

Chubb (NI) Limited

Report and Financial Statements

Year Ended 31 December 1998

Registered Number: 373935



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DIRECTORS AND OTHER INFORMATION

Board of Directors at 31 December 1998

Williams Management Services Ltd
Westminister Securities Ltd

Solicitors

Arthur Cox & Co
Earlsfort Terrace
Dublin 2

Secretary and Registered Office

Malcolm Stratton
Pentagon House
Sir Frank Whittle Road
Derby DE21 4XA
England

Bankers

Ulster Bank
Shaftsbury Square
Belfast
Northern Ireland

Auditors

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Wilton Place
Dublin 2

DIRECTORS' REPORT

The directors present the annual report and the audited Financial Statements for the year ended 31 December 1998.

Principal activities

The principal activities of the company are the sale and installation and service of security equipment.

Ultimate parent undertaking

The ultimate parent company is Williams PLC.

Business review

The financial statements for the year ended 31 December 1998 are set out in detail on pages 6 to 15. Both the level of business and the year end position were satisfactory. Future growth will ensure the company returns to profitability.

Results and dividends

Retained losses were £39,486 for the year. The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year are listed below:

Ivan Oakes	(resigned 15 September 1998)
Williams Management Services Ltd	
Westminster Securities Ltd	

Directors' share interests

None of the directors held any interest in the share capital of the company, Williams PLC, or any other subsidiary of Williams PLC.

Directors' and officers' liability insurances

Since 28 April 1997, Williams plc has maintained an insurance policy which provides indemnification to directors and officers of the company in respect of loss arising from any claim or claims made against them jointly or severally by reason of any wrongful act committed or alleged to have been committed by them in connection with the performance of the duties as directors or officers of the company.

Donations

No political donations made during the year to 31 December 1998.

Tax status

In the opinion of the directors, the close company provisions of the Income and Corporation Taxes Act 1998 does not apply to the company

Year 2000

Many computers and digital storage systems express dates using only the last two digits for the year and thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and commercial disruptions.

Chubb (NI) Limited is currently in the process of assessing the potential impact of the above on the company and its suppliers and is carrying out action plans designed to address the key issues in advance of critical dates and without disruption to the company's business. These plans will ensure that all the affected computer operations are replaced or modified prior to the critical dates.

Whilst no detailed estimates are currently available in the directors' opinion, the incremental costs associated with Year 2000 compliance are not expected to be material.

DIRECTORS' REPORT - continued

Euro

The company is currently in the process of reviewing the effect that Euro will have on its commercial and financial processes and its computer systems and is carrying out action plans designed to address the Euro in advance of critical dates and without disruption to the company's business.

Statement of directors' responsibilities

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

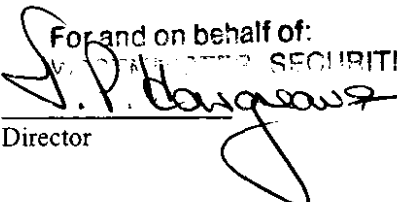
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

PricewaterhouseCoopers were appointed by board resolution as auditors of the company. As a consequence of an election resolution passed on 25 February 1999, PricewaterhouseCoopers will continue in office until further notice.

On behalf of the board

For and on behalf of:
 **SECURITIES LTD.**
Director

18 October 1999

PricewaterhouseCoopers

Wilton Place

Dublin 2

Telephone +353 (0) 1 678 9999

Facsimile +353 (0) 1 662 6200

I.D.E. Box No. 137

Internet www.pwcglobal.com/ie**AUDITORS' REPORT: To the shareholders of Chubb (NI) Limited**

We have audited the financial statements on pages 6 to 15.

Respective responsibilities of directors and auditors

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

Basis of opinion

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 1998 and of its losses for the period here ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

**PricewaterhouseCoopers****Chartered Accountants and Registered Auditors****Dublin****18 October 1999**

PROFIT AND LOSS ACCOUNT
Year Ended 31 December 1998

	Notes	Year ended 31 December 1998 Stg£	9 Month period ended 31 December 1997 Stg£
Turnover	2	<u>2,362,790</u>	<u>2,119,427</u>
Operating (loss)	3	(4,795)	(19,548)
Interest payable less interest receivable	4	<u>(22,611)</u>	<u>(24,914)</u>
(Loss) on ordinary activities before taxation		(27,406) ⁵	(44,462)
Tax on ordinary activities	8	<u>(12,080)</u>	<u>(20,943)</u>
(Loss) on ordinary activities after taxation		(39,486)	(65,405)
Dividends	9	<u>-</u>	<u>(20,322)</u>
Retained (loss) for the year		(39,486)	(85,727)
Retained profit - 31 December 1997		<u>1,296,874</u>	<u>1,382,601</u>
Retained profits - 31 December 1998		<u>1,257,388</u>	<u>1,296,874</u>

The above amounts relate to the continuing activities of the company.

There is no difference between the (loss) on ordinary activities before taxation and the loss absorbed for the year, as stated above, and the historical cost equivalents.

The company has no recognised gains or losses than those included in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

BALANCE SHEET
31 December 1998

	Notes	31 December 1998 Stg£	31 December 1997 Stg£
Fixed assets			
Tangible assets	10	<u>644,334</u>	<u>601,578</u>
Current assets			
Stock	11	213,823	212,185
Debtors	12	1,774,320	1,473,886
Cash at bank and in hand		<u>1,150</u>	<u>-</u>
		1,989,293	1,686,071
Creditors - Amounts falling due within one year	13	<u>(1,326,834)</u>	<u>(950,407)</u>
Net current assets		662,459	735,664
Total assets less current liabilities		1,306,793	1,337,242
Provisions for liabilities and charges	14	<u>(44,405)</u>	<u>(35,368)</u>
		<u>1,262,388</u>	<u>1,301,874</u>
Capital and reserves			
Called up share capital	15	5,000	5,000
Profit and loss account		<u>1,257,388</u>	<u>1,296,874</u>
Shareholders funds	20	<u>1,262,388</u>	<u>1,301,874</u>

The financial statements on pages 6 to 15 were approved by the Board of Directors on 18 October 1999
and signed on its behalf by:-

For and on behalf of:
WESTMINSTER SECURITIES LTD.

F. P. Hargreaves

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards.

The significant accounting policies adopted by the company are as follows:

Basis of accounting

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents sales by the company (net of sales related taxes) to third parties. Installation charges for alarms are credited to sales in the year of installation.

Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation.

Depreciation is calculated in order to write off the cost of tangible fixed assets other than land over their estimated useful lives by equal annual instalments over their estimated useful lives as follows:

Short term leaseholds	Term of the lease
Plant, machinery, furniture and vehicles	5 to 10 years
Equipment held under rental contract	7 years

Foreign currencies

Transactions in foreign currencies are recorded at the ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the exchange rates ruling at the balance sheet date. All exchange gain/losses are dealt with through the profit and loss account.

Leases

Assets held under finance leases are capitalised at the estimated present value of future minimum lease payments, derived by discounting at the interest rate implicit in each lease. The related liability is stated net of lease rentals paid.

Interest on finance lease is charged to the profit and loss account so as to produce a constant periodic rate of charge on the recurring balance of the obligation under each lease.

Operating lease costs are charged to the profit and loss account as incurred.

Stocks and works in progress

Stocks are included in financial statements at lower of cost and net realisable value. Cost represents invoice price from suppliers, less trade discounts and rebates.

Net realisable value comprises the actual or estimated selling price of stock less all costs to be incurred in marketing, selling and distribution.

Deferred taxation

Deferred taxation represents the amount required to allow for the effect of certain items of income and expenses being attributable for tax purposes to periods different from those in which credits or charges are recorded in the financial statements. Such taxation is determined using the liability method by applying the rate of tax applicable at the balance sheet date to accumulated timing difference.

Deferred taxation is not provided for where there is reasonable evidence that such taxation will not become payable in the foreseeable future. Any amount not provided for is disclosed as a contingent liability.

NOTES TO THE FINANCIAL STATEMENTS - continued

1 Accounting policies - continued

Pension costs

Pension costs, which are periodically calculated by professionally qualified actuaries, are charged against profits so that the expected cost of providing pensions is recognised during the period in which benefit is derived from the employee's services. The cost of the various pension schemes may vary from the funding dependent upon actuarial advice with any difference between pension cost and funding being treated as a provision or prepayment.

2 Turnover

Analysis by class of business of turnover and operating (loss) are stated below:

Profit/(loss)	Turnover		Operating (loss)	
	Year ended	9 Months ended	Year ended	9 Months ended
	31 December 1998	31 December 1997	31 December 1998	31 December 1997
	Stg£	Stg£	Stg£	Stg£
Electronic security	1,776,369	1,649,292	(2,340)	(42,828)
Physical security	586,421	470,135	(2,455)	23,280
	<u>2,362,790</u>	<u>2,119,427</u>	<u>(4,795)</u>	<u>(19,548)</u>

All of the companies turnover arose in the United Kingdom.

3 Operating (loss)

	Year ended	9 Months ended
	31 December 1998	31 December 1997
	Stg£	Stg£
Turnover	2,362,790	2,119,427
Cost of sales	<u>(1,711,911)</u>	<u>(1,575,546)</u>
Factory margin	650,879	543,881
Selling and distribution costs	(312,176)	(333,817)
Administrative expenses	<u>(343,498)</u>	<u>(229,612)</u>
Operating (loss)	<u>(4,795)</u>	<u>(19,548)</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

3 Operating profit/(loss) - continued

	Year ended 31 December 1998 Stg£	9 Months ended 31 December 1997 Stg£
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Operating (loss)/profit has been arrived at after charging/(crediting):

Directors' emoluments (Note 5)	24,990	22,817
Auditors' remuneration and expenses		
Audit fees	6,000	6,000
Taxation advice	1,655	1,607
Depreciation of tangible fixed assets		
Own assets	162,023	115,740
Finance leased assets	-	-
Payments under operating leases		
Land and buildings	64,995	20,544
Other assets	112,005	84,676
Receipts under operating leases	<u>(53,148)</u>	<u>(51,600)</u>

4 Interest payable less interest receivable

	Year ended 31 December 1998 Stg£	9 Months ended 31 December 1997 Stg£
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Interest payable:

Bank overdrafts, loans and other borrowings repayable within five years	<u>22,611</u>	<u>24,914</u>
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5 Directors' emoluments

	Year ended 31 December 1998 Stg£	9 Months ended 31 December 1997 Stg£
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Fees	-	-
Other emoluments	21,009	22,045
Pension contributions	1,313	772
	<u>22,322</u>	<u>22,817</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

5 Directors' emoluments - continued

		Year ended 31 December 1998 No	9 Months ended 31 December 1997 No
Scale of other directors' remuneration			
£0	£5,000	-	2
£5,001	£10,000	-	-
£10,001	£15,000	-	-
£15,001	£20,000	-	-
£20,001	£25,000	1	-
£25,001	£30,000	-	1
		<u>-</u>	<u>1</u>

6 Employees

	Year ended 31 December 1998 Stg£	9 Months ended 31 December 1997 Stg£
Employee costs during the year:		
Wages and salaries	757,160	543,267
Social security costs	62,799	42,663
Other pension costs	66,081	14,487
	<u>886,040</u>	<u>600,417</u>
	No	No

Average number of persons employed:

Direct	34	23
Indirect	<u>11</u>	<u>7</u>
	<u>45</u>	<u>30</u>

7 Pensions

The company participates in a number of pension schemes, operated by the Williams Group, which cover the majority of its directors and employees. The schemes are defined benefit arrangements and are operated on a pre-funded basis.

Actuarial assessments covering expenses and contributions are carried out by independent qualified actuaries.

The schemes are subject to triennial valuations and the results of these valuations and details of the main actuarial assumptions adopted for this purpose are given in the accounts of Williams PLC, the ultimate parent company.

NOTES TO THE FINANCIAL STATEMENTS - continued

8 Tax on (loss)/profit on ordinary activities

31 December 1998	9 Months 31 December 1997
Stg£	Stg£

The tax charge based on (losses)/profits comprises:

Corporation tax at 31% (1997:31.5%)	-	20,943
Deferred taxation	12,080	-
	<u>12,080</u>	<u>20,943</u>

9 Dividends

31 December 1998	9 Months 31 December 1997
Stg£	Stg£

Dividend paid	-	20,332
Dividend proposed	-	-
	<u>-</u>	<u>20,332</u>

10 Tangible fixed assets

	Short term leasehold premises Stg£	Plant, machinery, furniture and vehicles Stg£	Equipment leased or hired to customers Stg£	Total Stg£
Cost or valuation				
At 1 January 1998	19,830	121,078	1,578,486	1,719,394
Additions	-	117,794	100,065	217,859
Disposals	<u>(19,830)</u>	<u>-</u>	<u>-</u>	<u>(19,830)</u>
At 31 December 1998	<u>Nil</u>	<u>238,872</u>	<u>1,678,551</u>	<u>1,917,423</u>
Depreciation				
At 1 January 1998	6,750	94,143	1,016,923	1,117,816
Charge for the year	-	5,645	156,378	162,023
Disposals	<u>(6,750)</u>	<u>-</u>	<u>-</u>	<u>(6,750)</u>
At 31 December 1998	<u>-</u>	<u>99,788</u>	<u>1,173,301</u>	<u>1,273,089</u>
Net book value				
31 December 1998	<u>-</u>	<u>139,084</u>	<u>505,250</u>	<u>644,334</u>
31 December 1997	<u>13,080</u>	<u>26,935</u>	<u>561,563</u>	<u>601,578</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

11 Stocks	31 December 1998 Stg£	31 December 1997 Stg£
Raw materials	110,302	154,846
Work in progress	91,326	25,429
Finished goods	12,195	31,910
	<u>213,823</u>	<u>212,185</u>

12 Debtors	31 December 1998 Stg£	31 December 1997 Stg£
Trade debtors	514,007	877,886
Amounts owed by parent and fellow subsidiary companies	1,143,543	502,142
Prepayments and accrued income	116,770	93,858
	<u>1,774,320</u>	<u>1,473,886</u>

Included in prepayments and accrued income are amounts of £Nil (31 December 1997 - £14,562), which are not due for more than one year.

13 Creditors - amounts falling due within one year	31 December 1998 Stg£	31 December 1997 Stg£
Bank overdrafts and loans	334,425	238,500
Trade creditors	80,208	83,684
Amounts owed to parent and fellow subsidiary companies	455,391	262,000
Corporation tax	-	45,490
Other taxes and social security costs	47,860	93,192
Accruals and deferred income	408,950	227,541
	<u>1,326,834</u>	<u>950,407</u>

The bank overdrafts and loans are secured by a Letter of Guarantee from the parent company.

14 Provisions for liabilities and charges	31 December 1998 Stg£	31 December 1997 Stg£
Deferred tax movement in the year		
At 31 December 1997	35,368	35,368
Current year charge (prior year)	12,080	-
Transfer to corporation tax	(3,043)	-
At 31 December 1998	<u>44,405</u>	<u>35,368</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

14 Provisions for liabilities and charges - continued	Amount	Potential	Amount	Potential
	provided	liability	provided	liability
	31 December 1998 Stg£	31 December 1998 Stg£	31 December 1997 Stg£	31 December 1997 Stg£
The amount of deferred tax provided in the financial statements and the potential amounts not provided are:				
Capital allowance in excess of depreciation	44,405	44,405	44,900	44,900
Other timing differences	-	-	(9,532)	(9,532)
	<u>44,405</u>	<u>44,405</u>	<u>35,368</u>	<u>35,368</u>

15 Called up share capital	31 December 1998 Stg£	31 December 1997 Stg£
Authorised, allotted and fully paid 10,000 Ordinary shares of £1 each	10,000	10,000
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

16 Future capital expenditure

Capital expenditure contracted for, and authorised but not contracted for, at 31 December 1998 for which no provision has been made in these financial statements is nil.

17 Contingent liabilities

There are no contingent liabilities.

18 Financial commitments	Land and buildings	Other assets	Land and buildings	Other assets
	31 December 1998 Stg£	31 December 1998 Stg£	31 March 1997 Stg£	31 March 1997 Stg£
Payable on operating leases that expire within one year	-	36,004	-	27,000
Payable on operating leases that expire between two and five years	-	72,008	-	57,000
Payable on operating leases that expire after five years	<u>52,500</u>	<u>-</u>	<u>35,000</u>	<u>-</u>
	<u>52,500</u>	<u>108,012</u>	<u>35,000</u>	<u>84,000</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

19 Ultimate parent company

The ultimate parent company, at 31 December 1998, of Chubb (NI) Limited was Williams PLC a company incorporated in Great Britain and registered in England. The smallest and largest group into which these financial statements are consolidated is Williams PLC. Copies of the Group financial statements of Williams PLC are available from Williams PLC, Pentagon House, Sir Frank Whittle Road, Derby DE21 4XA.

20 Reconciliation of movements in shareholders' funds for the year ended 31 December 1998	31 December 1998 Stg£	31 December 1997 Stg£
(Loss) for the financial period	(39,486)	(65,405)
Dividends	-	(20,322)
	(39,486)	(85,727)
Opening shareholders' funds	1,301,874	1,387,601
Closing shareholders' funds	1,262,388	1,301,874

21 Cash flow statement

The directors have availed of the exemptions in Financial Reporting Standard No 1 which permits wholly owned subsidiaries of a European Community undertaking, which itself published such a statement, not to produce a Cash Flow Statement.

22 Related party transactions

The company undertakes transactions with other Group Companies. As the company was, during the year, a wholly-owned subsidiary of Williams PLC the Consolidated Accounts of which are publicly available at Pentagon House, Sir Frank Whittle Road, Derby DE21 4XA, England, disclosure of such transactions is not required

23 Approval of financial statements

The financial statements were approved by the board on 18 October 1999.