[2]	–	–	–	–	–	–	1 434
Unallocated interest-bearing liabilities	–	–	–	–	–	–	15 086
Total liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**29 855**
Total shareholders' equity and liabilities	**–**	**–**	**–**	**–**	**–**	**–**	**38 457**

1 Depreciation and amortization of tangible and non-acquisition related intangible assets per segment are specified on the line Reversal of depreciation in the statement of cash flow above. Further information regarding depreciation and amortization is provided in note 13.
2 Included in Other in the table Capital employed and financing.
3 The comparatives have been restated due to the organizational changes that took place in the Group as of January 1, 2013 and adoption of IAS 19 (revised).

GEOGRAPHICAL INFORMATION

	Total sales from external customers[1]		Non-current assets[2]	
MSEK	2013	2012	2013	2012
USA	20 381	20 895	6 356	6 459
France	–[3]	–[3]	1 978	1 939
The Netherlands	–[3]	–[3]	1 913	–[3]
Sweden[4]	4 223	4 226	1 007	1 016
All other countries[5]	41 096	41 337	7 750	9 846
Total countries	**65 700**	**66 458**	**19 004**	**19 260**
Non-current assets not listed by country[2, 6]	–	–	1 548	1 766
Total non-current assets[6]	**–**	**–**	**20 552**	**21 026**

1 Based on the location of sales offices and corresponds in all material aspects to the geographical location of the customers.
2 Financial instruments, deferred tax assets and post-employment benefit assets are not specified by country. These are instead reported on the line Non-current assets not listed by country.
3 Not disclosed as amount is less than 10 percent of sales or non-current assets.
4 Disclosed as Sweden is the company's country of domicile.
5 Including elimination of intra-group sales.
6 The comparatives have been restated due to the adoption of IAS 19 (revised).

NOTE 10 *Allocation of revenue*

Sales

The Group's revenue is generated mainly from various types of security services. There is also revenue from the sale of alarm products and, to a limited extent, cash handling services. The breakdown of sales by segment is provided in note 9.

Security solutions and technology sales was 8 percent (6) of Group sales in the fourth quarter 2013.

Other operating income

Other operating income 2013 and 2012 consists in its entirety of trade mark fees from Securitas Direct AB. Other operating income 2011 mainly comprises dividend of MSEK 29.3 from the Group's divested joint venture Securitas Direct S.A. in Switzerland and a capital gain from the divestiture of this company of MSEK 20.3. It also comprises trade mark fees from Securitas Direct AB of MSEK 10.1 and other items MSEK 14.6.

Financial income

Interest income is accounted for in the statement of income in the period to which it is attributable. Financial income and expenses are specified in note 14.

NOTE 11 *Operating expenses*

STATEMENT OF INCOME CLASSIFIED ACCORDING TO TYPE OF COST IN SUMMARY

MSEK	2013	2012	2011
Total sales	**65 700.1**	**66 458.2**	**64 057.1**
Other operating income	13.5	12.8	74.3
Salaries (note 12)	-43 255.5	-44 185.9	-42 368.2
Social benefits (note 12)[1]	-10 052.0	-10 163.1	-9 600.1
Depreciation and amortization (notes 13, 18, 19, 20)	-1 219.3	-1 217.7	-1 120.2
Bad debt losses (note 25)	-78.0	-121.9	-105.1
Other operating expenses	-8 080.3	-8 525.6	-8 014.4
Total operating expenses[1]	**-62 685.1**	**-64 214.2**	**-61 208.0**
Operating income[1]	**3 028.5**	**2 256.8**	**2 923.4**

1 The comparatives have been restated due to the adoption of IAS 19 (revised).

EXCHANGE RATE DIFFERENCES, NET[1]

MSEK	2013	2012	2011
Exchange rate differences included in operating income amounted to:	-11.0	-3.7	-3.1

1 Exchange rate differences included in net financial items are stated in note 14.

ITEMS AFFECTING COMPARABILITY

MSEK	2013	2012	2011
Restructuring costs	–	-458.0	–
Spain – overtime compensation	–	22.7	–
Germany – discontinued operations	–	11.0	–
Total items affecting comparability	**–**	**-424.3**	**–**

ITEMS AFFECTING COMPARABILITY ALLOCATED PER FUNCTION[1]

MSEK	2013	2012	2011
Production expenses	–	-48.4	–
Selling and administrative expenses	–	-375.9	–
Total items affecting comparability allocated per function	**–**	**-424.3**	**–**

1 Illustrates how items affecting comparability would have been classified per function in the statement of income if the items had not been disclosed separately on the face of the statement of income.

ITEMS AFFECTING COMPARABILITY ALLOCATED PER SEGMENT

MSEK	2013	2012	2011
Security Services North America	–	-73.8	–
Security Services Europe	–	-296.3	–
Security Services Ibero-America	–	-50.1	–
Other	–	-4.1	–
Total items affecting comparability allocated per segment	**–**	**-424.3**	**–**

CASH FLOW IMPACT FROM ITEMS AFFECTING COMPARABILITY

MSEK	2013	2012	2011
Items affecting comparability according to the statement of income	–	-424.3	–
Cash flow[1]	-307.5	-193.8	-23.7
Adjustment for effect on cash flow from items affecting comparability	**-307.5**	**230.5**	**-23.7**

1 For the 2013 cash flow MSEK -88.5 relates to payment to Deutsche Bank in Germany, MSEK -205.0 to restructuring costs, MSEK -12.0 to overtime compensation in Spain and MSEK -2.0 to premises in Germany. For the 2012 cash flow MSEK -152.4 relates to restructuring costs, MSEK -37.9 to overtime compensation in Spain and MSEK -3.5 to premises in Germany. For the 2011 cash flow MSEK -17.5 relates to overtime compensation in Spain, MSEK -4.5 to premises in Germany and MSEK -1.7 to other items affecting comparability.

ACQUISITION RELATED COSTS

MSEK	2013	2012	2011
Restructuring and integration costs	-25.8	-62.2	-135.3
Transaction costs	-10.9[1]	-17.2	-65.1
Revaluation of deferred considerations[2]	9.9	29.9	6.9
Total acquisition related costs	**-26.8**	**-49.5**	**-193.5**

1 Transaction costs for the major acquisitions are specified per acquisition in note 16.
2 Refers to contingent considerations and acquisition related option liabilities.

ACQUISITION RELATED COSTS ALLOCATED PER FUNCTION[1]

MSEK	2013	2012	2011
Production expenses	-11.3	-39.3	-48.1
Selling and administrative expenses[2]	-15.5	-10.2	-145.4
Total acquisition related costs allocated per function	**-26.8**	**-49.5**	**-193.5**

1 Illustrates how acquisition related costs would have been classified per function in the statement of income if the items had not been disclosed separately on the face of the statement of income.
2 All transaction costs would have been classified as selling and administrative expenses in the statement of income if they had not been disclosed separately on the face of the statement of income.

ACQUISITION RELATED COSTS ALLOCATED PER SEGMENT

MSEK	2013	2012	2011
Security Services North America	0.1	7.8	-11.0
Security Services Europe	-23.3	-18.6	-155.9
Security Services Ibero-America	-9.4	-41.1	-19.8
Other	5.8	2.4	-6.8
Total acquisition related costs allocated per segment	**-26.8**	**-49.5**	**-193.5**

CASH FLOW IMPACT FROM ACQUISITION RELATED COSTS

MSEK	2013	2012	2011
Acquisition related costs according to the statement of income	-26.8	-49.5	-193.5
Cash flow	-55.2	-97.6	-180.0
Adjustment for effect on cash flow from acquisition related costs	**-28.4**	**-48.1**	**13.5**

AUDIT FEES AND REIMBURSEMENTS

MSEK	2013	2012	2011
PwC			
– audit assignments	29.4	28.1	29.8
– additional audit assignments	1.6	1.3	1.1
– tax assignments	11.6	12.7	14.6
– other assignments[1]	4.6	9.7	16.3
Total PwC	**47.2**	**51.8**	**61.8**
Other auditors			
– audit assignments	2.3	2.7	2.6
Total	**49.5**	**54.5**	**64.4**

1 Fees for other assignments performed by PwC include fees for audit related advisory services relating to accounting including IFRS, IT, acquisitions, divestments and matters relating to the Group's internal bank.

Operating leasing contracts and rental contracts

Fees expensed during the year for operating leases for buildings, vehicles and machinery and equipment amounted to MSEK 838.0 (790.3 and 732.7). The nominal value of contractual future minimum lease payments are distributed as follows:

MSEK	2013	2012	2011
Maturity < 1 year	657.1	655.4	674.0
Maturity 1–5 years	1 404.7	1 369.7	1 358.3
Maturity > 5 years	588.7	499.8	369.6

NOTE 12 *Personnel*

AVERAGE NUMBER OF YEARLY EMPLOYEES: DISTRIBUTION BETWEEN WOMEN AND MEN[1,2]

	Women			Men			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Security Services North America	23 503	23 953	23 977	72 114	74 755	74 714	95 617	98 708	98 691
Security Services Europe	18 092	19 153	17 915	92 924	91 611	86 348	111 016	110 764	104 263
Security Services Ibero-America	8 123	7 855	8 114	47 693	49 185	51 346	55 816	57 040	59 460
Other	1 501	1 353	1 208	11 819	11 776	8 803	13 320	13 129	10 011
Total	**51 219**	**52 314**	**51 214**	**224 550**	**227 327**	**221 211**	**275 769**	**279 641**	**272 425**

1 Average number of yearly employees exclude employees in associated companies. A complete specification of the average number of yearly employees by country is provided in the Annual Report submitted to the Swedish Companies Registration Office.

In 2013, the number of Board members and Presidents was 91 (110, 132), of whom 8 (8, 8) were women.

STAFF COSTS FOR BOARD OF DIRECTORS AND PRESIDENTS[2]

	2013			2012			2011			Of which bonuses		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2013	2012	2011
Security Services North America	68.8	19.2	(9.7)	73.7	22.1	(11.2)	55.9	18.7	(10.4)	24.3	11.0	7.7
Security Services Europe	66.1	16.1	(4.9)	100.5	27.3	(6.9)	100.4	27.7	(7.9)	15.4	23.7	14.2
Security Services Ibero-America	18.6	2.6	(0.0)	17.6	3.4	(0.1)	18.7	2.0	(0.1)	4.3	3.7	3.1
Other	54.3	20.5	(8.0)	48.9	17.7	(7.0)	48.0	17.3	(6.5)	1.8	2.3	3.2
Total	**207.8**	**58.4**	**(22.6)**	**240.7**	**70.5**	**(25.2)**	**223.0**	**65.7**	**(24.9)**	**45.8**	**40.7**	**28.2**

STAFF COSTS FOR OTHER EMPLOYEES[2]

	2013			2012			2011		
	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Security Services North America[3]	16 734.7	2 999.6	(84.6)	16 921.9	3 003.6	(82.3)	16 325.6	2 867.8	(53.2)
Security Services Europe[3]	19 816.7	5 403.1	(565.2)	20 319.5	5 423.5	(511.6)	19 190.1	5 045.1	(515.0)
Security Services Ibero-America	5 807.6	1 529.9	(17.1)	6 042.1	1 606.6	(14.0)	6 158.1	1 572.7	(9.1)
Other	688.7	61.0	(19.0)	661.7	58.9	(21.9)	471.4	48.8	(18.9)
Total[3]	**43 047.7**	**9 993.6**	**(685.9)**	**43 945.2**	**10 092.6**	**(629.8)**	**42 145.2**	**9 534.4**	**(596.2)**

TOTAL STAFF COSTS: BOARD OF DIRECTORS, PRESIDENTS AND OTHER EMPLOYEES[2]

	2013			2012			2011		
	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)
Security Services North America[3]	16 803.5	3 018.8	(94.3)	16 995.6	3 025.7	(93.5)	16 381.5	2 886.5	(63.6)
Security Services Europe[3]	19 882.8	5 419.2	(570.1)	20 420.0	5 450.8	(518.5)	19 290.5	5 072.8	(522.9)
Security Services Ibero-America	5 826.2	1 532.5	(17.1)	6 059.7	1 610.0	(14.1)	6 176.8	1 574.7	(9.2)
Other	743.0	81.5	(27.0)	710.6	76.6	(28.9)	519.4	66.1	(25.4)
Total[3]	**43 255.5**	**10 052.0**	**(708.5)**	**44 185.9**	**10 163.1**	**(655.0)**	**42 368.2**	**9 600.1**	**(621.1)**

2 As of 2013 disclosed according to Securitas' segment structure. Comparatives have thus been restated.
3 The comparatives have been restated due to the adoption of IAS 19 (revised).

Further information regarding the Group's pensions and other long-term employee benefits is provided in note 31.

Securitas share-based incentive scheme

Securitas' Annual General Meeting May 7, 2013 resolved on a share and cash bonus scheme, a similar incentive scheme that the Annual General Meeting 2012 resolved on. The participants in the scheme have a former variable remuneration based on performance. Two thirds of the variable remuneration/bonus will, according to the incentive scheme, be settled in cash the year after the performance year, while shares will be purchased for the remaining one third. The bonus criteria is based on individual performance and/or the performance for the part of the Group that the individual is responsible for. For Securitas there are no other material costs than the allotted bonus and related social benefits.

The share purchase in Securitas will be handled by trading on the NASDAQ OMX Stockholm exchange through a swap agreement. Shares are purchased corresponding to one third of the total achieved bonus amount. The purchased shares will be allotted to the participants approximately one year after purchase, given that they are still employed by the Group. Securitas will not issue any new shares or similar due to this incentive scheme. The purpose is to replace cash bonus with shares in Securitas AB and thus increase the employees' ownership in Securitas.

The incentive scheme includes 934 participants (817 and 769) that are entitled to receive the share part according to the scheme. The total share-based remuneration for these participants amount to MSEK 63.0 (56.1 and 53.7) and is accounted for as a share-based remuneration in equity. In March 2014, shares in Securitas AB have been purchased corresponding to the value of the total share-based remuneration. The shares have been purchased through a swap agreement, based on the current market price at the time. The number of shares that have been purchased amount to a total of 932 761 (859 579 and 809 768) at a value of MSEK 65.6 (52.7 and 52.1). The shares will be allotted to the participants during the first quarter 2015, provided that they are still employed by the Group.

COSTS FOR SHARE-BASED INCENTIVE SCHEME: PRESIDENTS AND OTHER EMPLOYEES

MSEK	2013	2012	2011
Bonus costs for incentive schemes	63.0	56.1	53.7
Social benefits for incentive schemes	18.1	12.7	10.1
Total	**81.1**	**68.8**	**63.8**

NOTE 13 *Depreciation and amortization*

MSEK	2013	2012	2011
Software licenses	63.7	59.3	58.6
Other intangible assets	36.3	34.9	26.5
Buildings	13.0	13.1	14.1
Machinery and equipment	832.6	838.8	802.8
Total depreciation and amortization	**945.6**	**946.1**	**902.0**

DEPRECIATION AND AMORTIZATION FOR THE YEAR IS DISTRIBUTED IN THE STATEMENT OF INCOME AS BELOW:

MSEK	2013	2012	2011
Depreciation of tangible non-current assets			
Production expenses	564.8	602.1	582.8
Selling and administrative expenses	280.8	249.8	234.1
Total depreciation of tangible non-current assets	**845.6**	**851.9**	**816.9**
Amortization of intangible assets			
Production expenses	60.3	46.4	41.6
Selling and administrative expenses	39.7	47.8	43.5
Total amortization of intangible assets	**100.0**	**94.2**	**85.1**
Total depreciation and amortization	**945.6**	**946.1**	**902.0**

NOTE 14 *Net financial items*

MSEK	2013	2012	2011
Interest income from financial assets at fair value through profit or loss	38.1	63.4	66.9
Interest income from loans and receivables	29.6	33.1	43.3
Total interest income	**67.7**	**96.5**	**110.2**
Revaluation of financial instruments	0.5	1.0	3.3
Other financial income	2.2	4.6	3.1
Total financial income	**70.4**	**102.1**	**116.6**
Interest expenses from financial liabilities at fair value through profit or loss	-42.6	-47.0	-29.0
Interest expenses from financial liabilities designated as hedged item in a fair value hedge	-110.2	-166.8	-131.6
Interest expenses from derivatives designated for hedging	25.7	20.3	-7.1
Interest expenses from other financial liabilities	-301.4	-444.5	-406.0
Total interest expenses	**-428.5**	**-638.0**	**-573.7**
Revaluation of financial instruments	–	–	-0.2
Other financial expenses	-25.5	-36.9	-32.8
Exchange rate differences, net[1]	-1.4	-0.2	-2.9
Total financial expenses	**-455.4**	**-675.1**	**-609.6**
Net financial items	**-385.0**	**-573.0**	**-493.0**
Of which revaluations estimated with the use of valuation methods	0.5	1.0	3.1

1 Exchange rate differences included in operating income are reported in note 11.

NOTE 15 *Taxes*

Statement of income

TAX EXPENSE[1]

MSEK	2013	%	2012	%	2011	%
Tax on income before taxes						
– current taxes	-708.6	*-26.8*	-526.4	*-31.2*	-680.1	*-28.0*
– deferred taxes	-79.3	*-3.0*	17.2	*1.0*	-41.6	*-1.7*
Total tax expense	**-787.9**	***-29.8***	**-509.2**	***-30.2***	**-721.7**	***-29.7***

1 The comparatives have been restated due to the adoption of IAS 19 (revised).

The Swedish corporate tax rate was 22.0 percent.

The 2013 tax rate amounted to 29.8 percent.

The 2012 tax rate amounted to 30.2 percent. The tax rate before non-deductible impairment losses and tax on items affecting comparability was 29.7 percent.

The 2011 tax rate amounted to 29.7 percent.

Deferred taxes for the year include the change in deferred tax assets and deferred tax liabilities, translation differences and deferred taxes related to items accounted for in equity.

DIFFERENCE BETWEEN STATUTORY SWEDISH TAX RATE AND ACTUAL TAX EXPENSE FOR THE GROUP[1]

MSEK	2013	%	2012	%	2011	%
Income before taxes according to the statement of income	**2 643**		**1 684**		**2 430**	
Tax based on Swedish tax rate	-581	*-22.0*	-443	*-26.3*	-639	*-26.3*
Difference between tax rate in Sweden and weighted tax rates for foreign subsidiaries	-208	*-7.9*	-14	*-0.8*	-96	*-4.0*
Tax related to previous years	15	*0.6*	0	*0.0*	24	*1.0*
Recognition of previously unvalued tax losses	14	*0.5*	74	*4.4*	–	–
Revaluation of deferred tax following a change in tax rate	-2	*-0.1*	-58	*-3.5*	4	*0.2*
Other non-deductible items	-46	*-1.7*	-79	*-4.7*	-23	*-0.9*
Other tax exempt items	20	*0.8*	11	*0.7*	8	*0.3*
Actual tax expense	**-788**	***-29.8***	**-509**	***-30.2***	**-722**	***-29.7***

1 The comparatives have been restated due to the adoption of IAS 19 (revised).

Tax expense that may arise from dividends out of the distributable earnings have not been provided for. If distributed the tax expense arising would amount to MSEK 10.

Other comprehensive income

TAX ON OTHER COMPREHENSIVE INCOME

MSEK	2013	2012	2011
Deferred tax on actuarial gains and losses[1]	-115.2	37.3	116.1
Deferred tax on cash flow hedges	-5.7	-2.5	-1.2
Deferred tax on net investment hedges	34.1	3.5	-12.9
Deferred tax on other comprehensive income	**-86.8**	**38.3**	**102.0**

1 The comparatives have been restated due to the adoption of IAS 19 (revised).

Balance sheet

CURRENT TAX ASSETS/ LIABILITIES

MSEK	2013	2012	2011
Current tax assets	355.9	323.8	305.4
Current tax liabilities	362.8	237.0	253.4
Current tax assets/liabilities, net	**-6.9**	**86.8**	**52.0**

DEFERRED TAX ASSETS WERE ATTRIBUTABLE TO:

MSEK	2013	2012	2011
Pension provisions and employee-related liabilities[2]	585.7	724.1	774.2
Liability insurance-related claims reserves	4.7	1.4	3.2
Tax loss carryforwards	523.8	576.3	486.4
Tax-deductible goodwill	107.2	119.9	151.2
Machinery and equipment	126.5	117.2	93.1
Other temporary differences	162.0	131.0	159.1
Total deferred tax assets[2]	**1 509.9**	**1 669.9**	**1 667.2**
Whereof deferred tax assets expected to be used within 12 months	*478.1*	*491.6*	*539.1*
Net accounting[1]	-118.8	-128.1	-156.7
Total deferred tax assets according to the balance sheet[2]	**1 391.1**	**1 541.8**	**1 510.5**

DEFERRED TAX LIABILITIES WERE ATTRIBUTABLE TO :

MSEK	2013	2012	2011
Pension provisions and employee-related liabilities	34.4	38.3	41.0
Acquisition related intangible assets	319.9	385.6	419.1
Machinery and equipment	27.9	36.2	29.1
Other temporary differences	484.0	387.0	336.9
Total deferred tax liabilities	**866.2**	**847.1**	**826.1**
Whereof deferred tax liabilities expected to be used within 12 months	*166.8*	*162.9*	*157.1*
Net accounting[1]	-118.8	-128.1	-156.7
Total deferred tax liabilities according to the balance sheet	**747.4**	**719.0**	**669.4**
Deferred tax assets/liabilities, net[2]	**643.7**	**822.8**	**841.1**

1 Deferred tax assets and liabilities are reported in the balance sheet partly on a net basis after considering the set-off possibilities.
2 The comparatives have been restated due to the adoption of IAS 19 (revised).

DEFERRED TAX ASSETS CHANGE ANALYSIS[1]

MSEK	2013	2012	2011
Opening balance deferred tax assets	**1 669.9**	**1 667.2**	**1 467.0**
Change due to:			
Deferred tax recognized in the statement of income	-52.8	-29.5	36.2
Changed tax rate	-1.9	-1.5	1.8
Acquisitions	1.1	6.2	51.6
Recognized in other comprehensive income	-115.2	37.3	116.1
Translation differences	8.8	-9.8	-5.5
Closing balance deferred tax assets	**1 509.9**	**1 669.9**	**1 667.2**
Change during the year	**-160.0**	**2.7**	**200.2**

1 The comparatives have been restated due to the adoption of IAS 19 (revised).

DEFERRED TAX LIABILITIES CHANGE ANALYSIS

MSEK	2013	2012	2011
Opening balance deferred tax liabilities	**847.1**	**826.1**	**545.7**
Change due to:			
Deferred tax recognized in the statement of income	11.7	-15.0	94.4
Changed tax rate	-1.6	-5.1	0.0
Acquisitions	18.0	55.6	191.0
Divestitures	–	–	-6.3
Translation differences	-9.0	-14.5	1.3
Closing balance deferred tax liabilities	**866.2**	**847.1**	**826.1**
Change during the year	**19.1**	**21.0**	**280.4**

DEFERRED TAX ASSETS CHANGE ANALYSIS PER CATEGORY IN 2013

MSEK	Opening balance	Deferred tax recognized in the statement of income	Changed tax rate	Acquisitions	Recognized in other comprehensive income	Translation differences	Closing balance
Pension provisions and employee-related liabilities	724.1	-22.3	-0.7	0.1	-115.2	-0.3	585.7
Liability insurance-related claims reserves	1.4	2.9	–	–	–	0.4	4.7
Tax loss carryforwards	576.3	-58.1	–	-1.2	–	6.8	523.8
Tax-deductible goodwill	119.9	-14.6	0.0	1.9	–	–	107.2
Machinery and equipment	117.2	10.4	-1.2	0.1	–	–	126.5
Other temporary differences	131.0	28.9	–	0.2	–	1.9	162.0
Total deferred tax assets	**1 669.9**						**1 509.9**
Change during the year		**-52.8**	**-1.9**	**1.1**	**-115.2**	**8.8**	**-160.0**

DEFERRED TAX LIABILITIES CHANGE ANALYSIS PER CATEGORY IN 2013

MSEK	Opening balance	Deferred tax recognized in the statement of income	Changed tax rate	Acquisitions	Translation differences	Closing balance
Pension provisions and employee-related liabilities	38.3	-4.0	0.1	–	–	34.4
Acquisition related intangible assets	385.6	-64.8	-0.8	15.4	-15.5	319.9
Machinery and equipment	36.2	-9.1	0.0	0.1	0.7	27.9
Other temporary differences	387.0	89.6	-0.9	2.5	5.8	484.0
Total deferred tax liabilities	**847.1**					**866.2**
Change during the year		**11.7**	**-1.6**	**18.0**	**-9.0**	**19.1**

Changes in deferred taxes between 2012 and 2013 are mainly explained by pension provisions, tax loss carryforwards and acquisition related intangible assets. Changes in deferred taxes between 2011 and 2012 are mainly explained by pension provisions, tax loss carryforwards and acquisition related intangible assets. There are no unrecognized temporary differences related to subsidiaries or associated companies. Provisions for taxes are reported in note 32.

Tax loss carryforwards

On December 31, 2013 subsidiaries in primarily Sweden and Germany had tax loss carryforwards of MSEK 3 117 (3 245 and 2 350). These tax loss carryforwards expire as follows:

TAX LOSS CARRYFORWARDS

2014	7
2015	30
2016	4
2017–	165
Unlimited duration	2 911
Total tax loss carryforwards	**3 117**

Deferred tax assets related to tax losses are accounted for when it is probable that they can be utilized by future profits. As of December 31, 2013, tax loss carryforwards for which deferred tax assets had been recognized amounted to MSEK 2 122 (2 293 and 1 738) and deferred tax assets related to the tax losses amounted to MSEK 524 (576 and 486). Tax losses can be used to reduce future taxable income. Their future utilization does not mean a lower total tax expense for the Group.

NOTE 16 *Acquisitions of subsidiaries and impairment testing*

Acquisitions of subsidiaries

Acquisition calculations are subject to final adjustment up to one year after the date of acquisition. Transactions with non-controlling interests are specified in the statement of changes in shareholders' equity. Transaction costs and revaluation of deferred considerations are specified in note 11.

MSEK	Purchase price paid	Acquired net debt	Enterprise value	Goodwill[2]	Acquisition related intangible assets	Operating capital employed	Shares in associated companies	Total capital employed	Share-holders' equity	Total
Selectron, Uruguay[3]	-12.4	0.0	-12.4	13.8	7.7	-9.1	–	12.4	–	12.4
ISS Facility Services, the Netherlands	-8.6	–	-8.6	2.6	45.1	-39.1	–	8.6	–	8.6
ISS Facility Services, Denmark	-13.4	–	-13.4	–	13.4	0.0	–	13.4	–	13.4
Rentsec and Vamsa, South Africa[3]	-4.9	4.0	-0.9	42.3	18.0	-59.4	–	0.9	–	0.9
Tehnomobil, Croatia[3]	-20.8	-0.6	-21.4	44.2	23.7	-46.5	–	21.4	–	21.4
Other acquisitions and adjustments[1, 3]	-196.6	13.8	-182.8	48.0	22.7	90.7	29.4	190.8	-8.0[4]	182.8
Total acquisitions	**-256.7**	**17.2**	**-239.5**	**150.9**	**130.6**	**-63.4**	**29.4**	**247.5**	**-8.0**	**239.5**
Liquid funds according to acquisition analyses	19.4									
Total effect on Group's liquid funds	**-237.3**									

1 Related to other acquisitions for the period and updated previous year acquisition calculations for the following entities: Omniwatch, the USA, Force Security (contract portfolio), Nyx and Seccredo, Sweden, ISS (contract portfolio), PSS and Vaktvesenet, Norway, Sec Consulting (contract portfolio) and EF Sikring (contract portfolio), Denmark, Silvania (contract portfolio), Finland, NEO and Sectrans, France, RLH (contract portfolio) and IDA (contract portfolio), Austria, UwHuisVeilig, the Netherlands, IBBC, Nordserwis and Trezor (contract portfolio), Poland, Zvonimir Security, Ozon Projekt and Sigurnost Buzov, Croatia, Brink's Guarding, Morocco, Chillida Sistemas de Seguridad, Spain, Federal Resguard and Trailback, Argentina, Vip (contract portfolio) and ISP (contract portfolio), Uruguay, Risk Control, Peru, CSS Internacional, Costa Rica, European Safety Concepts, Thailand, Security Alliance Limited, Hong Kong, Legend Group, Singapore, PT Environmental Indokarya, Indonesia, Securitas Egypt, Egypt and Top Security (contract portfolio), South Africa. Related also to deferred considerations paid in the USA, Sweden, Norway, Denmark, Germany, France, Switzerland, Croatia, Turkey, Spain, Argentina, Uruguay, Ecuador, Costa Rica, Hong Kong, Singapore, Cambodia and South Africa.

2 Goodwill that is expected to be tax deductible amounts to MSEK 14.0.

3 Deferred considerations have been recognized mainly based on an assessment of the future profitability development in the acquired entities for an agreed period. The net of new deferred considerations, payments made from previously recognized deferred considerations and revaluation of deferred considerations was MSEK -14.8. Total deferred considerations, short-term and long-term, in the Group's balance sheet amount to MSEK 531.9.

4 Income statement amounts to MSEK -9.9 and retained earnings to MSEK 1.9.

Selectron, Uruguay

Securitas has acquired all shares in the monitoring and installation company Selectron in Uruguay. Selectron has 90 employees. The company has a strong presence in the financial and retail customer segments. The company had at the time of acquisition projected annual sales of approximately MSEK 27. Goodwill, which amounts to MSEK 13.8, is mainly related to geographical coverage and operational expansion.

ACQUISITION OF THE BUSINESS IN SELECTRON

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE FEBRUARY 1, 2013

MSEK	Fair value acquisition balance
Operating non-current assets	1.1
Accounts receivable	2.6
Other assets	3.6
Other liabilities	-16.4
Total operating capital employed	**-9.1**
Goodwill from the acquisition	13.8
Acquisition related intangible assets	7.7
Total capital employed	**12.4**
Net debt	0.0
Total acquired net assets	**12.4**

Purchase price paid	-12.4
Liquid funds in accordance with acquisition analysis	0.0
Total impact on the Group's liquid funds	**-12.4**

All the shares in Selectron were acquired. The acquisition has contributed to total sales with MSEK 20.5 and to net income for the year with MSEK -0.2. The acquisition would, if it had been consolidated from January 1, 2013, have contributed to total sales with MSEK 25.4 and to net income for the year with MSEK 0.0.
Transaction costs amounts to MSEK 0.4.
Deferred consideration amounts to MSEK 8.3 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is the maximum amount of the final outcome of the payment.
Goodwill that is expected to be tax deductible amounts to MSEK 13.8.

ISS Facility Services, the Netherlands

Securitas has acquired the commercial security services business contracts and assets of ISS Facility Services in the Netherlands. ISS' security services operation in the Netherlands has 800 employees. The business had at the time of acquisition projected annual sales of approximately MSEK 315. Goodwill, which amounts to MSEK 2.6, is mainly related to synergies.

ACQUISITION OF THE BUSINESS IN ISS FACILITY SERVICES

SUMMARY BALANCE SHEET AS OF ACQUISITION DATE JULY 5, 2013

MSEK	Fair value acquisition balance
Operating non-current assets	–
Accounts receivable	–
Other assets	3.3
Other liabilities	-42.4
Total operating capital employed	**-39.1**
Goodwill from the acquisition	2.6
Acquisition related intangible assets	45.1
Total capital employed	**8.6**
Net debt	–
Total acquired net assets	**8.6**

Purchase price paid	-8.6
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**-8.6**

The commercial security services business contracts and net assets of ISS Facility Services were acquired.
The acquisition has contributed to total sales with MSEK 156.7 and to net income for the year with MSEK 3.5. The acquisition would, if it had been consolidated from January 1, 2013, have contributed to total sales with MSEK 311.0 and to net income for the year with MSEK 7.0.
Transaction costs amounts to MSEK 4.0.

ISS Facility Services, Denmark

Securitas has acquired the commercial security services business contracts and assets and some stand-alone receptionist services of ISS Facility Services in Denmark with approximately 50 employees. The business had at the time of acquisition projected annual sales of approximately MSEK 30.

ACQUISITION OF THE BUSINESS IN ISS FACILITY SERVICES
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE SEPTEMBER 1, 2013

MSEK	Fair value acquisition balance
Operating non-current assets	–
Accounts receivable	–
Other assets	1.1
Other liabilities	-1.1
Total operating capital employed	**0.0**
Goodwill from the acquisition	–
Acquisition related intangible assets	13.4
Total capital employed	**13.4**
Net debt	–
Total acquired net assets	**13.4**
Purchase price paid	-13.4
Liquid funds in accordance with acquisition analysis	–
Total impact on the Group's liquid funds	**-13.4**

The commercial security services business contracts and net assets of ISS Facility Services were acquired.
The acquisition has contributed to total sales with MSEK 9.2 and to net income for the year with MSEK -0.6. The acquisition would, if it had been consolidated from January 1, 2013, have contributed to total sales with MSEK 27.7 and to net income for the year with MSEK 0.0.
Transaction costs amounts to MSEK 0.4.

Rentsec and Vamsa, South Africa

Securitas has acquired all shares in the security solutions companies Rentsec and Vamsa in South Africa with 50 employees. The companies focus on remote video surveillance and strengthen Securitas position in South Africa as an integrated security solutions provider. The companies had at the time of acquisition projected annual sales of approximately MSEK 25. Goodwill, which amounts to MSEK 42.3, is mainly related to operational expansion.

ACQUISITION OF THE BUSINESS IN RENTSEC AND VAMSA
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE OCTOBER 1, 2013

MSEK	Fair value acquisition balance
Operating non-current assets	0.2
Accounts receivable	2.0
Other assets	0.0
Other liabilities	-61.6
Total operating capital employed	**-59.4**
Goodwill from the acquisition	42.3
Acquisition related intangible assets	18.0
Total capital employed	**0.9**
Net debt	4.0
Total acquired net assets	**4.9**
Purchase price paid	-4.9
Liquid funds in accordance with acquisition analysis	4.0
Total impact on the Group's liquid funds	**-0.9**

All the shares in Rentsec and Vamsa were acquired.
The acquisition has contributed to total sales with MSEK 6.9 and to net income for the year with MSEK 3.5. The acquisition would, if it had been consolidated from January 1, 2013, have contributed to total sales with MSEK 27.9 and to net income for the year with MSEK 4.6.
Accounts receivable includes items not expected to be collected amounting to MSEK 0.2.
Transaction costs amounts to MSEK 0.6.
Deferred consideration amounts to MSEK 50.8 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas' best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired company and the final outcome of the payment may consequently exceed the estimated amount.

Tehnomobil, Croatia

Securitas has acquired 65 percent of the shares in the security solutions company Tehnomobil in Croatia. The purchase of the remaining 35 percent of the shares is agreed to take place at the end of 2015. Tehnomobil has 60 employees. The company is the largest integrator of security systems in Croatia and offers a wide range of technical services, such as video surveillance, fire and gas detections, intrusion detection, access control and parking systems. Tehnomobil has a national footprint, with the head office in Zagreb. The company had at the time of acquisition projected annual sales of approximately MSEK 65. Goodwill, which amounts to MSEK 44.2, is mainly related to operational expansion.

ACQUISITION OF THE BUSINESS IN TEHNOMOBIL
SUMMARY BALANCE SHEET AS OF ACQUISITION DATE NOVEMBER 1, 2013

MSEK	Fair value acquisition balance
Operating non-current assets	0.6
Accounts receivable	10.1
Other assets	11.3
Other liabilities	-68.5
Total operating capital employed	**-46.5**
Goodwill from the acquisition	44.2
Acquisition related intangible assets	23.7
Total capital employed	**21.4**
Net debt	-0.6
Total acquired net assets	**20.8**
Purchase price paid	-20.8
Liquid funds in accordance with acquisition analysis	0.5
Total impact on the Group's liquid funds	**-20.3**

65 percent of the shares in Tehnomobil were acquired. No non-controlling interests have been accounted for since Securitas has an option to buy the remaining shares and the seller has an option to sell the remaining shares. Consequently, 100 percent of the company is consolidated.
The acquisition has contributed to total sales with MSEK 12.8 and to net income for the year with MSEK 2.4. The acquisition would, if it had been consolidated from January 1, 2013, have contributed to total sales with MSEK 59.3 and to net income for the year with MSEK 0.7.
Accounts receivable includes items not expected to be collected amounting to MSEK 12.7.
Transaction costs amounts to MSEK 0.7.
Deferred consideration amounts to MSEK 45.5 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas' best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired company and the final outcome of the payment may consequently exceed the estimated amount.

OTHER ACQUISITIONS AND ADJUSTMENTS
SUMMARY BALANCE SHEET

MSEK	Fair value acquisition balance
Operating non-current assets	-1.1
Accounts receivable	-3.7
Other assets	3.4
Other liabilities[1]	92.1
Total operating capital employed	**90.7**
Goodwill from the acquisition[2]	48.0
Acquisition related intangible assets[3]	22.7
Shares in associated companies	29.4
Total capital employed	**190.8**
Net debt	13.8
Total acquired net assets[4]	**204.6**
Purchase price paid[4]	-196.6
Liquid funds in accordance with acquisition analysis	14.9
Total impact on the Group's liquid funds	**-181.7**

1 Mainly related to payments of deferred considerations for Seccredo, Sweden and Videco, Argentina.
2 Mainly related to update of the acquisition calculation for Federal Resguard, Argentina and Top Security, South Africa and acquisition of the business in Nyx, Sweden and IBBC, Poland.
3 Mainly related to acquisition of contract portfolios in EF Sikring, Denmark and Security Alliance Limited, Hong Kong.
4 Purchase price paid differs to total acquired net assets due to revaluation of deferred consideration of MSEK -9.9 and transactions with non-controlling interests of MSEK 1.9.
Transaction costs amounts to MSEK 4.8.
Deferred consideration for acquisitions made during 2013 amounts to MSEK 19.4 and has been recognized mainly based on assessment of the future profitability development for an agreed period. The recognized amount is Securitas´ best estimate of the final outcome. Thus, no estimate of the range of outcomes has been calculated. Deferred consideration is linked to the future development of profitability in the acquired companies and the final outcome of the payment may consequently exceed the estimated amount.
Goodwill that is expected to be tax deductible amounts to MSEK 0.2.

Impairment testing

For the purpose of impairment testing, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Unit), that is, per country in a segment.

GOODWILL AS PER DECEMBER 31, 2011–2013 IS DISTRIBUTED PER SEGMENT AS FOLLOWS:

MSEK	2013	2012[1]	2011[1]
Security Services North America	5 976.3	6 031.5	6 370.6
Security Services Europe	6 687.0	6 482.8	6 649.3
Security Services Ibero-America	1 449.6	1 562.2	1 508.6
Other	249.0	198.9	198.9
Total goodwill	**14 361.9**	**14 275.4**	**14 727.4**

1 The comparatives have been restated due to the organizational changes that took place in the Group as of January 1, 2013. Further information is provided in note 9.

Goodwill is tested on an annual basis for possible impairment. Securitas also carries out impairment testing for other intangible assets for which there is an indefinite useful life. Currently these assets are limited to MSEK 15.9 (15.9 and 15.9) and relates to the consideration paid for the brand Securitas in one of the Group's countries of operations. The annual impairment test of all Cash Generating Units (CGUs), which is required under IFRS, took place during the third quarter 2013 in conjunction with the business plan process for 2014. During this year's assessment a total number of 53 CGUs were tested for impairment of goodwill.

Value in use is measured as expected future discounted cash flows and is based upon a maximum of three steps: Gordon growth model* and a five or ten year discounted cash flow model. The purpose of using the Gordon growth model is to exclude any CGU that even with this simplified methodology will pass the impairment test, in order to proceed with an in-depth analysis of the remaining CGUs with a carrying amount that exceeds the recoverable amount when employing this simplified model. In addition to this, units whose carrying amount is less than the recoverable amount by a small margin and/or whose financial plans are regarded to be more uncertain will also be a subject of an in-depth analysis. In this subsequent step the cash flows have been calculated based on financial plans developed in each country. The financial plans are built upon the regular business plan for the next financial year which has been ascertained by Group Management and have been presented to the Board of Directors. These financial plans normally cover a forecasted period of five years and include the organic sales growth, the development of operating margin, and changes in the level of operating capital employed. Cash flows beyond the five year forecast have been extrapolated using an estimated growth rate of 2–5 percent for all countries.

A long-term growth rate of 2 percent for guarding services in mature markets is at present regarded as being a reasonable estimate in view of the business areas' historical organic growth rate and also taking into consideration external estimates of the future: Freedonia for example, estimates that the market for guarding services in Europe will grow at an average rate of some 4 percent per annum during the period 2011 to 2021. The corresponding figure for the North America market is around 6 percent. The market for integrated security solutions is estimated to grow faster than traditional guarding. In developing markets such as the Middle East, Africa, Asia, Latin America and Eastern Europe the growth rate is estimated at 5 percent.

The estimate for the value in use is based on assumptions and estimates in addition to the estimated growth after the forecasted period. The most significant of these relate to the organic sales growth, the development of the operating margin, the change in operating capital employed as well as the relevant WACC (Weighted Average Cost of Capital) rate used to discount the future cash flows. These assumptions and judgments are also based on financial plans developed in each country and business segment and are built upon the regular business plan for the next financial year which has been ascertained by Group Management and presented to the Board of Directors. In addition to this, the assumptions and judgments are based on each country's and each line of business' growth and profitability level. The assumptions are also verified by reviewing external sources such as Freedonia. Assumptions relating to WACC are calculated locally meaning that both risk free rate of return and the implicit risk premium are local.

THE ASSUMPTIONS AND ESTIMATES THAT HAVE FORMED THE BASE FOR THE IMPAIRMENT TESTING ARE SHOWN IN SUMMARY AND BY SEGMENT ACCORDING TO THE FOLLOWING:

	Estimated growth rate beyond forecasted period, %	*WACC, %*
2013		
Security Services North America[3]	*2.0*	*6.4–9.7*
Security Services Europe[3]	*2.0*	*5.2–14.0*
Security Services Ibero-America	*2.0–5.0*	*5.9–22.0*
Other[1]	*2.0–5.0*	*6.3–17.0*
2012[2]		
Security Services North America[3]	*2.0*	*6.2–9.8*
Security Services Europe[3]	*2.0*	*5.4–13.5*
Security Services Ibero-America	*2.0–3.0*	*6.2–19.7*
Other[1]	*2.0–3.0*	*5.8–19.0*
2011[2]		
Security Services North America	*2.0*	*6.5–9.2*
Security Services Europe	*2.0*	*5.5–13.9*
Security Services Ibero-America	*2.0*	*6.4–10.6*
Other[1]	*2.0*	*5.9–14.4*

1 The operations in the Middle East, Asia and Africa are included in Other.
2 The comparatives have been restated due to the organizational changes that took place in the Group as of January 1, 2013. Further information is provided in note 9.
3 Mexico and Eastern Europe is considered to have a higher growth rate beyond forecasted period (2.0-5.0%). These regions represent a minority of the respective segments, hence the growth rate of the segments are reported as 2.0%.

The annual impairment test showed that none of the CGUs tested for impairment had a carrying amount that exceeded the recoverable amount. During this year's assessment seven CGUs in Security Services Europe, two CGUs in Security Services Ibero-America and ten CGUs in the segment Other were tested in accordance to an in-depth analysis. Consequently no impairment losses have been recognized in 2013. In 2012, impairment losses of goodwill and other acquisition related intangible assets amounting to MSEK -26 were recognized.

The following sensitivity analyses have been made of the estimates of value in use in connection with impairment testing, assumption by assumption: general reduction of 1 percentage point in the organic sales growth rate during the forecasting period; general reduction of 0.5 percentage points in the operating margin; general increase of 0.5 percentage points in the WACC and general decrease of the estimated growth after the forecasted period by 0.5 percentage points. A sensitivity analysis for changes in the assumptions used in the impairment testing has only been established for the units that were tested in accordance with the in-depth analysis of a five or ten year discounted cash flow model. The rationale is that the first step in the test is based on Gordon growth model, which is only employed to exclude the number of units that require an in-depth analysis and the model itself does not incorporate the financial plan that has been adopted for the forecasting period.

The sensitivity analyses showed that, among the CGUs that are valued in accordance with a five or ten year discounted cash flow model, a reduction of the organic sales growth by 1 percentage point during the forecasting period would result in an impairment loss of goodwill of totally MSEK 0. A reduction of 0.5 percentage points in the operating margin would result in an impairment loss of goodwill of MSEK -19 for one CGU in Security Services Europe. An increase in the WACC of 0.5 percentage points would result in an impairment loss of goodwill of totally MSEK 0. A general decrease of the estimated growth after the forecasted period by 0.5 percentage points would result in an impairment loss of goodwill of totally MSEK 0. Aside from this, the sensitivity analyses showed that none of the adjustments stand alone would result in an impairment loss in any CGU.

* Gordon's growth model is the geometrical sum of the eternal future cash flows, which are used to determine the terminal value in a discounted cash flow model. The model is less sophisticated than a five or ten year discounted cash flow model as it excludes the forecasting period.

NOTE 17 *Goodwill*[1]

MSEK	2013	2012	2011
Opening balance	14 617.6	15 066.4	13 681.4
Capital expenditures	150.9	262.0	1 410.3
Translation difference	-51.6	-710.8	-25.3
Closing accumulated balance	**14 716.9**	**14 617.6**	**15 066.4**
Opening impairment losses	-342.2	-339.0	-342.6
Impairment losses for the year	–	-15.9	–
Translation difference	-12.8	12.7	3.6
Closing accumulated impairment losses	**-355.0**	**-342.2**	**-339.0**
Closing residual value	**14 361.9**	**14 275.4**	**14 727.4**

1 Information regarding impairment testing is provided in note 16.

NOTE 18 *Acquisition related intangible assets*[1]

MSEK	2013	2012	2011
Opening balance	2 348.8	2 239.5	1 555.9
Capital expenditures	130.6	282.8	705.4
Derecognition of fully amortized assets[2]	-4.5	-22.7	-7.5
Translation difference	-55.4	-150.8	-14.3
Closing accumulated balance	**2 419.5**	**2 348.8**	**2 239.5**
Opening amortization	-837.3	-665.4	-459.4
Reversal of amortization on derecognized assets[2]	4.5	22.7	7.5
Amortization for the year	-273.7	-271.6	-218.2
Translation difference	12.6	77.0	4.7
Closing accumulated amortization	**-1 093.9**	**-837.3**	**-665.4**
Opening impairment losses	-9.6	–	–
Impairment losses for the year	–	-9.6	–
Translation difference	-0.4	–	–
Closing accumulated impairment losses	**-10.0**	**-9.6**	**–**
Closing residual value	**1 315.6**	**1 501.9**	**1 574.1**

1 The balance consists mainly of contract portfolios and related customer relations.
2 The Group derecognizes fully amortized acquisition related intangible assets if a reliable estimate of future cash flows cannot be established. The net impact of such derecognition on the closing residual value is nil.

NOTE 19 *Other intangible assets*

	Software licenses			Other intangible assets[1]		
MSEK	2013	2012	2011	2013	2012	2011
Opening balance	733.8	697.7	633.8	276.5	223.2	148.9
Acquisitions	1.5	1.7	4.8	-1.2	0.4	2.7
Capital expenditures	80.2	98.0	70.2	26.3	59.7	67.3
Disposals/write-offs	-15.6	-40.2	-2.7	-54.9	-0.7	–
Reclassification	-19.7	-4.4	-1.1	-69.6	-0.9	5.3
Translation difference	11.2	-19.0	-7.3	5.4	-5.2	-1.0
Closing accumulated balance	**791.4**	**733.8**	**697.7**	**182.5**	**276.5**	**223.2**
Opening amortization	-493.7	-473.2	-421.2	-148.5	-117.2	-89.1
Acquisitions	-1.5	-2.1	-1.4	0.4	0.1	-1.0
Disposals/write-offs	10.0	26.2	2.3	20.0	0.1	–
Reclassification	9.3	–	0.0	69.6	–	-1.5
Amortization for the year	-63.7	-59.3	-58.6	-36.3	-34.9	-26.5
Translation difference	-10.9	14.7	5.7	-3.4	3.4	0.9
Closing accumulated amortization	**-550.5**	**-493.7**	**-473.2**	**-98.2**	**-148.5**	**-117.2**
Closing residual value	**240.9**	**240.1**	**224.5**	**84.3**	**128.0**	**106.0**

1 Mainly related to individual customer contracts within Security Services Europe.
Furthermore the brand name Securitas in one of the Group's countries of operations is included with MSEK 15.9 (15.9 and 15.9).

NOTE 20 *Tangible non-current assets*

	Buildings and land[1,3]			Machinery and equipment[2,3]		
MSEK	2013	2012	2011	2013	2012	2011
Opening balance	630.7	650.9	633.0	7 888.9	7 616.8	7 006.0
Acquisitions	–	1.6	32.0	8.5	26.6	127.4
Capital expenditures	4.6	2.0	1.3	878.8	997.3	943.0
Disposals/write-offs	-4.5	-0.2	-3.8	-694.5	-564.6	-417.9
Reclassification	-3.5	-0.1	-3.9	29.5	5.1	-0.3
Translation difference	17.3	-23.5	-7.7	12.3	-192.3	-41.4
Closing accumulated balance	**644.6**	**630.7**	**650.9**	**8 123.5**	**7 888.9**	**7 616.8**
Opening depreciation	-294.8	-291.4	-277.6	-5 830.0	-5 596.7	-5 059.5
Acquisitions	–	–	-4.4	-6.9	-12.4	-84.5
Disposals/write-offs	0.2	0.1	1.5	540.7	467.2	332.7
Reclassification	0.0	0.1	0.2	-9.8	-1.3	-0.7
Depreciation for the year	-13.0	-13.1	-14.1	-832.6	-838.8	-802.8
Translation difference	-8.8	9.5	3.0	-25.9	152.0	18.1
Closing accumulated depreciation	**-316.4**	**-294.8**	**-291.4**	**-6 164.5**	**-5 830.0**	**-5 596.7**
Opening impairment losses	-17.1	-17.8	-18.0	–	–	–
Translation difference	-0.7	0.7	0.2	–	–	–
Closing accumulated impairment losses	**-17.8**	**-17.1**	**-17.8**	**–**	**–**	**–**
Closing residual value	**310.4**	**318.8**	**341.7**	**1 959.0**	**2 058.9**	**2 020.1**

1 The closing residual value of land included in buildings and land above was MSEK 60.2 (62.7 and 49.9).
2 Machinery and equipment comprises vehicles, equipment, security equipment (including alarm systems) and IT and telecom equipment.
3 Of which closing residual value under finance leases for buildings and land MSEK 0.0 (0.0 and 0.0) and for machinery and equipment MSEK 77.1 (83.6 and 86.8).

NOTE 21 *Shares in associated companies[1]*

MSEK	2013	2012	2011
Opening balance	108.0	108.2	125.6
Purchase price/investment	32.6	–	–
Share in income of associated companies	4.4	2.7	-2.4
Dividend	-2.6	-2.9	–
Reclassification	–	8.4	–
Translation differences	-9.7	-8.4	-15.0
Closing balance[2]	**132.7**	**108.0**	**108.2**

1 A complete specification of associated companies can be obtained from the Parent Company.
2 Of which goodwill MSEK 115.9 (95.3 and 103.1) and acquisition related intangible assets MSEK 3.5 (4.6 and 5.9).

HOLDINGS 2011–2013

			MSEK		Attributable to the Group	
Company	Domicile	*Share of capital, %*	Assets	Liabilities	Sales	Net income
Holdings 2013						
Long Hai Security Services Joint Stock Company	Ho Chi Minh City	*49*	8.9	4.2	30.8	2.2
Walsons Services Pvt Ltd	Delhi	*49*	40.5	35.8	128.8	1.6
Other holdings	–	*17–49*	12.7	7.2	28.8	0.6
Holdings 2012						
Long Hai Security Services Joint Stock Company	Ho Chi Minh City	*49*	10.9	2.5	31.5	2.5
Walsons Services Pvt Ltd	Delhi	*49*	41.5	38.3	130.7	0.2
Holdings 2011						
Long Hai Security Services Joint Stock Company	Ho Chi Minh City	*49*	7.9	1.0	25.6	1.9
Walsons Services Pvt Ltd	Delhi	*49*	50.4	47.5	118.4	-4.3

NOTE 22 Interest-bearing financial non-current assets[1]

MSEK	2013	2012	2011
Derivatives with positive fair value, long-term			
Derivatives in fair value hedges[2]	41.6	91.3	33.6
Derivatives in cash flow hedges[2]	0.3	–	–
Total derivatives with positive fair value, long-term	**41.9**	**91.3**	**33.6**
Other items[3]	109.0	133.0	155.9
Total interest-bearing financial non-current assets	**150.9**	**224.3**	**189.5**

1 Further information regarding financial instruments is provided in note 6.
2 Related to derivatives designated for hedging.
3 Related to loans and receivables.

NOTE 23 Other long-term receivables

MSEK	2013	2012	2011
Pension balances, defined contribution plans[1]	86.9	82.6	74.3
Pension balances, defined benefit plans[2]	7.0	–	–
Reimbursement rights[3]	143.7	182.4	130.7
Other long-term receivables	368.0	363.9	329.2
Total other long-term receivables	**605.6**	**628.9**	**534.2**

1 Refers to assets relating to insured pension plans excluding social benefits.
2 Refers to assets related to pensions and other long-term employee benefit plans. Further information is provided in note 31.
3 Refers to assets relating to defined benefit pension plans where compensation is received from another party.

NOTE 24 Inventories

MSEK	2013	2012	2011
Material and consumables	113.6	93.9	60.4
Work in progress	9.3	5.2	2.3
Advance payments to suppliers	8.2	17.6	5.5
Total inventories	**131.1**	**116.7**	**68.2**

NOTE 25 Accounts receivable

MSEK	2013	2012	2011
Accounts receivable before deduction of provisions for bad debt losses	10 165.2	10 964.7	11 384.3
Provisions for bad debt losses	-488.8	-474.6	-419.3
Total accounts receivable	**9 676.4**	**10 490.1**	**10 965.0**
Opening balance provision for bad debt losses	-474.6	-419.3	-344.7
Provision for expected losses	-113.2	-206.9	-169.7
Reversed provisions	32.9	79.5	59.0
Actual losses	84.9	76.2	41.2
Increases due to acquisitions	-10.7	-18.4	-10.8
Decreases due to disposals	–	–	1.0
Translation differences	-8.1	14.3	4.7
Closing balance provision for bad debt losses[1]	**-488.8**	**-474.6**	**-419.3**

1 Expenses for bad debt losses amounted to MSEK 78.0 (121.9 and 105.1).

NOTE 26 Other current receivables

MSEK	2013	2012	2011
Prepaid expenses and accrued income	1 879.7	1 041.4	1 078.7
Insurance-related receivables	13.2	17.1	18.8
Value added tax	102.7	115.0	78.0
Other items	416.5	330.0	288.5
Total other current receivables	**2 412.1**	**1 503.5**	**1 464.0**

NOTE 27 Other interest-bearing current assets[1]

MSEK	2013	2012	2011
Derivatives with positive fair value, short-term			
Derivatives in fair value hedges[2]	–	10.7	–
Other derivative positions[3]	59.5	105.6	19.6
Total other interest-bearing current assets	**59.5**	**116.3**	**19.6**

1 Further information regarding financial instruments is provided in note 6.
2 Related to derivatives designated for hedging.
3 Related to financial assets at fair value through profit or loss.

NOTE 28 Liquid funds[1]

MSEK	2013	2012	2011
Short-term investments[2]	2 827.8	3 690.2	1 290.7
Cash and bank deposits[3]	1 222.0	1 190.5	1 216.7
Total liquid funds	**4 049.8**	**4 880.7**	**2 507.4**

1 Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits.
2 Short-term investments refer to fixed interest rate bank deposits.
3 The net position in Group country cash-pool accounts is reported as cash and bank deposits where netting reflects the legal structure of the arrangement.

NOTE 29 Shareholders' equity

Number of shares outstanding December 31, 2013

			MSEK
Series A	17 142 600	each share with a quota value of SEK 1.00	17.1
Series B	347 916 297	each share with a quota value of SEK 1.00	348.0
Total	**365 058 897**		**365.1**

The number of Series A and Series B shares is unchanged in relation to December 31, 2012 and 2011. As of December 31, 2013 there were no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carries ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Gustaf Douglas, who through family and the companies within the Investment AB Latour Group and Förvaltnings AB Wasatornet holds 10.9 percent of the capital and 29.6 percent of the votes, and Melker Schörling, who through family and Melker Schörling AB holds 5.6 percent of the capital and 11.8 percent of the votes.

Dividend

The Board of Directors propose a dividend to the shareholders of the Parent Company of SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2012, which was paid in 2013, was SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2011, which was paid in 2012, was SEK 3.00 per share, or a total of MSEK 1 095.2.

Presentation of shareholders' equity

According to IAS 1 a company should as a minimum present issued capital and other reserves in the balance sheet. Securitas has chosen to specify shareholders' equity into further components as per below:

- Share capital
- Other capital contributed
- Other reserves
- Retained earnings

Share capital shows the registered share capital of the Parent Company. There were no changes in the share capital in 2013.

In other capital contributed, the total amount of all transactions Securitas AB has had with its shareholders is included. Transactions that have taken place with shareholders are issued capital to premium. The amount presented in this sub-component corresponds to capital received (reduced by commission costs) in excess of par value of issued capital. There were no changes in other capital contributed in 2013.

Other reserves show income and expense items that according to certain standards should be recognized in other comprehensive income. In the case of Securitas, other reserves consist of translation differences attributable to the translation of foreign subsidiaries according to IAS 21, and of the hedging reserve of cash flow hedges. The amount in the hedging reserve will be transferred to the statement of income over the following three years.

Retained earnings corresponds to the accumulated profits earned and losses incurred in total for the Group. Retained earnings also include effects of the Group's share-based incentive scheme as well as remeasurements of post-employment benefits posted in other comprehensive income. Retained earnings are further reduced by dividend paid to shareholders of the Parent Company. Transactions with non-controlling interests are also recorded in retained earnings.

Share-based incentive scheme

Share-based remuneration for the Group's participants in the share-based incentive scheme 2013 is accounted for as an increase of retained earnings of MSEK 63.0 (56.1 and 53.7). A swap agreement, hedging the share portion of the Group's share-based incentive scheme 2012, is accounted for as a reduction of retained earnings of MSEK -52.7. The number of shares that have been hedged in this swap agreement amount to a total of 859 579 and have been allotted to the participants during the first quarter 2014, provided that they were still employed by the Group at that time.

NOTE 30 *Long-term liabilities excluding provisions*[1]

MSEK	2013	2012	2011
EMTN Nom MEUR 350, 2013/2021, Annual 2.625%[2]	3 091.0	–	–
EMTN Nom MEUR 350, 2012/2017, Annual 2.75%[2]	3 117.1	3 011.5	–
EMTN Nom MEUR 300, 2012/2018, Annual 2.25%[2]	2 673.6	2 612.8	–
EMTN Nom MSEK 600, 2012/2015, FRN Quarterly[2]	599.8	599.6	–
EMTN Nom MSEK 400, 2012/2015, Annual 3.45%[2]	402.5	405.9	–
EMTN Nom MEUR 45, 2009/2014, FRN Quarterly[2]	–	386.4	401.5
EMTN Nom MEUR 500, 2009/2013, Annual 6.50% Fixed[2]	–	–	4 484.8
EMTN Nom MSEK 500, 2010/2014, FRN Quarterly[2]	–	499.2	498.7
EMTN Nom MSEK 500, 2010/2014, FRN Semi Annual[2]	–	499.6	499.3
EMTN Nom MSEK 1 000, 2011/2013, FRN Quarterly[2]	–	–	999.8
EMTN Nom MUSD 62, 2010/2015, FRN Semi Annual[2]	400.8	404.0	427.3
EMTN Nom MUSD 40, 2010/2015, FRN Semi Annual[2]	258.6	260.6	275.7
EMTN Nom MUSD 50, 2011/2018, FRN Quarterly[2]	323.0	325.5	344.6
EMTN Nom MUSD 85, 2013/2019, FRN Quarterly[2]	548.7	–	–
Finance leases	30.8	35.7	38.8
Other long-term loans[3]	56.2	55.7	589.8
Total long-term loan liabilities excluding derivatives	**11 502.1**	**9 096.5**	**8 560.3**
Derivatives with negative fair value, long-term			
Derivatives in fair value hedges[4]	7.0	–	–
Derivatives in cash flow hedges[4]	0.7	3.4	16.5
Total derivatives with negative fair value, long-term	**7.7**	**3.4**	**16.5**
Total long-term loan liabilities	**11 509.8**	**9 099.9**	**8 576.8**
Pensions balances, defined contribution plans[5]	86.9	82.6	74.3
Deferred considerations[6]	390.3	319.5	439.4
Other long-term liabilities	10.1	7.2	18.4
Total other long-term liabilities	**487.3**	**409.3**	**532.1**
Total long-term liabilities	**11 997.1**	**9 509.2**	**9 108.9**

1 For further information regarding financial instruments, refer to note 6.
2 Issued by the Parent Company.
3 Other long-term loans for 2011 include drawings under the 2016 Multi Currency Revolving Credit Facility.
4 Related to derivatives designated for hedging.
5 Refers to liability for insured pension plan excluding social costs.
6 Recognized at fair value.

LONG-TERM LIABILITIES FALL DUE FOR PAYMENT AS FOLLOWS:

MSEK	2013	2012	2011
Maturity < 5 years	8 125.0	6 360.9	8 921.4
Maturity > 5 years	3 872.1	3 148.3	187.5
Total long-term liabilities	**11 997.1**	**9 509.2**	**9 108.9**

NOTE 31 *Provisions for pensions and similar commitments*

Overview

The Group operates or participates in a number of defined benefit and defined contribution pension and other long-term employee benefit plans throughout the world. These plans are structured in accordance with local rules and practices.

The table below provides an overview of the Group's defined benefit plans.

DECEMBER 31, 2013

MSEK	Defined benefit obligation	%	Plan assets	%	Pension cost	%	Employer contributions	%
USA	1 286.1	*40*	880.5	*41*	24.1	*18*	41.8	*25*
Switzerland	648.5	*20*	645.9	*30*	66.3	*50*	36.2	*21*
Norway	486.4	*15*	364.8	*17*	22.9	*17*	38.3	*23*
Other countries[1]	769.8	*25*	282.0	*12*	20.1	*15*	52.5	*31*
Total	**3 190.8**	***100***	**2 173.2**	***100***	**133.4**	***100***	**168.8**	***100***

1 In total 16 countries.

The table below shows a specification of the members in the Group's significant defined benefit plans, the plans' duration and life expectancy for the members.

DECEMBER 31, 2013

	USA	Switzerland	Norway
Active members	239	1 434	537
Deferred members	2 586	–	–
Pensioner members	4 327	133	541
Total number of members	**7 152**	**1 567**	**1 078**
Duration of plans (years)	9	13	30
Number of years current pensioners are expected to live beyond age 65:			
Men	19	19	20
Women	21	21	23
Number of years future pensioners currently aged 45 are expected to live beyond age 65:			
Men	21	17	19
Women	22	20	22

The Group's significant defined benefit plans are described below.

USA

The Group's U.S. operations participate in two defined benefit pension plans as the named plan sponsor. One of these plans is funded and the other is unfunded. Both plans are closed to new entrants and any future benefit accrual.

The benefits provided constitute pension payments to previous employees and their spouses in the form of annuities or lump sums. The particulars of the benefits and the benefit calculations depend on the original plan to which the plan participant belonged as the current funded plan is an amalgamation of several previous pension plans. The unfunded plan is constituted by a formally adopted and documented plan plus some individual arrangements that, for the purpose of this disclosure, are treated as one plan. In general the benefits are monthly pensions based on earnings and years of service. These benefits are defined with the only uncertainties being how long they will be paid, whether benefits will be paid as a lump sum versus annuity and in the case of the funded plan also regarding investment return. Plan contributions are determined annually.

Both pension plans are governed by the Executive Compensation and Benefits Review Committee (ECBRC) which is made up of local Securitas U.S. management representatives. Administration is outsourced to an external service provider. Since the U.S. pension plans are closed to new entrants and any future benefit accrual and are in a run-off mode, a liability matching approach has been adopted by the EBRC in order to de-risk the funded plan. The strategy started to be implemented in 2010. As the funding target attainment percentage increases, this results in a shift from growth assets, such as equities, into fixed income investments. Independent investment managers are utilized and evaluated by independent investment advisors. A pooling of assets with those of other plans has also been implemented in order to reduce the cost. The pension plans are covered under the U.S. Employee Retirement Income Security Act of 1974 (ERISA). Various parts of the ERISA legislation are governed by the Department of Labor, the Internal Revenue Service and the Department of Treasury. The funded plan also pays contributions to the Pension Benefit Guaranty Corporation which insures private pension plans in the case the sponsor defaults.

The latest funding valuation was carried out on January 1, 2013 and resulted in a funding target attainment of 91 percent based on a defined benefit obligation for funding purposes of MUSD 147 and plan assets for funding purposes of MUSD 134. Book value for the defined benefit obligation for the unfunded plan was MUSD 32 as of December 31, 2013.

The U.S. operations also participate in a defined contribution plan, generally known as a 401(k) plan. There are also a few multi-employer plans, which are governed by collective bargaining agreements. These plans, in most cases, require the employees to contribute to the plan, typically with the employee contributions being partially matched by the employer. In relation to the overall workforce the take up rates are generally low, with voluntary participation rates of approximately five percent. In the federal government sector, Securitas' subsidiary participates on a modified basis, subject to special rules, in the same 401(k). Securitas' subsidiary in the federal government sector also participates in a few union-sponsored defined contribution plans of a similar type at specific locations. Due to the provisions of the federal Service Contract Act under which Securitas' subsidiary in the federal government sector operates, hourly allowances must be paid to employees that can be used for various elected benefits, such as health and disability, with unused portions of the allowances contributed to the 401(k) plan, without additional employer contributions.

Switzerland
The Group's Swiss operations participate in a plan that is a defined benefit plan according to IAS 19 as a result of the residual risk described below. The Swiss operations have chosen to set up an own-foundation which means that the foundation only covers employees of Securitas' Swiss operations. The plan is open to new employees of Securitas' Swiss operations and benefits are being accrued under the plan. There are no terminated vested members in the plan since pension obligations are transferred to the new employer upon termination.

The benefits provided constitute pension benefits, disability benefits and death-in-service pension to previous employees and their spouses. The pension benefits are normally paid as an annuity based on capital conversion rates that differ between men and women. The disability benefits are calculated as a maximum of the pensionable salary and the death-in-service benefit is in its turn calculated as a percentage of the disability pension. Plan contributions are subject to legal minimum requirements. Rates increase with age and at least half must be paid by the employer while the employee pays the remainder. In the case of Securitas' Swiss subsidiary, the contributions in the plan are split equally with half paid by the company and the other half by the employee. Although the contribution levels are defined, there is still a risk of a shortfall in the pension fund as the minimum requirements for interest on capital and conversion to pension need to be met. If there is a shortfall the fund will take steps before asking the company for additional contributions. These steps could include changing plan benefits, lowering returns credited to employees or changing the conversion rate, where possible. If additional contributions are required from the company, this is also required from the employees.

The pension plan is governed by the board of the pension fund which is made up of an equal number of employer and employee representatives. The administration is run in-house by a pension fund expert. The pension fund chooses how and where to invest the assets. Swiss law limits both the total share of assets that should be held in certain categories, and for individual asset holdings. The fund has given mandates to manage the investments to three banks and retains an investment committee, a subcommittee of the main fund board. The investment committee compares and reviews the performance of these mandates on a regular basis. The pension plan is covered under federal Swiss law that regulates the so called second pillar of the pension system, the pension benefits arising from employment.

The latest funding valuation was carried out on December 31, 2012 and resulted in a funding target attainment of 107 percent based on a defined benefit obligation for funding purposes of MCHF 81 and plan assets for funding purposes of MCHF 87. Contributions payable to the plan are calculated each month based on the annual salary and age.

Norway
The Group's Norwegian operations participate in several defined benefit plans that are both funded and unfunded. All plans are closed to new entrants and currently cover about 12 percent of the employees. New employees are instead covered by defined contribution plans. Following changes in legislation in 2010 the AFP plans (collective pension agreements) were closed and employees joined a new AFP plan as of January 1, 2011. The new plan is a multi-employer defined benefit plan. Premiums paid to the plan in 2013 amounted to MNOK 17.8 (14.9 and 11.0). The contribution for the next annual reporting period is expected to be broadly in line with the current year's premium. Securitas' share of total premiums to the plan is approximately 0.5 percent. Since the administrator is unable to separately identify the company's share of the total plan assets and total defined benefit obligations, the new plan is accounted for on a defined contribution basis.

The particulars of the benefits and the benefit calculations vary from plan to plan. In general the benefits are monthly pensions based on earnings and years of service. Since employees are still accruing benefits under these plans, the plans are impacted by expected salary increases, pension increases, uncertainty of how long the benefits will be paid and in the case of the funded plans also return on plan assets.

All funded plans are insured with an insurance company and the plan contributions are determined by the insurance provider, based on salary and membership data reported from the company. If a company decides to change insurance company, the liabilities and the assets are moved to the new insurance company.

The funded plans are minimum regulation plans, which mean that future pensions depend on the actual return on assets in the insurance company. There is a guaranteed minimum return on plan assets. If the actual return is lower than the guaranteed minimum return, the insurance company will provide the difference.

The pension plans are covered by Norwegian pension laws, corporate laws and insurance laws. The board of directors and management of the Norwegian operations are responsible for the running of the pension plans even if they are outsourced, as part of their overall corporate governance responsibilities under Norwegian company law. Since the funded plans are insured it means that the investment decisions are taken by the investment managers of the insurance provider.

Other countries
There are also less significant defined benefit arrangements in countries other than those accounted for above. These plans are located in Canada (both funded and unfunded plans providing pension and medical benefits), France (unfunded plans providing retirement indemnities under French law), Germany (unfunded arrangements for pensions and jubilee plans), the Netherlands (funded plans providing pension and jubilee benefits for our consultancy operations only) and the United Kingdom (funded plan providing pension and death-in-service benefits). The Group also currently has plans that are not significant in 11 other countries.

The defined benefit arrangement for clerical staff in the guarding operations in the Netherlands was amended in 2012. The amendment has resulted in that the arrangement is accounted for as a defined contribution plan, which is closed to new entrants. New employees are enrolled in another defined contribution plan. The security officers in the guarding operations in the Netherlands also participate in multi-employer defined benefit plan that is mandatory for all guards from the age of 21 and up. The supervision and administration of the plan is carried out by a collective pension foundation for the security industry. This foundation determines the annual premium. Premiums paid to the plan in 2013 amounted to MEUR 6.0 (5.9 and 5.6). The contribution for the next annual reporting period is expected to be broadly in line with the current year's premium. Securitas' share of total premiums to the plan is approximately 21 percent. This plan covers around 4 700 active employees and around 5 500 previous employees and retirees. Since the administrator is unable to separately identify the company's share of the total plan assets and total defined benefit obligations for this arrangement, the plan is accounted for on a defined contribution basis. The level of consolidation in this plan, calculated under the plan rules, was 116 percent (105 and 96) as of December 31, 2013.

Sweden

Security officers in Sweden are covered by the SAF-LO collective pension plan, an industry-wide multi-employer defined contribution arrangement. Clerical workers are covered by the industry-wide ITP plan, which is also based on a collective agreement and operated industry-wide on a multi-employer basis. According to a statement (UFR 3) issued by the Swedish Financial Reporting Board this is a multi-employer defined benefit plan. Alecta, the insurance company that operates this plan, has been unable to provide Securitas, or other Swedish companies, with sufficient information to determine its share of the total assets and liabilities for this arrangement. Consequently this arrangement is accounted for on a defined contribution basis. The cost for 2013 amounts to MSEK 25.5 (25.1 and 22.4). The contribution for the next annual reporting period is expected to be broadly in line with the current year's premium. Securitas' share of Alecta's total premiums amounts to approximately 0.1 percent. The surplus in Alecta can be allocated to the insured employer and/or the insured employees. Alecta's level of consolidation was 148 percent (129 and 113) as of December 31, 2013. The level of consolidation is calculated as the fair value of Alecta's plan assets as a percentage of the obligations calculated according to Alecta's actuarial assumptions. This calculation is not in line with IAS 19.

Consolidated statement of income

The table below shows expense (+) and income (-) from the Group's defined benefit and defined contribution plans.

MSEK	2013	2012	2011
Current service cost	87.8	103.0	80.5
Administration cost	13.8	21.4	19.5
Interest income or expense	37.9	48.4	51.9
Remeasurements of other long-term employee benefits	-0.3	1.3	-1.2
Past service cost and gains and losses arising from settlements	-5.8	-58.2 [1]	-1.2
Total pension costs for defined benefit plans	**133.4**	**115.9**	**149.5**
Pension costs for defined contribution plans	575.1	539.1	471.6
Total pension costs	**708.5**	**655.0**	**621.1**

1 Mainly related to curtailment gain in the Netherlands.

The table below shows costs for defined benefit plans allocated per function.

MSEK	2013	2012	2011
Production expenses	90.7	98.9	77.1
Selling and administrative expenses	42.7	17.0 [1]	72.4
Total pension costs for defined benefit plans	**133.4**	**115.9**	**149.5**

1 Includes curtailment gain in the Netherlands.

Consolidated balance sheet

The table below shows how the net defined benefit obligation has been determined. It also shows the Group's reimbursement rights.

MSEK	2013	2012	2011
Present value of the defined benefit obligation	3 190.8	3 551.8	3 524.3
Fair value of plan assets	-2 173.2	-2 083.1	-2 072.6
Defined benefit obligation, net[1]	**1 017.6**	**1 468.7**	**1 451.7**
Reimbursement rights (note 23)	143.7	182.4	130.7

1 Related to the net of plans reported under provisions for pensions and similar commitments, MSEK 1 024.6 (1 468.7 and 1 451.7), and plans reported under other long-term receivables (note 23), MSEK -7.0 (0.0 and 0.0).

The reimbursement rights are related to a contractual agreement where Securitas provide security services at a customer site in Canada. The agreement requires Securitas to make provisions for post-retirement medical benefits. The costs of this benefit are carried by Securitas who, in turn, are reimbursed by the customer. This reimbursement right is accounted for as an other long term receivable in note 23.

The table below shows how remeasurements net of taxes recognized in other comprehensive income have been determined.

MSEK	2013	2012	2011
Remeasurements of provisions for pensions and similar commitments before tax	-385.3	192.4	341.3
Remeasurements of reimbursement rights before taxes	27.1	-43.4	11.9
Taxes	115.2	-37.3	-116.1
Total remeasurements recognized in other comprehensive income	**-243.0**	**111.7**	**237.1**

Movement in provisions for pensions and similar commitments

			2013			2012			2011
MSEK	Obligations	Plan assets	Net	Obligations	Plan assets	Net	Obligations	Plan assets	Net
Opening balance	**3 551.8**	**-2 083.1**	**1 468.7**	**3 524.3**	**-2 072.6**	**1 451.7**	**2 636.6**	**-1 487.2**	**1 149.4**
Current service cost	87.8	–	87.8	103.0	–	103.0	80.5	–	80.5
Administration cost	13.8	–	13.8	21.4	–	21.4	19.5	–	19.5
Interest income (-) or expense (+)	99.0	-61.1	37.9	121.1	-72.7	48.4	143.4	-91.5	51.9
Remeasurements of other long-term employee benefits	-0.3	–	-0.3	1.3	–	1.3	-1.2	–	-1.2
Past service cost and gains and losses arising from settlements	-62.7	56.9	-5.8	-271.1	212.9	-58.2	-1.2	–	-1.2
Total pension costs included in the consolidated statement of income	**137.6**	**-4.2**	**133.4**	**-24.3**	**140.2**	**115.9**	**241.0**	**-91.5**	**149.5**
Remeasurements of post-employment benefits:									
Return on plan assets, excluding amount included in interest income or expense	–	-133.0	-133.0	–	-164.4	-164.4	–	89.2	89.2
Actuarial gains (-) and losses (+) from changes in demographic assumptions	64.4	–	64.4	27.7	–	27.7	6.5	–	6.5
Actuarial gains (-) and losses (+) from changes in financial assumptions	-307.2	–	-307.2	386.8	–	386.8	252.5	–	252.5
Actuarial gains (-) and losses (+) due to experience	-9.5	–	-9.5	-57.7	–	-57.7	28.5	–	28.5
Changes in asset ceiling, excluding amount included in interest income or expense	–	–	–	–	–	–	–	-35.4	-35.4
Total remeasurements of post-employment benefits[1]	**-252.3**	**-133.0**	**-385.3**	**356.8**	**-164.4**	**192.4**	**287.5**	**53.8**	**341.3**
Contributions by employers[2]	–	-168.8	-168.8	–	-254.4	-254.4	–	-202.9	-202.9
Contributions by plan participants	34.5	-34.5	–	33.4	-33.4	–	28.5	-28.5	–
Benefits paid to plan participants	-197.6	197.6	–	-200.5	200.5	–	-186.8	186.8	–
Administration costs paid	-14.0	14.0	–	-21.4	21.4	–	-19.5	19.5	–
Acquisitions/divestitures/reclassifications	5.7	-5.7	–	8.6	11.6	20.2	524.3	-516.1	8.2
Translation difference	-74.9	44.5	-30.4	-125.1	68.0	-57.1	12.7	-6.5	6.2
Closing balance	**3 190.8**	**-2 173.2**	**1 017.6**	**3 551.8**	**-2 083.1**	**1 468.7**	**3 524.3**	**-2 072.6**	**1 451.7**

1 Included net of taxes in other comprehensive income.
2 Contributions by employers expected to be paid in 2014 are estimated to be approximately MSEK 200.

Plan assets

The table below presents a breakdown of the various types of investments in which the assets of the Group's funded benefit arrangements are invested.

MSEK	2013	%	2012	%	2011	%
Equity instruments						
USA	310.4		356.9		337.3	
Switzerland	132.3		125.2		101.6	
Canada	54.5		45.1		39.1	
UK	26.2		33.8		26.6	
Other countries	210.8		251.4		365.9	
Total equity instruments	**734.2**	***34***	**812.4**	***39***	**870.5**	***42***
Debt instruments						
Government bonds	605.6		441.6		378.4	
Corporate bonds, investment grade (AAA to BBB-)	153.3		213.8		212.1	
Corporate bonds, non-investment grade (below BBB-)	235.4		233.1		197.1	
Total debt instruments	**994.3**	***46***	**888.5**	***43***	**787.6**	***38***
Property	**245.5**	***11***	**270.4**	***13***	**220.8**	***11***
Qualifying insurance policies	**44.5**	***2***	**40.7**	***2***	**139.1**	***6***
Cash and cash equivalents	**154.7**	***7***	**71.1**	***3***	**54.6**	***3***
Total plan assets	**2 173.2**	***100***	**2 083.1**	***100***	**2 072.6**	***100***

The plan assets are well diversified on countries and industries, so the failure of any single investment is not estimated to have a material impact on the overall level of assets.

The plan assets do not include any property owned by Securitas or financial instruments issued by Securitas. The share of unquoted plan assets is non-material.

Actuarial assumptions and sensitivity analysis

The table below shows the significant financial actuarial assumptions used for the determining the defined benefit obligation at the end of the year as well as in determining the pension cost for the coming year.

%, per annum	*Discount rate*	*Salary increases*	*Inflation*	*Pension increases*	Mortality
2013					
USA	*3.80–4.40*	*n/a*	*n/a*	*n/a*	RP-2000 projected to 2014
Switzerland	*2.20*	*1.00*	*1.00*	*0.00*	LPP 2010
Norway	*3.30*	*3.75*	*n/a*	*0.60–3.50*	K 2013
Eurozone	*2.25–3.50*	*2.75–3.50*	*1.75–2.00*	*0.00–1.75*	–
Other countries	*4.50–4.90*	*3.00–3.35*	*2.10–3.50*	*0.00–3.50*	–
2012					
USA	*2.90–3.55*	*n/a*	*n/a*	*n/a*	RP-2000 projected to 2013
Switzerland	*1.65*	*1.00*	*1.00*	*0.00*	LPP 2010
Norway	*2.30*	*3.50*	*n/a*	*0.20–3.25*	K 2005
Eurozone	*1.75–3.50*	*2.00–3.50*	*1.75–2.00*	*1.00–1.75*	–
Other countries	*4.00–4.15*	*3.35–3.80*	*2.10–2.80*	*0.00–2.80*	–
2011					
USA	*3.65–4.10*	*n/a*	*n/a*	*n/a*	RP-2000 projected to 2012
Switzerland	*2.35*	*2.00*	*1.00*	*0.00*	LPP 2010
Norway	*2.60*	*3.50*	*n/a*	*0.10–3.25*	K 2005
Eurozone	*3.25–4.75*	*2.00–2.75*	*1.75–2.00*	*0.00–1.75*	–
Other countries	*4.75–5.50*	*3.75–4.00*	*2.50–3.00*	*0.00–3.00*	–

The table below shows the methods used to set significant actuarial assumptions for the Group's main defined benefit plans.

	Discount rate	Salary increases	Inflation	Pension increases	Mortality
USA	Cash flow matching approach applied to the Citigroup yield curve	n/a	n/a	n/a	Latest tables available
Switzerland	Chamber of Pensions Actuaries	Company's best estimate	Long-term expectations in Switzerland	When financially bearable by pension plan	Latest tables available
Norway	NRS guidance	NRS guidance	n/a	NRS guidance	Latest tables available

Assumptions are set by the company based on actuarial advice and the company's experience in each territory.

The table below indicates the sensitivity to changes in significant assumptions for provisions for pensions and similar commitments.

MSEK		Increase (+)/decrease (-) in provision
Discount rate – pension plans	increase of 0.1 percentage points decrease of 0.1 percentage points	-39.4 40.2
Inflation – pension plans	increase of 0.1 percentage points decrease of 0.1 percentage points	5.1 -4.2
Life expectancy – pension plans	one year increase	69.6
Health-care cost rate – medical plans	increase of 1 percentage point decrease of 1 percentage point	30.2[1] -23.1[2]

1 The corresponding effect on the statement of income is an increase of costs of MSEK 2.7.
2 The corresponding effect on the statement of income is a decrease of costs of MSEK -2.0.

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. The sensitivity analysis is further based on a change in one assumption while holding all other assumptions constant, although in reality changes in some assumptions may be correlated.

The same method used to calculate the provisions for pensions and similar commitments, that is the projected unit credit method, is used for calculating the sensitivities.

There have been no changes in the methods and assumption changes used in preparing the sensitivity analysis compared to the previous year.

Risks

The table below shows significant risks that the Group is exposed to through its defined benefit plans.

Asset volatility	The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, a deficit will be created. In a long-term perspective, equities are expected to outperform corporate bonds, but in the short-term perspective the yield on the Group's equity instruments may cause volatility.
Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings. In the USA, an asset-liability matching approach is practiced to mitigate the risks associated with changes in bond yields as far as possible.
Inflation risk	Some of the Group's pension obligations are linked to inflation, and higher inflation will lead to higher liabilities. However, the Group's plans in the USA and Norway are not linked to inflation, which makes the inflation risk less significant for the Group.
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. In some countries, the benefit provided at retirement is a lump sum payment and therefore increases in life expectancy do not impact liabilities in these countries.

NOTE 32 *Other long-term provisions*

The movement in the balance sheet for provisions for pensions and similar commitments is provided in note 31. The movement in the balance sheet for deferred tax liabilities is provided in note 15.

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MSEK	Claims reserves	Provisions for taxes	Other provisions	Total
Opening balance	384.8	195.1	119.4	699.3
Reclassification	-4.1	-2.4	-1.4	-7.9
New/increased provisions	4.6	21.3	18.8	44.7
Utilized provisions	–	-3.8	-23.8	-27.6
Reversal of unutilized provisions	-8.3	–	-4.4	-12.7
Translation differences	-3.0	-1.8	0.8	-4.0
Closing balance	**374.0**	**208.4**	**109.4**	**691.8**

Claims reserves

Liability insurance-related claims reserves primarily consist of provisions for the portion of claims payable by the Group, that is its self-retention. Claims reserves comprise a large number of individual insurance cases where some cases are compensated with a lump-sum payment and others are paid over a longer period of time. It is thus not possible to disclose any detailed information regarding the timing of outflows from claims reserves.

Provisions for taxes

Provisions for taxes primarily consist of provisions related to ongoing tax audits. Tax audits are often lengthy processes that go on for several years. It is thus not possible to disclose any detailed information regarding the timing of outflows from taxes.

Other provisions

Other provisions include various long-term items, among them provisions related to litigations. Other provisions are difficult to assess from a timing perspective. It is thus not possible to disclose any detailed information regarding the timing of outflows from other provisions.

NOTE 33 *Short-term loan liabilities*[1]

MSEK	2013	2012	2011
EMTN Nom MEUR 45, 2009/2014, FRN Quarterly[2]	400.5	–	–
EMTN Nom MSEK 500, 2010/2014, FRN Quarterly[2]	499.8	–	–
EMTN Nom MSEK 500, 2010/2014, FRN Semi Annual[2]	499.7	–	–
EMTN Nom MEUR 500, 2009/2013, Annual 6.50%[2]	–	4 302.4	–
EMTN Nom MSEK 1 000, 2011/2013 FRN Quarterly[2]	–	999.9	–
EMTN Nom MSEK 1 000, 2011/2012 FRN Quarterly[2]	–	–	999.8
Commercial paper issued[3]	743.0	–	2 788.6
Finance leases	44.3	46.8	48.4
Other short-term loans[4]	122.3	581.0	626.5
Total short-term loan liabilities excluding derivatives	**2 309.6**	**5 930.1**	**4 463.3**
Derivatives with negative fair value, short-term			
Derivatives in cash flow hedges[5]	0.1	7.5	4.0
Other derivative positions[6]	50.5	48.4	21.2
Total derivatives with negative fair value, short-term	**50.6**	**55.9**	**25.2**
Total short-term loan liabilities	**2 360.2**	**5 986.0**	**4 488.5**

1 For further information regarding financial instruments refer to note 6.
2 Issued by the Parent Company.
3 Commercial paper is issued by the Parent Company within the framework of a MSEK 5 000 Swedish commercial paper program. Commercial paper is accounted for at the issued amount, that is below par.
4 Other short-term loans 2012 and 2011 include drawings under the 2016 Multi Currency Revolving Credit Facility.
5 Related to derivatives designated for hedging.
6 Related to financial liabilities at fair value through profit or loss.

NOTE 34 *Other current liabilities*

MSEK	2013	2012	2011
Employee-related items[1]	5 797.3	5 840.5	5 810.8
Accrued interest and financial expenses	135.9	282.9	239.9
Other accrued expenses and deferred income	613.3	645.0	681.7
Advance payments from customers	457.6	427.4	239.2
Value added tax	1 125.3	1 093.1	1 054.2
Deferred considerations[2]	141.6	224.7	166.7
Other items	631.2	594.6	601.1
Total other current liabilities	**8 902.2**	**9 108.2**	**8 793.6**

1 Accounted for net of government grants when applicable.
2 Recognized at fair value.

NOTE 35 *Short-term provisions*

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MSEK	Claims reserves	Spain – overtime compensation	Cost savings program[1]	Other provisions	Total
Opening balance	586.2	40.0	300.3	168.0	1 094.5
Reclassification	4.1	–	–	1.9	6.0
New/increased provisions	469.5	–	–	92.4	561.9
Utilized provisions	-479.9	-12.0	-205.0	-133.6	-830.5
Reversal of unutilized provisions	-1.1	–	–	-22.9	-24.0
Translation differences	-4.4	1.1	0.7	5.1	2.5
Closing balance	**574.4**	**29.1**	**96.0**	**110.9**	**810.4**

1 Further information regarding the cost savings program is provided in note 11.

Claims reserves

Liability insurance-related claims reserves primarily consist of provisions for the portion of claims payable by the Group, that is its self-retention.

Spain – overtime compensation

All major security companies in Spain have been compensating their employees in respect of overtime work in accordance with a labor agreement covering the period 2005 to 2008. In February 2007, the Spanish Supreme Court ruled that the overtime compensation under the existing labor agreement was not in compliance with Spanish law.

The potential exposure in respect of overtime compensation payable to employees of the security services and guarding companies in Spain historically increased due to the failure of the major security companies and the local unions to negotiate a settlement agreement on the overtime compensation. A petition was lodged with a lower court in Spain seeking specific guidance as to how overtime compensation should be calculated. A judgment was rendered in January 2008 giving guidelines on calculation of overtime pay, which substantially accepted the views of the employers. This judgment was appealed by the local unions. In December 2009 the Spanish Supreme Court overruled the court decision from January 2008. The Supreme Court confirmed its decision from February 2007 which meant that each claim for overtime pay should be tried on a case by case basis. The Supreme Court thereby changed the basis for the computation of overtime compensation. The Supreme Court judgment cannot be appealed. The Court's decision meant that Securitas had to prepare for several suits from employees and former employees in respect of historic overtime compensation.

In the absence of final guidance on overtime compensation, Securitas has chosen to apply the guidelines given by the court in January 2008 for salary payments paid in 2008 and 2009. These guidelines have during 2012 been confirmed by a new decision by the Supreme Court in Spain and Securitas will continue to apply these guidelines. A legal opinion, requested by the industry association in Spain in which Securitas is a member, has concluded that the time for filing a claim for the subject overtime matters ended on December 4, 2010 due to the statute of limitation. During the years 2011–2013 more than 10 000 cases for overtime pay has been adjudicated by court. In cases where Securitas has lost the case compensation has been paid. As a result of the increasing number of adjudicated claims during 2012 Group Management have obtained a better visibility regarding the exposure and the probable outflow that will be necessary in order to settle the remaining overtime compensation claims. Based on this, Group Management decided to release MSEK 22.7 (MEUR 2.6) from the provision at the end of 2012. During 2013 a total of MSEK -12.0 has been paid for overtime compensation after which the provision, also adjusted for translation differences of MSEK 1.1, amounts to MSEK 29.1 as of December 31, 2013. This is deemed sufficient for the remaining exposure. Group Management also estimate that the major part of the provision will be utilized during the coming twelve month period and has consequently kept the short-term classification.

Other provisions

Securitas in Germany has settled a dispute with Deutsche Bank concerning a certain contract matter from 2006 involving a Letter of Comfort and has agreed to pay the Bank an amount of MSEK 88.5 (MEUR 10.0) in return for a full release of all present and future claims. The settlement amount is included in the opening balance of Other provisions in the table above and has been paid on January 10, 2013.

NOTE 36 *Pledged assets*

MSEK	2013	2012	2011
Pension balances, defined contribution plans	86.9	82.6	74.3
Finance leases	77.1	83.6	86.8
Total pledged assets	**164.0**	**166.2**	**161.1**

NOTE 37 *Contingent liabilities*

MSEK	2013	2012	2011
Sureties and guarantees[1]	22.8	54.1	56.9
Guarantees related to discontinued operations	16.8	18.6	20.7
Total contingent liabilities	**39.6**	**72.7**	**77.6**

1 Guarantees on behalf of related parties are disclosed in note 7.

In addition to the contingent liabilities accounted for in the table, the following contingent liabilities, for which no amount can be determined, also exist:

Brazil – Estrela Azul

In connection with the efforts of Securitas to expand its activities in Latin America, Securitas entered into an agreement in 2005 with respect to the possible acquisition of a guarding company in Brazil. In order to support this company while required governmental approvals were sought, Securitas provided a bank guarantee for the benefit of the subject company. The governmental approvals took much longer than anticipated to obtain and during such period the financial condition of the target company substantially deteriorated. Given the decline in the financial condition of the company, in December 2006 Securitas exercised its right not to complete the acquisition. The governmental approval had then been received. In view of the decision not to complete the subject transaction, a provision in the amount of the bank guarantee was recognized as of December 31, 2006.

The company filed for protection from its creditors under Brazilian legislation providing for a judicial restructuring process. Securitas, having applied to be registered as a creditor in the insolvency matter, objected to the company's restructuring plan proposed in the judicial restructuring process. The insolvency judge decided against Securitas' objections and this decision was appealed by Securitas in 2008. The Court of Appeal upheld the lower courts' decision. The company has thereafter, on November 9, 2009, been declared bankrupt and the restructuring process has been replaced by bankruptcy proceedings.

In connection with the judicial restructuring process, the company (now in bankruptcy) asserted a claim of MUSD 130 against Securitas, alleging that Securitas is responsible for the company's financial failure. Securitas denies all responsibility for such claim. The defense of these cases has been entrusted to one of the leading law firms in Brazil. In a decision by the first instance court in Brazil the claim was fully rejected. The judgment was appealed by the bankruptcy estate to the Brazilian Court Appeals and this Court decided on formal grounds to nullify the judgment and to remand the case to the first instance court for retrial. The first instance court has decided to allow new evidence to be allowed in the case. Securitas maintains its previous position to the claim.

In addition, several former employees of Estrela Azul have sued Securitas and other parties in court and claim inter alia wages and other compensations in pending labor suits. The number of labor law cases involving Securitas decreased during 2012 and the number of new cases where Securitas is a named defendant decreased significantly in 2013. The claimed amounts are in average relatively low. The defense of these labor cases has been entrusted to one of the leading labor law firms in Brazil – specializing in labor law matters. Securitas denies all responsibility for such labor claims.

Spain – tax audit

The Spanish tax authority has in connection with an audit of Securitas Spain challenged certain interest deductions and in tax resolutions in 2009 and 2012 decided to reject interest payments made for the years 2003–2005 and 2006–2007 respectively. The 2012 resolution was expected as a consequence of the resolution received in 2009. If finally upheld by Spanish courts, the resolution by the Spanish tax authorities would result in a tax of MEUR 27 including interest up to December 31, 2013. Securitas has during 2011 lost the case referring to the years 2003–2005 at first level court (Tribunal Económico Administrativo Central) and appealed the case to the national court Audiencia Nacional.

The Spanish tax authority has in connection with an audit of Securitas Spain, challenged and in July 2013 decided to reject a tax exemption for the demerger of the Spanish Systems company in connection with the Securitas AB's distribution of the shares in Securitas Systems AB to its shareholders and listing on the Stockholm Stock Exchange in 2006. Securitas has appealed the tax assessment received in July 2013 to the court, Tribunal Económico Administrativo Central. If finally upheld by Spanish courts, the resolution by the Spanish tax authorities would result in tax of MEUR 19, including interest up to December 31, 2013.Securitas believes it has acted in accordance with applicable law and will defend its position in court. However, the tax resolutions causes some uncertainty and it may take a long time until final judgments are made. To avoid future challenges of interest deductions the Group has in 2009 adjusted the capitalization of Securitas Spain.

USA – the events of September 11, 2001

A detailed account of the developments surrounding the events of September 11, 2001 has been presented in press releases and interim and annual reports for 2001 to 2012.

Securitas subsidiary Globe Aviation Services Corporation ("Globe") and other group companies, together with the relevant airline and other parties, remain defendants in one lawsuit regarding property and business damage pertaining to the events of September 11, 2001. In 2011, the last wrongful death case pending against Globe and other Securitas companies was dismissed. Through a settlement with the majority of the plaintiffs in the property damage claims in the case the majority of such claims was settled. The settlement agreement has been confirmed by the Court of Appeals and became thereby final and binding. The remaining property damage claim is such that the value of the claims filed can exceed the insurance coverage estimated to exist as a potential source of recovery. Globe and the other group companies and the other defendants in the property damage case are challenging the claim in all material respects. The potential exposure has however been reduced due to court decisions limiting the liability of Globe and the other defendants. Due to the statutory liability cap in relation to the events of September 11, 2001, any such liability would also be limited to the amount of liability insurance coverage maintained at the time of the incident. The property claim was decided by the Court in New York, NY, USA on August 1, 2013. In its judgment, the Court rejected plaintiffs claim for damages from Globe and the other defendants for the destruction of the World Trade Center properties. The decision has been appealed by the plaintiff.

All coverage disputes with the relevant September 11, 2001 insurers have been resolved. The proceedings against other Securitas group companies than Globe have, with the consent of the Court and the Plaintiffs, been temporarily stayed. Any liabilities arising out of the September 11, 2001 litigation are not expected to materially impact Securitas' business operation or financial position.

USA – tax audit

The U.S. tax authorities have, after finalizing an audit of Securitas USA for the years 2003–2004, issued a notice on July 1, 2010 disallowing certain deductions for insurance premiums. Securitas is of the opinion that it has acted in accordance with the law and will defend its position in U.S. Tax courts. It may take several years until a final judgment is awarded. If the notice is finally upheld by the U.S. Tax courts a judgment could result in a tax of MUSD 60 plus interest.

Other proceedings

Over the years, Securitas has made a number of acquisitions in different countries. As a result of such acquisitions, certain contingent liabilities of the businesses acquired have been assumed. The risks relating to such contingent liabilities are covered by contractual indemnification, insurance or adequate reserves.

Companies within the Securitas Group are also involved in a number of other legal proceedings and tax audits arising out of the business. Any liabilities arising out of such proceedings are not expected to be material to the business operations or the financial position of the Group.

NOTE 38 *Financial five year overview*[1]

MSEK	2009	2010	2011[2]	2012[2]	2013
INCOME					
• Total sales	**62 666.7**	**61 339.8**	**64 057.1**	**66 458.2**	**65 700.1**
of which acquired business	1 450.0	2 242.3	5 061.5	2 418.4	682.6
• Acquired sales growth, %	***3***	***4***	***8***	***4***	***1***
• Organic sales growth, %	***-1***	***1***	***3***	***0***	***1***
• Real sales growth, %	***2***	***5***	***11***	***4***	***2***
Operating income before amortization	**3 756.5**	**3 724.2**	**3 335.1**	**3 027.7**	**3 329.0**
• Operating margin, %	***6.0***	***6.1***	***5.2***	***4.6***	***5.1***
Amortization and impairment of acquisition related intangible assets	-138.3	-164.3	-218.2	-297.1	-273.7
Acquisition related costs	-5.9	-89.6	-193.5	-49.5	-26.8
Items affecting comparability	–	–	–	-424.3	–
Financial income and expenses	-589.8	-502.3	-493.0	-573.0	-385.0
• Income before taxes	**3 022.5**	**2 968.0**	**2 430.4**	**1 683.8**	**2 643.5**
Taxes	-904.5	-887.2	-721.7	-509.2	-787.9
Net income for the year	**2 118.0**	**2 080.8**	**1 708.7**	**1 174.6**	**1 855.6**
– whereof attributable to non-controlling interests	1.8	-2.3	2.9	0.4	3.1
Average number of shares after dilution ('000)	365 059	365 059	365 059	365 059	365 059
• Earnings per share after dilution (SEK)	**5.80**	**5.71**	**4.67**	**3.22**	**5.07**
CASH FLOW					
Operating income before amortization	**3 756.5**	**3 724.2**	**3 335.1**	**3 027.7**	**3 329.0**
Investments in non-current tangible and intangible assets	-950.7	-901.9	-1 009.8	-1 039.2	-804.0
Reversal of depreciation	927.5	900.7	902.0	946.1	945.6
Change in accounts receivable	197.6	-768.4	-722.6	205.4	1.0
Changes in other operating capital employed	-556.4	312.8	-397.3	60.8	-241.5
Cash flow from operating activities	**3 374.5**	**3 267.4**	**2 107.4**	**3 200.8**	**3 230.1**
• as % of operating income before amortization	***90***	***88***	***63***	***106***	***97***
Financial income and expenses paid	-481.6	-521.7	-475.1	-531.9	-532.0
Current taxes paid	-728.2	-735.1	-763.9	-583.3	-610.4
• Free cash flow	**2 164.7**	**2 010.6**	**868.4**	**2 085.6**	**2 087.7**
as % of adjusted income	***88***	***81***	***40***	***108***	***93***
Cash flow from investing activities, acquisitions and divestitures	-757.7	-1 359.0	-1 882.0	-677.3	-294.7
Cash flow from items affecting comparability	-12.0	-62.5	-23.7	-193.8	-307.5
Cash flow from financing activities	-2 775.5	-424.5	968.9	1 222.7	-2 270.5
Cash flow for the year	**-1 380.5**	**164.6**	**-68.4**	**2 437.2**	**-785.0**
Interest-bearing net debt at beginning of year	-9 412.6	-8 387.7	-8 208.9	-10 348.8	-9 864.6
Change in loans	1 716.8	-670.7	-2 064.1	-2 317.9	1 175.3
Revaluation of financial instruments	76.7	67.6	7.5	10.6	10.9
Translation differences on interest-bearing net debt	611.9	617.3	-14.9	354.3	-146.4
Interest-bearing net debt at year-end	**-8 387.7**	**-8 208.9**	**-10 348.8**	**-9 864.6**	**-9 609.8**

MSEK	2009	2010	2011[2]	2012[2]	2013
CAPITAL EMPLOYED AND FINANCING					
Non-current assets excluding acquisition related items	4 651.3	4 294.0	3 226.5	3 374.7	3 200.2
Accounts receivable	9 363.3	9 724.1	10 965.0	10 490.1	9 676.4
Other operating capital employed	-11 391.2	-11 431.6	-11 045.7	-11 283.3	-9 695.7
Operating capital employed	**2 623.4**	**2 586.5**	**3 145.8**	**2 581.5**	**3 180.9**
● ***as % of total sales***	***4***	***4***	***5***	***4***	***5***
Goodwill	13 558.3	13 338.8	14 727.4	14 275.4	14 361.9
Acquisition related intangible assets	894.9	1 096.5	1 574.1	1 501.9	1 315.6
Shares in associated companies	132.1	125.6	108.2	108.0	132.7
Capital employed	**17 208.7**	**17 147.4**	**19 555.5**	**18 466.8**	**18 991.1**
● ***Return on capital employed, %***	***22***	***22***	***17***	***14***	***18***
Net debt	**8 387.7**	**8 208.9**	**10 348.8**	**9 864.6**	**9 609.8**
Net debt equity ratio, multiple	***0.95***	***0.92***	***1.12***	***1.15***	***1.02***
Interest coverage ratio, multiple	***6.1***	***7.4***	***6.0***	***4.9***	***7.9***
● ***Free cash flow in relation to net debt***	***0.26***	***0.24***	***0.08***	***0.21***	***0.22***
Shareholders' equity attributable to equity holders of the Parent Company	**8 812.7**	**8 935.4**	**9 204.1**	**8 588.3**	**9 365.3**
Non-controlling interests	**8.3**	**3.1**	**2.6**	**13.9**	**16.0**
Return on equity, %	***24***	***23***	***19***	***13***	***21***
Equity ratio, %	***27***	***27***	***25***	***22***	***25***
Financing of capital employed	**17 208.7**	**17 147.4**	**19 555.5**	**18 466.8**	**18 991.1**

1 For definitions and calculation of key ratios refer to note 3.
2 The comparatives have been restated due to the adoption of IAS 19 (revised).
● Group key ratios according to Securitas' financial model. Refer to pages 50–51.

Parent Company statement of income

MSEK	Note	2013	2012	2011
License fees and other income	40	870.2	991.6	846.1
Gross income		**870.2**	**991.6**	**846.1**
Administrative expenses	42, 43	-552.0	-792.6	-473.7
Other operating income	42	13.5	12.8	121.0
Operating income		**331.7**	**211.8**	**493.4**
Result of financial investments				
Result of sale of shares in subsidiaries	40	–	-9.1	–
Dividend	40	1 118.5	11 875.5	4 679.1
Interest income	40	165.5	206.5	198.9
Interest expenses	40	-475.9	-868.8	-880.2
Other financial income and expenses, net	44	-703.9	-8 412.0	-2 709.4
Total financial income and expenses		**104.2**	**2 792.1**	**1 288.4**
Income after financial items		**435.9**	**3 003.9**	**1 781.8**
Appropriations				
Group contributions from subsidiaries	40	267.4	498.1	348.6
Group contributions to subsidiaries	40	-0.3	-3.7	-29.9
Total appropriations		**267.1**	**494.4**	**318.7**
Income before taxes		**703.0**	**3 498.3**	**2 100.5**
Current taxes	45	-8.4	-0.6	-13.4
Deferred taxes	45	1.2	-56.0	5.9
Net income for the year		**695.8**	**3 441.7**	**2 093.0**

Parent Company statement of comprehensive income

MSEK	Note	2013	2012	2011
Net income for the year		**695.8**	**3 441.7**	**2 093.0**
Other comprehensive income				
Items that subsequently may be reclassified to the statement of income				
Cash flow hedges net of tax	41	4.7	7.1	3.2
Net investment hedges net of tax		-98.5	-163.0	13.1
Total items that subsequently may be reclassified to the statement of income		**-93.8**	**-155.9**	**16.3**
Other comprehensive income	**45**	**-93.8**	**-155.9**	**16.3**
Total comprehensive income for the year		**602.0**	**3 285.8**	**2 109.3**

Parent Company statement of cash flow

MSEK	Note	2013	2012	2011
Operations				
Operating income		331.7	211.8	493.4
Reversal of depreciation	46, 47	13.0	9.9	10.3
Financial items received		2 463.3	11 651.1	1 146.5
Financial items paid		-638.5	-958.7	-811.1
Current taxes paid		-13.2	-5.8	-22.3
Change in other operating capital employed		94.1	328.8	-412.9
Cash flow from operations		**2 250.4**	**11 237.1**	**403.9**
Investing activities				
Investments in non-current tangible and intangible assets	46, 47	-11.8	-31.7	-19.5
Shares in subsidiaries	48	-584.8	-4 158.1	-562.9
Cash flow from investing activities		**-596.6**	**-4 189.8**	**-582.4**
Financing activities				
Dividend paid	52	-1 095.2	-1 095.2	-1 095.2
Proceeds from bond loans		3 629.9	6 617.6	3 344.1
Redemption of bond loans		-5 176.5	-1 000.0	-1 000.0
Proceeds from other long-term borrowings		–	–	516.1
Repayment of other long-term borrowings		–	–	-2 041.8
Change in other interest-bearing net debt excluding liquid funds		2 970.8	-11 550.2	458.5
Cash flow from financing activities		**329.0**	**-7 027.8**	**181.7**
Cash flow for the year		**1 982.8**	**19.5**	**3.2**
Liquid funds at beginning of year		24.9	5.4	2.2
Liquid funds at year-end	**51**	**2 007.7**	**24.9**	**5.4**

Parent Company balance sheet

MSEK	Note	2013	2012	2011
ASSETS				
Non-current assets				
Intangible assets	46	105.5	114.8	92.8
Machinery and equipment	47	9.9	1.8	2.0
Shares in subsidiaries	48	37 183.0	37 156.3	37 852.7
Shares in associated companies	49	112.1	112.1	112.1
Interest-bearing financial non-current assets	41	509.4	616.8	547.2
Deferred tax assets	45	19.3	19.0	19.3
Other long-term receivables		104.2	98.1	83.2
Total non-current assets		**38 043.4**	**38 118.9**	**38 709.3**
Current assets				
Current receivables from subsidiaries		321.0	1 735.3	4 915.9
Interest-bearing current receivables from subsidiaries	41	3 260.6	3 119.8	3 158.1
Other current receivables		14.2	10.4	3.7
Current tax assets		4.4	–	0.9
Prepaid expenses and accrued income	50	20.3	24.7	26.8
Other interest-bearing current assets	41	47.0	1 525.3	0.5
Cash and bank deposits	51	2 007.7	24.9	5.4
Total current assets		**5 675.2**	**6 440.4**	**8 111.3**
TOTAL ASSETS		**43 718.6**	**44 559.3**	**46 820.6**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Restricted equity				
Share capital		365.1	365.1	365.1
Legal reserve		7 362.6	7 362.6	7 362.6
Total restricted equity		**7 727.7**	**7 727.7**	**7 727.7**
Non-restricted equity				
Hedging reserve		-0.4	-5.1	-12.2
Translation reserve		366.2	464.7	627.7
Retained earnings		16 262.3	13 916.4	12 907.2
Net income for the year		695.8	3 441.7	2 093.0
Total non-restricted equity		**17 323.9**	**17 817.7**	**15 615.7**
Total shareholders' equity	**52**	**25 051.6**	**25 545.4**	**23 343.4**
Long-term liabilities				
Long-term loan liabilities	41	11 405.3	8 983.0	8 430.2
Other long-term liabilities		160.7	113.4	128.4
Total long-term liabilities	**53**	**11 566.0**	**9 096.4**	**8 558.6**
Current liabilities				
Current liabilities to subsidiaries		116.1	290.8	402.8
Interest-bearing current liabilities to subsidiaries	41	3 833.2	3 177.6	9 442.7
Group account bank overdraft		779.2	211.2	390.6
Other short-term loan liabilities	41	2 178.1	5 844.7	4 329.4
Accounts payable		11.7	11.1	12.4
Accrued expenses and prepaid income	54	164.9	321.4	287.5
Other current liabilities		17.8	60.7	53.2
Total current liabilities		**7 101.0**	**9 917.5**	**14 918.6**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**43 718.6**	**44 559.3**	**46 820.6**
Pledged assets	55	86.9	82.6	74.3
Contingent liabilities	56	36.8	72.4	77.6

Parent Company statement of changes in shareholders' equity

MSEK	Share capital[1]	Legal reserve	Hedging reserve	Translation reserve	Retained earnings and net income for the year	Total share-holders' equity
Opening balance 2011	**365.1**	**7 362.6**	**-15.4**	**614.6**	**14 065.4**	**22 392.3**
Net income for the year	**–**	**–**	**–**	**–**	**2 093.0**	**2 093.0**
Other comprehensive income						
Items that subsequently may be reclassified to the statement of income						
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	-29.7	–	–	-29.7
Deferred tax on transfer to hedging reserve	–	–	7.8	–	–	7.8
Transfer to interest expense in the statement of income before tax	–	–	34.1	–	–	34.1
Deferred tax on transfer to statement of income	–	–	-9.0	–	–	-9.0
Net investment hedges net of tax	–	–	–	13.1	–	13.1
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**3.2**	**13.1**	**–**	**16.3**
Other comprehensive income	**–**	**–**	**3.2**	**13.1**	**–**	**16.3**
Total comprehensive income for the year	**–**	**–**	**3.2**	**13.1**	**2 093.0**	**2 109.3**
Share-based incentive scheme[2]	–	–	–	–	-63.0	-63.0
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2
Closing balance 2011	**365.1**	**7 362.6**	**-12.2**	**627.7**	**15 000.2**	**23 343.4**
Opening balance 2012	**365.1**	**7 362.6**	**-12.2**	**627.7**	**15 000.2**	**23 343.4**
Net income for the year	**–**	**–**	**–**	**–**	**3 441.7**	**3 441.7**
Other comprehensive income						
Items that subsequently may be reclassified to the statement of income						
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	-9.5	–	–	-9.5
Deferred tax on transfer to hedging reserve	–	–	2.5	–	–	2.5
Transfer to interest expense in the statement of income before tax	–	–	19.1	–	–	19.1
Deferred tax on transfer to statement of income	–	–	-5.0	–	–	-5.0
Net investment hedges net of tax	–	–	–	-163.0	–	-163.0
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**7.1**	**-163.0**	**–**	**-155.9**
Other comprehensive income	**–**	**–**	**7.1**	**-163.0**	**–**	**-155.9**
Total comprehensive income for the year	**–**	**–**	**7.1**	**-163.0**	**3 441.7**	**3 285.8**
Share-based incentive scheme[2]	–	–	–	–	11.4	11.4
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2
Closing balance 2012	**365.1**	**7 362.6**	**-5.1**	**464.7**	**17 358.1**	**25 545.4**
Opening balance 2013	**365.1**	**7 362.6**	**-5.1**	**464.7**	**17 358.1**	**25 545.4**
Net income for the year	**–**	**–**	**–**	**–**	**695.8**	**695.8**
Other comprehensive income						
Items that subsequently may be reclassified to the statement of income						
Cash flow hedges						
Transfer to hedging reserve before tax	–	–	-3.9	–	–	-3.9
Deferred tax on transfer to hedging reserve[3]	–	–	-2.6	–	–	-2.6
Transfer to interest expense in the statement of income before tax	–	–	14.3	–	–	14.3
Deferred tax on transfer to statement of income	–	–	-3.1	–	–	-3.1
Net investment hedges net of tax	–	–	–	-98.5	–	-98.5
Total items that subsequently may be reclassified to the statement of income	**–**	**–**	**4.7**	**-98.5**	**–**	**-93.8**
Other comprehensive income	**–**	**–**	**4.7**	**-98.5**	**–**	**-93.8**
Total comprehensive income for the year	**–**	**–**	**4.7**	**-98.5**	**695.8**	**602.0**
Share-based incentive scheme[2]	–	–	–	–	-0.6	-0.6
Dividend paid to shareholders of the Parent Company	–	–	–	–	-1 095.2	-1 095.2
Closing balance 2013	**365.1**	**7 362.6**	**-0.4**	**366.2**	**16 958.1**	**25 051.6**

1 For information regarding the numbers of shares outstanding refer to note 52.
2 Further information regarding Securitas' share-based incentive scheme is provided in note 52.
3 Includes an adjustment of opening balance deferred tax of MSEK -3.5 due to a change in the Swedish tax rate from 26.3 percent to 22.0 percent.

Notes

NOTE 39 *Accounting principles*

The Parent Company's financial statements are prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's standard RFR 2 Accounting for Legal Entities. The Parent Company thus follows the same accounting principles as the Group, which are described in note 2, when relevant and except in the cases stated below. The differences that exist between the Parent Company's and the Group's accounting principles are a result of the restrictions that the Swedish Annual Accounts Act, the Swedish Act on Safeguarding of Pension Commitments and the options that RFR 2 allow for IFRS in the Parent Company.

RFR 2: IFRS 3 Business combinations

The Parent Company measures the acquisition cost as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and all costs that are directly attributable to the acquisition. Contingent considerations are recognized as part of the acquisition cost if it is probable that they will be realized. The acquisition cost is adjusted in subsequent periods if the initial assessment needs to be revised.

RFR 2: IAS 18 Revenue

Anticipated dividend from a subsidiary is recognized as income in the Parent Company in accordance with RFR 2 if the Parent Company has the exclusive right to decide the amount of the dividend from the subsidiary. The Parent Company must furthermore ensure that the dividend is in line with the subsidiary's dividend capacity. Dividend from a subsidiary that has not been anticipated is accounted for on a cash basis.

RFR 2: IAS 19 Employee benefits

Accounting for defined benefit plans according to the Swedish Act on Safeguarding of Pension Commitments leads to differences between the accounting in the Parent Company and the Group. These differences have no material impact on the employee benefits relating to the employees of the Parent Company. Pension solutions either fall within the framework of the ITP-plan that is insured via Alecta, which is described in note 31, or in all material aspects consist of other defined contribution plans.

RFR 2: IAS 21 The effects of changes in foreign exchange rates

Paragraph 32 in IAS 21 states that exchange differences that form part of a reporting entity's net investments in a foreign operation shall be recognized via the statement of income in the separate financial statements of the reporting entity. RFR 2 states that such exchange differences instead should be recognized directly in shareholders' equity in accordance with paragraph 14 d in chapter 4 of the Swedish Annual Accounts Act. Securitas AB follows RFR 2 and recognizes exchange differences that fulfill the criteria for net investment hedges, that is for which settlement is neither planned nor likely to occur in the foreseeable future, via the translation reserve in equity.

RFR 2: IAS 27 Consolidated and separate financial statements

The Parent Company applies the alternative rule in RFR 2 IAS 27 related to Group contributions, which means that Group contributions from subsidiaries as well as Group contributions to subsidiaries are accounted for as appropriations in the statement of income.

RFR 2: IAS 39 Financial instruments: Recognition and measurement

The Parent Company follows IAS 39 with the exception of financial guarantees in relation to subsidiaries. For further information refer to the accounting principles adopted by the Group for recognition and measurement of financial instruments in note 2.

Capital contributions

Shareholders' capital contributions are accounted for as an increase of the balance sheet item shares in subsidiaries. An assessment whether any impairment write-down is required in shares in subsidiaries is subsequently made.

Securitas' share-based incentive scheme

In addition to the Group's accounting principles for share-based payments (IFRS 2) as described in note 2 Accounting principles, the following has been applied in the Parent Company's financial statements. The Parent Company has secured the delivery of shares according to Securitas share-based incentive scheme by entering into a swap agreement with a third party regarding purchase of shares. To the extent that shares according to the swap agreement is subject to delivery to employees in other Group companies than the Parent Company, a liability to Group companies has been recorded in the Parent Company's accounts. This liability is recorded at the value of the commitment that Securitas AB has to the subsidiaries to deliver shares, that is the number of shares to be delivered according to the swap agreement at the latest share price for Securitas AB's series B share. Social security expenses are calculated based on the market value of the shares that potentially will be allocated. Fluctuations in the share price for these shares thus lead to changes in social security expenses that impact the Parent Company's and Group's income. This is the only impact on the Parent Company's and Group's income due to fluctuations in the share price for the shares that potentially will be allocated. This means that any possible increase or decrease of the liability to Group companies has not been accounted for in the Parent Company's income statement.

NOTE 40 *Transactions with related parties*

Transactions between the Parent Company and subsidiaries are priced in accordance with business principles.

THE PARENT COMPANY'S TRANSACTIONS WITH RELATED PARTIES COMPRISE:

MSEK	2013	2012	2011
License fees and other income from subsidiaries	868.6	977.2	836.0
Result of sale of shares in subsidiaries	–	-9.1	96.3[1]
Dividends from subsidiaries	1 118.5	11 875.5	4 679.1
Group contributions from subsidiaries	267.4	498.1	348.6
Group contributions to subsidiaries	-0.3	-3.7	-29.9
Interest income from subsidiaries	138.2	162.9	149.0
Interest expenses to subsidiaries	-84.4	-267.3	-346.5
Guarantees issued on behalf of subsidiaries	1 797.8	1 591.7	1 462.7
Guarantees issued on behalf of associated companies	4.2	4.9	73.2

1 Included on the line other operating income in the statement of income. Comprises dividend of MSEK 29.3 from the Group's disposed joint venture Securitas Direct S.A. in Switzerland and a capital gain from the sale of the shares in this company of MSEK 67.0.

NOTE 41 *Financial risk management*

The Parent Company follows, as stated in note 39, IAS 39 Financial instruments: Recognition and measurement. Refer to note 2 and note 6 for further information about financial risks that are applicable also for the Parent Company.

LIQUIDITY REPORT AS PER DECEMBER 31, 2012–2013

MSEK	Total	< 1 year	Between 1 year and 5 years	> 5 years
December 31, 2013				
Borrowings	-17 689	-5 151	-8 627	-3 911
Derivatives outflows	-14 797	-14 716	-61	-20
Accounts payable	-12	-12	–	–
Total outflows	**-32 498**	**-19 879**	**-8 688**	**-3 931**
Investments	5 426	5 302	124	–
Derivatives receipts	15 190	14 719	326	145
Total inflows	**20 616**	**20 021**	**450**	**145**
Net cash flows, total[1]	**-11 882**	**142**	**-8 238**	**-3 786**
December 31, 2012				
Borrowings	-18 000	-8 321	-6 718	-2 961
Derivatives outflows	-16 255	-16 230	-24	-1
Accounts payable	-11	-11	–	–
Total outflows	**-34 266**	**-24 562**	**-6 742**	**-2 962**
Investments	4 871	4 692	179	–
Derivatives receipts	16 415	16 245	150	20
Total inflows	**21 286**	**20 937**	**329**	**20**
Net cash flows, total[1]	**-12 980**	**-3 625**	**-6 413**	**-2 942**

1 Variable rate cash flows have been estimated using the relevant yield curve.

REVALUATION OF FINANCIAL INSTRUMENTS

MSEK	2013	2012	2011
Recognized in the statement of income			
Financial income and expenses	0.8	-0.2	4.0
Deferred tax	-0.2	0.0	-1.0
Impact on net income for the year	**0.6**	**-0.2**	**3.0**
Recognized via hedging reserve in other comprehensive income			
Transfer to hedging reserve before tax	-3.9	-9.5	-29.7
Deferred tax on transfer to hedging reserve	-2.6[3]	2.5	7.8
Transfer to hedging reserve net of tax	**-6.5**	**-7.0**	**-21.9**
Transfer to statement of income before tax	14.3	19.1	34.1
Deferred tax on transfer to statement of income	-3.1	-5.0	-9.0
Transfer to statement of income net of tax	**11.2**	**14.1**	**25.1**
Total change of hedging reserve before tax[1]	10.4	9.6	4.4
Deferred tax on total change of hedging reserve before tax[1]	-5.7[3]	-2.5	-1.2
Total change of hedging reserve net of tax	**4.7**	**7.1**	**3.2**
Total impact on shareholders' equity as specified above			
Total revaluation before tax[2]	11.2	9.4	8.4
Deferred tax on total revaluation[2]	-5.9	-2.5	-2.2
Total revaluation after tax	**5.3**	**6.9**	**6.2**

1 Total of transfer to hedging reserve and transfer from hedging reserve to statement of income.
2 Total revaluation and deferred tax recognized via statement of income and via other comprehensive income.
3 Includes an adjustment of opening balance deferred tax of MSEK -3.5 due to a change in the Swedish tax rate from 26.3 percent to 22.0 percent.

DERIVATIVES IN THE BALANCE SHEET

MSEK	2013	2012	2011
Interest-bearing financial non-current assets			
Fair value hedges	41.6	91.3	33.6
Cash flow hedges	0.3	–	–
Total derivatives included in interest-bearing financial non-current assets	**41.9**	**91.3**	**33.6**
Interest-bearing current receivables from subsidiaries			
Other derivative positions	–	–	4.6
Total derivatives included in interest-bearing current receivables from subsidiaries	**–**	**–**	**4.6**
Other interest-bearing current assets			
Other derivative positions	47.0	76.2	0.5
Total derivatives included in other interest-bearing current assets	**47.0**	**76.2**	**0.5**
Long-term loan liabilities			
Fair value hedges	7.0	–	–
Cash flow hedges	0.7	3.4	16.5
Total derivatives included in long-term loan liabilities	**7.7**	**3.4**	**16.5**
Interest-bearing current liabilities to subsidiaries			
Other derivative positions	40.0	54.9	0.6
Total derivatives included in interest-bearing current liabilities to subsidiaries	**40.0**	**54.9**	**0.6**
Other short-term loan liabilities			
Cash flow hedges	0.1	7.5	4.0
Other derivative positions	36.0	46.3	20.4
Total derivatives included in other short-term loan liabilities	**36.1**	**53.8**	**24.4**

FAIR VALUE – HIERARCHY AS PER DECEMBER 31, 2013

MSEK	Quoted market prices	Valuation techniques using observable market data	Valuation techniques using non-observable market data	Total
Financial assets at fair value through profit or loss	–	47.0	–	47.0
Financial liabilities at fair value through profit or loss	–	-76.0	–	-76.0
Derivatives designated for hedging with positive fair value	–	41.9	–	41.9
Derivatives designated for hedging with negative fair value	–	-7.8	–	-7.8

NOTE 42 *Operating expenses and other operating income*

AUDIT FEES AND REIMBURSEMENTS

MSEK	2013	2012	2011
PwC			
– audit assignments	6.6	5.9	5.4
– additional audit assignments	0.6	0.8	0.1
– tax assignments	1.2	3.7	4.1
– other assignments[1]	2.3	3.0	1.6
Total	**10.7**	**13.4**	**11.2**

1 The cost of other assignments carried out by PwC includes fees for audit-related advisory services relating to accounting, including IFRS, IT, acquisitions, divestments and matters concerning the Group's internal bank.

Other operating income

Other operating income 2013 and 2012 consists in its entirety of trade mark fees from Securitas Direct AB.

Other operating income 2011 mainly comprises dividend of MSEK 29.3 from the Group's disposed joint venture Securitas Direct S.A. in Switzerland and a capital gain from the sale of the shares in this company of MSEK 67.0. The capital gain has been measured as the consideration received less the book value of the shares. It consequently differs from the capital gain on Group level, where the capital gain is measured as the consideration received less the net assets in the consolidated balance sheet. Other operating income further comprises trade mark fees from Securitas Direct AB of MSEK 10.1 and other items MSEK 14.6.

NOTE 43 *Personnel*

AVERAGE NUMBER OF YEARLY EMPLOYEES: DISTRIBUTION BETWEEN WOMEN AND MEN

	Women			Men			Total		
	2013	2012	2011	2013	2012	2011	2013	2012	2011
Board of Directors	3	3	3	4	4	4	7	7	7
President	–	–	–	1	1	1	1	1	1
Other employees, Sweden	23	26	26	24	26	23	47	52	49

STAFF COSTS

	2013			2012			2011			Of which bonuses		
MSEK	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	Salaries	Social benefits	(of which pensions)	2013	2012	2011
Board of Directors and President[1]	16.7	9.6	(3.5)	16.7	9.4	(3.5)	16.5	9.4	(3.4)	0.0	0.0	0.0
Other employees	45.2	28.4	(11.1)	53.6	33.3	(14.1)	46.4	29.5	(13.0)	1.0	3.6	0.2
Total	**61.9**	**38.0**	**(14.6)**	**70.3**	**42.7**	**(17.6)**	**62.9**	**38.9**	**(16.4)**	**1.0**	**3.6**	**0.2**

1 Refer to note 8 for further information regarding remuneration to the Board of Directors and President.

NOTE 44 *Other financial income and expenses, net*

MSEK	2013	2012	2011
Impairment losses, shares in subsidiaries[1]	-554.0	-8 602.3	-2 735.0
Exchange rate differences, net	-133.3	209.3	36.8
Bank costs and similar income/expense items	-17.4	-18.8	-15.2
Revaluation of financial instruments (IAS 39)	0.8	-0.2	4.0
Total other financial income and expenses, net	**-703.9**	**-8 412.0**	**-2 709.4**

1 Impairment losses of shares in subsidiaries in 2013 were recognized in conjunction with the Parent Company having received dividends from subsidiaries and for the shares in another subsidiary as a consequence of a capital contribution to the subsidiary.

Impairment losses of shares in subsidiaries in 2012 were recognized in conjunction with the Parent Company having received dividends from subsidiaries and for the shares in Securitas Montenegro d.o.o. as a consequence of the impairment losses of goodwill and acquisition related intangible assets that were recognized for the cash generating unit Security Services Montenegro.

Impairment losses of shares in subsidiaries in 2011 were recognized in conjunction with the Parent Company having received dividends from subsidiaries.

NOTE 45 Taxes

Statement of income

TAX EXPENSE

MSEK	2013	2012	2011
Tax on income before taxes			
– current taxes	-8.4	-0.6	-13.4
– deferred taxes	1.2	-56.0	5.9
Total tax expense	**-7.2**	**-56.6**	**-7.5**

The Swedish corporate tax rate was 22.0 percent in 2013 (26.3 percent in 2012 and 2011).

DIFFERENCE BETWEEN STATUTORY SWEDISH TAX RATE AND ACTUAL TAX EXPENSE FOR THE PARENT COMPANY

MSEK	2013	2012	2011
Income before taxes according to the statement of income	**703**	**3 498**	**2 101**
Tax based on Swedish tax rate	-155	-920	-553
Tax related to previous years	5	16	12
Tax related to non-taxable income	266	3 186	1 261
Tax related to non-deductible expenses	-123	-2 339	-728
Actual tax expense	**-7**	**-57**	**-8**

Tax related to non-taxable income mainly relates to dividends from subsidiaries. Tax related to non-deductible expenses mainly relates to write-down of shares in subsidiaries.

Other comprehensive income

TAX ON OTHER COMPREHENSIVE INCOME

MSEK	2013	2012	2011
Deferred tax on cash flow hedges	-5.7	-2.5	-1.2
Deferred tax on net investment hedges	4.8	58.2	-4.7
Deferred tax on other comprehensive income	**-0.9**	**55.7**	**-5.9**

Balance sheet

Deferred tax assets for 2013, 2012 and 2011 are attributable to employee related debt.

Tax loss carryforwards

The tax loss carryforwards for the Parent Company amounted to MSEK 0 (0 and 0) as of December 31, 2013.

NOTE 46 Intangible assets[1]

MSEK	2013	2012	2011
Opening balance	195.7	164.4	147.5
Capital expenditures	11.8	31.3	18.9
Reclassification	-18.4	–	-2.0
Closing accumulated balance	**189.1**	**195.7**	**164.4**
Opening amortization	-80.9	-71.6	-62.1
Reclassification	7.6	–	–
Amortization for the year	-10.3	-9.3	-9.5
Closing accumulated amortization	**-83.6**	**-80.9**	**-71.6**
Closing residual value	**105.5**	**114.8**	**92.8**

1 Mainly related to Securitas Guard Management System, which is a system used for communicating, coordinating, performing and reporting services. The estimated useful life is 15 years, based on how similar communication systems are used. The amortization rate is set to the corresponding period. Furthermore the brand name Securitas in one of the Group's countries of operations is included with MSEK 15.9 (15.9 and 15.9). The trademark is tested annually for impairment. Refer to note 16 section impairment testing for further information.

NOTE 47 Machinery and equipment

MSEK	2013	2012	2011
Opening balance	15.3	14.9	14.3
Capital expenditures	0.1	0.4	0.6
Disposals	-0.1	–	–
Reclassification	18.4	–	–
Closing accumulated balance	**33.7**	**15.3**	**14.9**
Opening depreciation	-13.5	-12.9	-12.1
Reclassification	-7.6	–	–
Depreciation for the year	-2.7	-0.6	-0.8
Closing accumulated depreciation	**-23.8**	**-13.5**	**-12.9**
Closing residual value	**9.9**	**1.8**	**2.0**

NOTE 48 *Shares in subsidiaries*[1]

Subsidiary name	Corporate identity no.	Domicile	Number of shares	*% of share capital/ voting rights*	Book value, MSEK
Alert Services Holding NV[2]	RPR617707	Brussels	3 311 669	*53.01*	576.4
Grupo Securitas Mexico S A de C V[3]	GSM930817U48	Monterrey	4 999	*99.98*	14.5
Ozon Project d.o.o[4]	MBS 080011254	Zagreb	1	*65*	0.7
Protectas S.A.	CH-550-0084385-3	Lausanne	25 000	*100*	32.8
Seccredo Holding AB	556734-1283	Stockholm	1 000	*100*	36.9
Securitas Alert Services Polska Sp.z o.o.	KRS 0000289244	Warsaw	5 000	*100*	10.0
Securitas Argentina S.A.[5]	1587929	Buenos Aires	282 399	*20*	13.5
Securitas Asia Holding AB	556691-8800	Stockholm	100 000	*100*	197.0
Securitas BH d.o.o.	1-25315	Sarajevo	–	*100*	86.8
Securitas Biztonsági Szolgáltatások Magyarország Kft	Cg.01-09-721946	Budapest	–	*100*	18.6
Securitas Canada Ltd	036580-6	Montreal	4 004	*100*	85.6
Securitas CR sro	CZ43872026	Prague	–	*100*	176.5
Securitas Eesti AS	10188743	Tallinn	1 371	*100*	32.1
Securitas Egypt LLC	175560	Cairo	5 000	*100*	5.2
Securitas Group Reinsurance Ltd	317030	Dublin	2 000 000	*100*	576.5
Securitas Holding GmbH	HRB 33348	Düsseldorf	1	*100*	2 572.3
Securitas Holdings Inc.	95-4754543	Parsippany	100	*100*	2 208.0
Securitas Hrvatska d.o.o[6]	33679708526	Zagreb	1	*100*	121.8
Securitas Invest AB	556630-3995	Stockholm	1 000	*100*	7.1
Securitas Middle East and Africa Holding AB	556771-4406	Stockholm	100 000	*100*	97.7
Securitas Montenegro d.o.o.	2387620	Niksic	–	*100*	0.8
Securitas Nordic Holding AB	556248-3627	Stockholm	1 000 000	*100*	9 269.5
Securitas N V[7]	0427.388.334	Brussels	999	*99.90*	272.8
Securitas Polska Sp. z o. o.	36743	Warsaw	18 000	*100*	27.4
Securitas Rental AB	556376-3829	Stockholm	1 000	*100*	3.6
Securitas Safety & Consulting SRL[8]	J40/13561/2007	Bucharest	1	*5*	0.0
Securitas SA Holdings Pty Ltd	2008-028411-07	Johannesburg	701	*70*	55.6
Securitas Security Consulting Holding AB	556087-1468	Stockholm	1 000	*100*	37.3
Securitas Seguridad Holding SL	B83446831	Madrid	7 023	*100*	8 042.8
Securitas Services d.o.o.	17487809	Belgrade	–	*100*	132.5
Securitas Services Holding U.K. Ltd	5759961	London	34 000 400	*100*	976.2
Securitas Services International BV	33287487	Amsterdam	25 000	*100*	1 535.1
Securitas Services Romania SRL	J40/2222/2001	Bucharest	21 980	*100*	49.5
Securitas Sicherheitsdienstleistungen GmbH	FN148202w	Vienna	–	*100*	76.2
Securitas SK sro[9]	36768073	Prievidza	–	*4.65*	0.8
Securitas Transport Aviation Security AB	556691-8917	Stockholm	5 100 000	*100*	259.6
Securitas Treasury Ireland Ltd	152440	Dublin	21 075 470	*100*	9 497.0
Securitas UAE LLC[10]	615702	Dubai	5 725	*49/51*	10.6
Tehnomobil d.o.o[4]	MBS 080011254	Zagreb	1	*65*	65.7
Total shares in subsidiaries					**37 183.0**

1 A complete specification of subsidiaries can be obtained from the Parent Company.
2 Through the holdings in Securitas Seguridad Holding SL, the remaining 46.99 percent of Alert Services Holding NV are held.
3 The remaining 0.02 percent of Grupo Securitas Mexico S.A. de CV are held by Securitas Rental AB.
4 Securitas has an option to acquire the remaining shares.
5 The remaining 80 percent of Securitas Argentina S.A. are held by Securitas Seguridad Holding SL.
6 Protect d.o.o and Sigurnorst Buzov d.o.o have merged during the year with Securitas Hrvatska d.o.o.
7 The remaining 0.1 percent of Securitas NV are held by Securitas Rental AB.
8 The remaining 95 percent of Securitas Safety & Consulting SRL are held by Securitas Services Romania SRL.
9 The remaining 95.35 percent of Securitas SK sro are held by Securitas CR sro.
10 Securitas AB appoints the majority of the Board of Directors and has a controlling interest through a shareholders' agreement.

CHANGE ANALYSIS OF SHARES IN SUBSIDIARIES

MSEK	2013	2012	2011
Opening balance	37 156.3	37 852.7	40 026.8
Acquisitions	68.7	74.1	73.0
Divestitures	–	-41.5	-2.5
Capital contributions	516.1	4 125.5	492.4
Impairment losses[1]	-554.0	-8 602.3	-2 735.0
Revaluation of deferred considerations	-4.1	-23.0	-2.0
Dividend from subsidiaries	–	3 770.8	–
Closing balance	**37 183.0**	**37 156.3**	**37 852.7**

1 Impairment losses of shares in subsidiaries in 2013 were recognized in conjunction with the Parent Company having received dividends from subsidiaries and for the shares in another subsidiary as a consequence of a capital contribution to the subsidiary.
Impairment losses of shares in subsidiaries in 2012 were recognized in conjunction with the Parent Company having received dividends from subsidiaries and for the shares in Securitas Montenegro d.o.o. as a consequence of the impairment losses of goodwill and acquisition related intangible assets that were recognized for the cash generating unit Security Services Montenegro.
Impairment losses of shares in subsidiaries in 2011 were recognized in conjunction with the Parent Company having received dividends from subsidiaries.

NOTE 49 *Shares in associated companies*

HOLDINGS 2011–2013

Company	Domicile	*Share in equity, %*	*Voting rights, %*	Book value, MSEK
Walsons Services Pvt Ltd	Delhi	*49*	*49*	112.1
Holdings 2013				**112.1**
Walsons Services Pvt Ltd	Delhi	*49*	*49*	112.1
Holdings 2012				**112.1**
Walsons Services Pvt Ltd	Delhi	*49*	*49*	112.1
Holdings 2011				**112.1**

NOTE 50 *Prepaid expenses and accrued income*

MSEK	2013	2012	2011
Prepaid rent	–	6.3	6.3
Other prepaid expenses and accrued income	20.3	18.4	20.5
Total prepaid expenses and accrued income	**20.3**	**24.7**	**26.8**

NOTE 51 *Liquid funds*

Liquid funds include short-term investments with a maximum duration of 90 days that are readily convertible to a known amount of cash and subject to an insignificant risk of change in value. Liquid funds also include cash and bank deposits. Short-term investments refer to fixed interest rate bank deposits.

In the Parent Company's balance sheet, utilized internal credits in the Swedish cash-pool account are reported under the Group account bank overdraft.

NOTE 52 *Shareholders' equity*

Number of shares outstanding December 31, 2013

			MSEK
Series A	17 142 600	each share with a quota value of SEK 1.00	17.1
Series B	347 916 297	each share with a quota value of SEK 1.00	348.0
Total	**365 058 897**		**365.1**

The number of Series A and Series B shares is unchanged in relation to December 31, 2012 and 2011. As of December 31, 2013 there were no outstanding convertible debenture loans that could result in any dilution of the share capital.

Each Series A share carries ten votes and each Series B share one vote. This is the only difference between the two series of shares.

Shareholders with more than 10 percent of the votes

The principal shareholders are Gustaf Douglas, who through family and the companies within the Investment AB Latour Group and Förvaltnings AB Wasatornet holds 10.9 percent of the capital and 29.6 percent of the votes, and Melker Schörling, who through family and Melker Schörling AB holds 5.6 percent of the capital and 11.8 percent of the votes.

Dividend

The Board of Directors propose a dividend to the shareholders of the Parent Company of SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2012, which was paid in 2013, was SEK 3.00 per share, or a total of MSEK 1 095.2. The dividend to the shareholders for the financial year 2011, which was paid in 2012, was SEK 3.00 per share, or a total of MSEK 1 095.2.

Share-based incentive scheme

Securitas' share-based incentive scheme has had the following impact on retained earnings:

MSEK	2013	2012	2011
Swap agreement[1,2]	-52.7	-52.1	-67.1
Redemption of previous year's swap agreement[1]	52.1	67.1	–
Share-based remuneration to employees[3]	0.5	0.5	4.1
Settlement of previous year's sharebased remuneration to employees[3]	-0.5	-4.1	–
Total	**-0.6**	**11.4**	**-63.0**

1 Related to the whole Group's share-based incentive scheme.
2 The number of shares that have been hedged in this swap agreement amount to a total of 859 579 (809 768 and 910 837) and have been allotted to the participants during the first quarter 2014, provided that they were still employed by the Group at that time.
3 Related to share-based remuneration for Securitas AB's employees only.

NOTE 53 *Long-term liabilities*

LONG-TERM LIABILITIES FALL DUE FOR PAYMENT AS FOLLOWS:

MSEK	2013	2012	2011
Maturity < 5 years	7 762.1	6 047.1	8 473.9
Maturity > 5 years	3 803.9	3 049.3	84.7
Total long-term liabilities	**11 566.0**	**9 096.4**	**8 558.6**

NOTE 54 *Accrued expenses and prepaid income*

MSEK	2013	2012	2011
Employee-related items	11.3	14.7	11.7
Accrued interest expenses	135.9	282.8	239.3
Other accrued expenses	17.7	23.9	36.5
Total accrued expenses and prepaid income	**164.9**	**321.4**	**287.5**

NOTE 55 *Pledged assets*

MSEK	2013	2012	2011
Pension balances, defined contribution plans	86.9	82.6	74.3
Total pledged assets	**86.9**	**82.6**	**74.3**

NOTE 56 *Contingent liabilities*

MSEK	2013	2012	2011
Sureties and guarantees	20.0	53.8	56.9
Guarantees related to discontinued operations	16.8	18.6	20.7
Total contingent liabilities[1]	**36.8**	**72.4**	**77.6**

1 Guarantees on behalf of subsidiaries are disclosed in note 40.

The Board of Directors and the President declare that the consolidated financial statements have been prepared in accordance with IFRS as adopted by the EU and give a true and fair view of the Group's financial position and results of operations. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and give a true and fair view of the Parent Company's financial position and results of operations.

The statutory administration report of the Group and the Parent Company provides a fair review of the development of the Group's and the Parent Company's operations, financial position and results of operations and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The statements of income and balance sheets of the Parent Company and the Group are subject to adoption by the Annual General Meeting on May 5, 2014.

Stockholm, March 14, 2014

Melker Schörling
Chairman

Carl Douglas
Vice Chairman

Fredrik Cappelen
Director

Marie Ehrling
Director

Annika Falkengren
Director

Sofia Schörling Högberg
Director

Fredrik Palmstierna
Director

Susanne Bergman Israelsson
Director
Employee Representative

Åse Hjelm
Director
Employee Representative

Jan Prang
Director
Employee Representative

Alf Göransson
President and Chief Executive Officer, Director

Our audit report has been submitted on March 14, 2014
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant

(Translation of the Swedish original)

Auditor's report

To the Annual General Meeting of the shareholders of Securitas AB, corporate identity number 556302-7241

Report on the annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Securitas AB for the year 2013. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 53–130.

Responsibilities of the Board of Directors and the CEO and President ("President") for the annual accounts and consolidated accounts
The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts and consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions
In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of December 31, 2013 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2013 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Report on other legal and regulatory requirements
In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of Securitas AB for the year 2013.

Responsibilities of the Board of Directors and the President
The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act.

Auditor's responsibility
Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions
We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, March 14, 2014
PricewaterhouseCoopers AB

Peter Nyllinge
Authorized Public Accountant

Quarterly data

Statement of income 2013[1]

MSEK	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Sales	15 674.4	16 371.0	16 418.2	16 553.9
Sales, acquired business	185.7	138.6	186.9	171.4
Total sales	**15 860.1**	**16 509.6**	**16 605.1**	**16 725.3**
Organic sales growth, %	*0*	*1*	*1*	*1*
Production expenses	-13 166.1	-13 649.7	-13 720.7	-13 740.1
Gross income	**2 694.0**	**2 859.9**	**2 884.4**	**2 985.2**
Selling and administrative expenses	-1 948.7	-2 055.3	-1 997.6	-2 110.8
Other operating income	3.5	3.1	3.6	3.3
Share in income of associated companies	0.7	1.0	1.1	1.6
Operating income before amortization	**749.5**	**808.7**	**891.5**	**879.3**
Operating margin, %	*4.7*	*4.9*	*5.4*	*5.3*
Amortization and impairment of acquisition related intangible assets	-64.0	-64.3	-64.5	-80.9
Acquisition related costs	-8.2	-6.0	-5.0	-7.6
Items affecting comparability	–	–	–	–
Operating income after amortization	**677.3**	**738.4**	**822.0**	**790.8**
Financial income and expenses	-135.8	-80.5	-83.1	-85.6
Income before taxes	**541.5**	**657.9**	**738.9**	**705.2**
Net margin, %	*3.4*	*4.0*	*4.4*	*4.2*
Current taxes	-135.9	-149.4	-184.6	-238.7
Deferred taxes	-25.5	-46.7	-35.6	28.5
Net income for the period	**380.1**	**461.8**	**518.7**	**495.0**
Whereof attributable to:				
Equity holders of the Parent Company	379.9	461.1	517.6	493.9
Non-controlling interests	0.2	0.7	1.1	1.1
Earnings per share before dilution (SEK)	1.04	1.26	1.42	1.35
Earnings per share after dilution (SEK)	1.04	1.26	1.42	1.35

Statement of cash flow 2013[1]

MSEK	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Operating income before amortization	**749.5**	**808.7**	**891.5**	**879.3**
Investments in non-current tangible and intangible assets	-193.9	-226.9	-152.3	-230.9
Reversal of depreciation	234.3	241.1	231.5	238.7
Change in accounts receivable	-34.9	-152.1	44.7	143.3
Change in other operating capital employed	-602.3	-377.3	533.5	204.6
Cash flow from operating activities	**152.7**	**293.5**	**1 548.9**	**1 235.0**
Cash flow from operating activities, %	*20*	*36*	*174*	*140*
Financial income and expenses paid	-158.9	-261.7	-63.0	-48.4
Current taxes paid	-117.0	-158.3	-131.3	-203.8
Free cash flow	**-123.2**	**-126.5**	**1 354.6**	**982.8**
Free cash flow, %	*-26*	*-22*	*217*	*177*
Cash flow from investing activities, acquisitions and divestitures	-50.2	-83.8	-64.2	-96.5
Cash flow from items affecting comparability	-165.4	-72.8	-32.1	-37.2
Cash flow from financing activities	2 132.4	-4 212.5	-654.0	463.6
Cash flow for the period	**1 793.6**	**-4 495.6**	**604.3**	**1 312.7**

Capital employed and financing 2013[1]

MSEK	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
Operating capital employed	**3 304.6**	**4 300.1**	**3 469.4**	**3 180.9**
Operating capital employed as % of sales	*5*	*6*	*5*	*5*
Return on operating capital employed, %	*89*	*79*	*91*	*116*
Goodwill	14 053.7	14 545.3	14 087.6	14 361.9
Acquisition related intangible assets	1 417.8	1 384.9	1 335.3	1 315.6
Shares in associated companies	109.2	107.3	97.2	132.7
Capital employed	**18 885.3**	**20 337.6**	**18 989.5**	**18 991.1**
Return on capital employed, %	*14*	*13*	*15*	*18*
Net debt	**-10 060.8**	**-11 770.6**	**-10 293.1**	**-9 609.8**
Shareholders' equity	**8 824.5**	**8 567.0**	**8 696.4**	**9 381.3**
Net debt equity ratio, multiple	*1.14*	*1.37*	*1.18*	*1.02*

1 For definitions and calculation of key ratios refer to note 3.

Statement of income 2012[1]

MSEK	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Sales	15 122.3	16 377.6	16 016.4	16 523.5
Sales, acquired business	1 142.0	591.7	457.3	227.4
Total sales	**16 264.3**	**16 969.3**	**16 473.7**	**16 750.9**
Organic sales growth, %	*1*	*0*	*0*	*0*
Production expenses[2]	-13 545.2	-14 147.6	-13 645.2	-14 026.5
Gross income[2]	**2 719.1**	**2 821.7**	**2 828.5**	**2 724.4**
Selling and administrative expenses[2]	-2 002.4	-2 111.6	-1 980.2	-1 987.3
Other operating income	3.1	5.6	0.1	4.0
Share in income of associated companies	0.2	1.2	0.9	0.4
Operating income before amortization[2]	**720.0**	**716.9**	**849.3**	**741.5**
Operating margin, %[2]	*4.4*	*4.2*	*5.2*	*4.4*
Amortization and impairment of acquisition related intangible assets	-63.5	-67.3	-96.5	-69.8
Acquisition related costs	-28.5	-36.6	16.1	-0.5
Items affecting comparability	–	–	–	-424.3
Operating income after amortization[2]	**628.0**	**613.0**	**768.9**	**246.9**
Financial income and expenses	-134.5	-147.5	-143.3	-147.7
Income before taxes[2]	**493.5**	**465.5**	**625.6**	**99.2**
Net margin, %[2]	*3.0*	*2.7*	*3.8*	*0.6*
Current taxes	-134.8	-119.2	-167.8	-104.6
Deferred taxes[2]	-11.3	-18.5	-25.3	72.3
Net income for the period[2]	**347.4**	**327.8**	**432.5**	**66.9**
Whereof attributable to:				
Equity holders of the Parent Company[2]	346.8	327.7	431.9	67.8
Non-controlling interests	0.6	0.1	0.6	-0.9
Earnings per share before dilution (SEK)[2]	0.95	0.90	1.18	0.19
Earnings per share after dilution (SEK)[2]	0.95	0.90	1.18	0.19

Statement of cash flow 2012[1]

MSEK	Q1 2012	Q2 2012	Q3 2012	Q4 2012
Operating income before amortization[2]	**720.0**	**716.9**	**849.3**	**741.5**
Investments in non-current tangible and intangible assets	-249.0	-270.8	-254.5	-264.9
Reversal of depreciation	235.3	241.4	231.3	238.1
Change in accounts receivable	-40.6	150.9	-409.7	504.8
Change in other operating capital employed[2]	-487.3	-179.8	234.5	493.4
Cash flow from operating activities	**178.4**	**658.6**	**650.9**	**1 712.9**
Cash flow from operating activities, %[2]	*25*	*92*	*77*	*231*
Financial income and expenses paid	-79.2	-306.8	-88.0	-57.9
Current taxes paid	-106.8	-257.7	-102.2	-116.6
Free cash flow	**-7.6**	**94.1**	**460.7**	**1 538.4**
Free cash flow, %[2]	*-2*	*21*	*86*	*314*
Cash flow from investing activities, acquisitions and divestitures	-181.0	-358.4	-57.1	-80.8
Cash flow from items affecting comparability	-14.9	-9.7	-5.8	-163.4
Cash flow from financing activities	2 184.9	-1 860.4	1 880.8	-982.6
Cash flow for the period	**1 981.4**	**-2 134.4**	**2 278.6**	**311.6**

Capital employed and financing 2012[1]

MSEK	March 31, 2012	June 30, 2012	September 30, 2012	December 31, 2012
Operating capital employed[2]	**3 546.8**	**3 846.5**	**3 687.6**	**2 581.5**
Operating capital employed as % of sales	*5*	*6*	*6*	*4*
Return on operating capital employed, %[2]	*100*	*95*	*95*	*91*
Goodwill	14 465.3	14 929.9	14 200.9	14 275.4
Acquisition related intangible assets	1 587.4	1 602.1	1 500.4	1 501.9
Shares in associated companies	108.1	106.9	105.3	108.0
Capital employed[2]	**19 707.6**	**20 485.4**	**19 494.2**	**18 466.8**
Return on capital employed, %[2]	*17*	*16*	*17*	*14*
Net debt	**-10 365.4**	**-11 926.2**	**-11 110.6**	**-9 864.6**
Shareholders' equity[2]	**9 342.2**	**8 559.2**	**8 383.6**	**8 602.2**
Net debt equity ratio, multiple	*1.11*	*1.39*	*1.33*	*1.15*

1 For definitions and calculation of key ratios refer to note 3.
2 The comparatives have been restated due to the adoption of IAS 19 (revised).

The Securitas Share

At year-end, the closing price of the Securitas share on NASDAQ OMX Stockholm was SEK 68.35, corresponding to a market capitalization of MSEK 23 780 (19 727). Earnings per share amounted to SEK 5.07 (3.22), up 57 percent compared to 2012. Adjusted for the strengthening of the Swedish krona, earnings per share improved 62 percent in real terms compared with the preceding year. Adjusted also for items affecting comparability and impairment losses earnings per share amounted to SEK 5.07 (4.11), which was an increase of 27 percent compared to 2012. The Board proposes a dividend of SEK 3.00 (3.00) per share be paid to shareholders.

Performance of the share in 2013

At year-end, the closing price of the Securitas share was SEK 68.35 (56.70). The share price increased by 21 percent in 2013, compared to the OMX Stockholm All Share index which increased 23 percent. The highest price paid for a Securitas share in 2013 was SEK 75.00 which was noted on October 25 and the lowest price paid was SEK 55.30 which was noted on February 8.

At the end of 2013, Securitas' weight in the OMX Stockholm All Share index was 0.49 percent (0.51) and 0.71 percent (0.72) in the OMX Stockholm 30 index. During the year, the OMX Stockholm All Share index increased by 23 percent and the OMX Stockholm 30 index increased by 21 percent.

Market capitalization for Securitas at year-end was MSEK 23 780 (19 727), which corresponded to 0.49 percent of the total value of NASDAQ OMX Stockholm.

Trading

A total of 341 million (404) Securitas shares were traded on NASDAQ OMX Stockholm, representing a value of MSEK 22 007 (22 577). The turnover velocity in 2013 was 97 percent (115), compared with a turnover rate of 67 percent (74) for the entire NASDAQ OMX Stockholm. The average number of Securitas shares traded each day was 1 364 000.

The trading on NASDAQ OMX Stockholm represented 62 percent of all traded Securitas shares in 2013. In addition to the trading on NASDAQ OMX Stockholm, Securitas shares were traded on other trading venues, such as BATS Chi-X Europe. During 2013, 38 percent of the Securitas shares were traded on other trading venues.

Share capital and shareholder structure

At December 31, 2013, the share capital amounted to SEK 365 058 897, distributed between an equal number of shares, each with a quota value of SEK 1.00. Of these shares, 17 142 600 are Series A shares and 347 916 297 are Series B shares. Each Series A share carries ten votes and each Series B share carries one vote. The free float of the Securitas share is 88 percent.

At December 31, 2013, Securitas had 26 054 shareholders (27 222). In terms of numbers, private individuals make up the largest shareholder category with 22 190 shareholders, corresponding to 85 percent of the total number of shareholders. In terms of capital and votes, institutional and other corporate entities dominate with 96 and 97 percent respectively.

Shareholders based in Sweden hold 53 percent of the capital and 67 percent of the votes. Compared with 2012, the proportion of foreign shareholders in the shareholder base has increased. At December 31, 2013, shareholders outside Sweden owned 47 percent (41) of the capital and 33 percent (29) of the votes. The largest shareholdings held by foreign shareholders are in the United Kingdom and the USA, with 15 percent of the capital and 11 percent of the votes in the United Kingdom and 13 percent of the capital and 9 percent of the votes in the USA. Foreign shareholders are not always recorded in the share register. Foreign banks and other custodians may be recorded for multiple customers' shares and the actual owners are then not displayed in the register.

At December 31, 2013, the principal shareholders in Securitas were Gustaf Douglas, who through his family and the companies Investment AB Latour Group and Förvaltnings AB Wasatornet holds 10.9 percent (11.5) of the capital and 29.6 percent (30.0) of the votes, and Melker Schörling who through family and Melker Schörling AB holds 5.6 percent (5.6) of the capital and 11.8 percent (11.8) of the votes. These shareholders are represented on the Board of Directors by Carl Douglas, Fredrik Palmstierna, Melker Schörling and Sofia Schörling Högberg.

Cash dividend and dividend policy

The Board of Directors proposes a dividend of SEK 3.00 (3.00) per share, corresponding to a total of MSEK 1 095 (1 095). With a free cash flow averaging 80–85 percent of adjusted income and a balanced growth strategy comprising both organic and acquisition-driven growth, Securitas should be able to sustain a dividend level of 50 percent of the annual free cash flow. Based on the share price at the end of 2013, the dividend yield for 2013 amounted to 4.4 percent.

Authorization to repurchase shares in Securitas AB

The Annual General Meeting 2013 resolved to authorize the Board to resolve upon acquisition of the company's own shares up to a maximum of ten percent of the outstanding shares and for a period up to the Annual General Meeting in 2014.

Securitas share in brief

Series B Securitas shares are traded on NASDAQ OMX Stockholm, part of the NASDAQ OMX Nordic Exchange, and on other trading venues such as BATS Chi-X Europe. Securitas is listed on the NASDAQ OMX Stockholm on the Large Cap List for companies, which includes large companies with a market capitalization of more than MEUR 1 000, and is included in the Industrial Goods & Services sector. The ISIN code for the Securitas share on the OMX Nordic Exchange Stockholm is SE0000163594. The ticker code for the Securitas share is SECU B on the OMX Stockholm, SECUB:SS on Bloomberg and SECUb.ST on Reuters. Securitas has been listed on the stock exchange since 1991.

SHAREHOLDER SPREAD AT DECEMBER 31, 2013

Number of shares	Number of shareholders	Number of Series A shares	Number of Series B shares	*% of capital*	*% of votes*
1–500	17 960	0	2 912 906	*0.80*	*0.56*
501–1 000	3 305	0	2 777 748	*0.76*	*0.53*
1 001–5 000	3 348	0	7 741 896	*2.12*	*1.49*
5 001–10 000	531	0	4 019 848	*1.10*	*0.77*
10 001–15 000	173	0	2 184 384	*0.60*	*0.42*
15 001–20 000	124	0	2 246 627	*0.62*	*0.43*
20 001–	613	17 142 600	326 032 888	*94.00*	*95.80*
Total	**26 054**	**17 142 600**	**347 916 297**	***100.00***	***100.00***

Source: Euroclear Sweden

LARGEST SHAREHOLDERS AT DECEMBER 31, 2013

Shareholder	Series A shares	Series B shares	*% of capital*	*% of votes*
Gustaf Douglas, companies and family[1]	12 642 600	27 190 000	*10.9*	*29.6*
Melker Schörling, companies and family[2]	4 500 000	16 008 700	*5.6*	*11.8*
Didner & Gerge Funds	0	15 030 017	*4.1*	*2.9*
SEB Investment Management	0	12 785 453	*3.5*	*2.5*
Swedbank Robur Funds	0	11 142 887	*3.1*	*2.1*
JPMorgan Chase	0	10 335 292	*2.8*	*2.0*
Handelsbanken Funds	0	8 358 590	*2.3*	*1.6*
Lannebo Funds	0	8 075 000	*2.2*	*1.6*
CACEIS Bank	0	8 000 000	*2.2*	*1.5*
Clearstream Banking S.A.	0	6 349 567	*1.7*	*1.2*
Total, ten largest shareholders	**17 142 600**	**123 275 506**	***38.4***	***56.8***
Total, rest of owners	**0**	**224 640 791**	***61.6***	***43.2***
Total as of December 31, 2013	**17 142 600**	**347 916 297**	***100.0***	***100.0***

1 Includes the holdings of family members, Investment AB Latour Group and Förvaltnings AB Wasatornet.
2 Includes the holdings of family members and Melker Schörling AB.

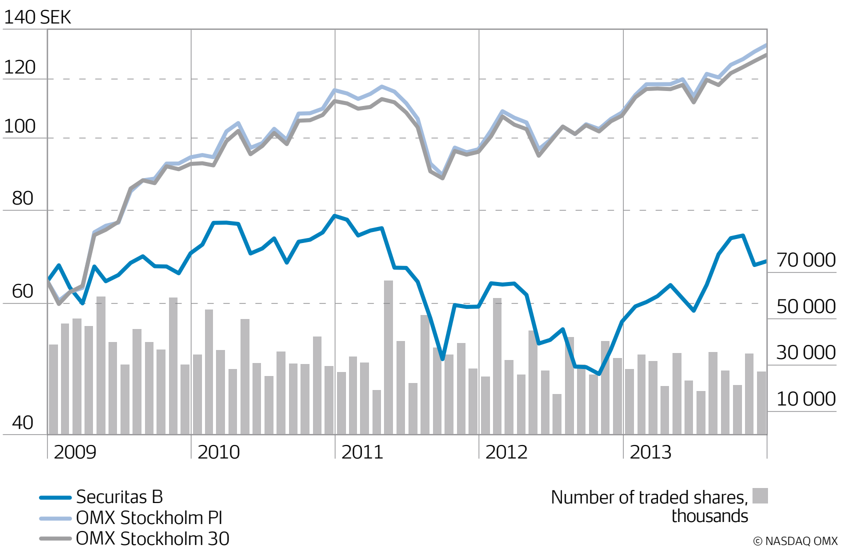
Source: Euroclear Sweden

DATA PER SHARE

SEK/share	2013	2012	2011	2010	2009
Earnings per share[4, 5, 6]	5.07	4.11[1, 5]	4.67[5]	5.71	5.80
Dividend	3.00[2]	3.00	3.00	3.00	3.00
Dividend as % of earnings per share	*59*[3]	*73*[5]	*64*[5]	*53*	*52*
Yield, %	*4.4*[3]	*5.3*	*5.1*	*3.8*	*4.3*
Free cash flow per share	5.72	5.71	2.38	5.51	5.93
Share price at end of period	68.35	56.70	59.40	78.65	70.05
Highest share price	75.00	67.30	82.00	79.95	72.75
Lowest share price	55.30	47.85	45.75	67.15	58.25
Average share price	64.68	55.80	63.79	73.62	65.74
P/E ratio	13	14[1, 5]	13	14	12
Number of shares outstanding (000s)[4]	365 059	365 059	365 059	365 059	365 059
Average number of shares outstanding (000s)[4]	365 059	365 059	365 059	365 059	365 059

1 Calculated excluding items affecting comparability as well as impairment losses of goodwill and other acquisition related intangible assets.
2 Proposed dividend.
3 Calculated on proposed dividend.
4 There are no outstanding convertible debenture loans. Consequently, there is no potential dilution.
5 The comparatives have been restated due to the adoption of IAS 19 (revised).
6 Number of shares used for calculation of earnings per share includes shares related to the Group's share based incentive schemes that have been hedged through swap agreements.

Share prices for Securitas, January 1–December 31, 2009–2013



Definitions

Free cash flow per share: Free cash flow in relation to the number of shares outstanding.

Market capitalization: The number of shares outstanding times the market price of the share price at year-end.

P/E ratio (Price/Earnings): The share price at the end of each year relative to earnings per share after taxes.

Turnover velocity: Turnover during the year relative to the average market capitalization during the same period.

Yield: Dividend relative to share price at the end of each year. For 2013, the proposed dividend is used.

Financial Information and Invitation to the Annual General Meeting

Reporting dates

Securitas will release financial information for 2014 as follows:

Interim Reports 2014	
January – March	May 5, 2014
January – June	August 5, 2014
January – September	November 4, 2014
January – December	February 4, 2015

Financial information

All financial information is available both in English and in Swedish and may be requested from:

Securitas AB
Investor Relations
P.O. Box 12307
SE-102 28 Stockholm
Sweden

Telephone: +46 10 470 30 00
Fax: +46 10 470 31 22
E-mail: ir@securitas.com
www.securitas.com

Investor Relations activities conducted in 2013

Securitas participated in investor meetings, investor conferences and roadshows in Boston, Frankfurt, Geneva, Helsinki, London, New York, Paris, Stockholm and Zürich throughout the year. Securitas also participated in shareholders' meetings arranged by the Swedish Shareholders' Association. On December 5, Securitas arranged an Investor Day in Stockholm.

Financial analysts who cover Securitas

COMPANY NAME	NAME
Bank of America Merrill Lynch	Andrew Ripper
Barclays	Paul Checketts
Carnegie	Mikael Laséen
Citi	Ed Steele
Credit Suisse	Andrew Grobler
Danske Equities	Mikael Holm
Deutsche Bank	Sylvia Foteva
Exane BNP Paribas	Laurent Brunelle
Goldman Sachs	Charles Wilson
Handelsbanken	Anders Tegeback
HSBC	Rajesh Kumar
JP Morgan Cazenove	Robert Plant
Jyske Markets	Robert Jakobsen
Morgan Stanley	Allen Wells
Nordea	Catrin Jansson
RBC Capital Markets	Andrew Brooke
SEB Enskilda	Stefan Andersson
Swedbank	Sven Sköld
UBS	George Gregory

Annual General Meeting of shareholders in Securitas AB (publ.)

The shareholders in Securitas AB are hereby invited to attend the Annual General Meeting ("AGM") to be held at 4.00 p.m. CET on Monday May 5, 2014 at Hilton Stockholm Slussen Hotel, Guldgränd 8, Stockholm, Sweden. Registration for the AGM begins at 3.00 p.m. CET.

Notice of attendance

Shareholders who wish to attend the AGM must:
(i) be recorded in the share register maintained by Euroclear Sweden AB (Euroclear), made as of Monday, April 28, 2014:
and
(ii) notify Securitas AB of their intent to participate in the AGM at the address:

Securitas AB, "AGM"
P.O. Box 7842, SE-103 98 Stockholm, Sweden
or
by telephone +46 10 470 31 30
or via the company website www.securitas.com/agm2014,
by Monday, April 28, 2014, at the latest.

On giving notice of attendance, the shareholder shall state name, personal identity number or equivalent (corporate identity number), address and telephone number. A proxy form is available on the company website www.securitas.com/agm2014 and will be sent by mail to shareholders informing the company of their address and their wish to receive a copy of the proxy form. Proxy and representative of a legal person shall submit papers of authorization prior to the AGM. As confirmation of the notification, Securitas AB will send an entry card, which should be presented at registration for the AGM.

In order to participate in the proceedings of the AGM, owners with nominee-registered shares must request their bank or broker to have their shares temporarily owner-registered with Euroclear. Such registration must be made as of Monday, April 28, 2014 and the banker or broker should therefore be notified in due time before said date.

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