

**REGISTRAR OF
COMPANIES**

457212

Banhams Patent Locks Limited

Report and Financial Statements

Year Ended

31 December 2004



BDO

BDO Stoy Hayward
Chartered Accountants

Banhams Patent Locks Limited

Annual report and financial statements for the year ended 31 December 2004

Contents

Directors

Page:

1	Report of the directors
3	Report of the independent auditors
5	Consolidated profit and loss account
6	Statement of total recognised gains and losses and reconciliation of movements in shareholders' funds
7	Group balance sheet
8	Company balance sheet
9	Consolidated cash flow statement
10	Notes forming part of the financial statements

Directors

P F Banham	W F Banham	M J Hallatt
C M Banham	B E Cowper	M A Herbert
L Q Banham	C R Hallatt	P A Rodda
M V Banham	E M Hallatt	T J Ward

Secretary and registered office

T J Ward, 233-235 Kensington High Street, London, W8 6SF.

Company number

457812

Auditors

BDO Stoy Hayward LLP, 8 Baker Street, London, W1U 3LL.

Banhams Patent Locks Limited

Report of the directors for the year ended 31 December 2004

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2004.

Results and dividends

The consolidated profit and loss account is set out on page 5 and shows the profit for the year.

The directors do not propose the payment of a final dividend (2003 - £Nil). The directors paid an interim dividend of £5.46 per share, amounting to £626,000 (2003 - £5.00 per share amounting to £573,000).

The retained profit for the financial year of £2,178,000 (2003 - £2,538,000) has been transferred to reserves.

Principal activities, trading review and future developments

The principal activities of the group are that of burglary prevention specialists and property letting.

The directors consider that the group traded satisfactorily during the year. Turnover increased to £21.3m, an increase of 2.4 % on last year.

The directors are confident that an increased level of trading can be achieved next year whilst maintaining a healthy net profit percentage.

Charitable and political contributions

During the year the company made charitable contributions of £3,290 (2003 - £5,000).

Directors and their interests

The directors interests in the shares of the company during the year were:

	Ordinary shares of 5p each			
	2004 Number	2004 £	2003 Number	2003 £
P F Banham (Chairman and Managing Director)	16,164	808	16,164	808
Mrs C M Banham	33	2	33	2
Mrs L Q Banham	-	-	-	-
Mrs M V Banham	14,664	733	14,664	733
G M & M V Banham Trust	9,000	450	9,000	450
W F Banham	4,254	213	4,254	213
B E Cowper	-	-	-	-
C R Hallatt	9,500	475	9,500	475
Mrs E M Hallatt	1,827	91	1,827	91
Mrs M J Hallatt	-	-	-	-
M A Herbert	-	-	-	-
Mrs P A Rodda	12,077	604	12,077	604
P A Rodda Trust	8,750	437	8,750	437
T J Ward	-	-	-	-

Banhams Patent Locks Limited

Report of the directors for the year ended 31 December 2004 (*Continued*)

Property value

Freehold properties have been included at cost. In the opinion of the directors market value still remains in excess of cost. Investment properties have been revalued on an open market value basis.

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 group and of the profit or loss of the group for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Auditors

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board

T J Ward

Secretary

31 October 2005

Banhams Patent Locks Limited

Report of the independent auditors

To the shareholders of Banhams Patent Locks Limited

We have audited the financial statements of Banhams Patent Locks Limited for the year ended 31 December 2004 on pages 5 to 23 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

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

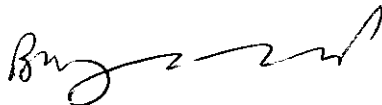
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

Banhams Patent Locks Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the group and the company as at 31 December 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors*
London

31 October 2005

Banhams Patent Locks Limited**Consolidated profit and loss account for the year ended 31 December 2004**

	Note	2004 £'000	2003 £'000
Turnover	2	21,299	20,791
Cost of sales		(10,883)	(10,567)
Gross profit		10,416	10,224
Operating expenses	3	(7,233)	(6,472)
Operating profit	6	3,183	3,752
Interest receivable	7	824	690
Profit on ordinary activities before taxation		4,007	4,442
Taxation on profit on ordinary activities	8	(1,203)	(1,331)
Profit for the financial year	9	2,804	3,111
Dividends	10	(626)	(573)
Retained profit for the year		2,178	2,538
Statement of retained profits			
Retained profit at 1 January 2004		25,873	23,335
Retained profit for the year	19	2,178	2,538
Retained profit at 31 December 2004		28,051	25,873

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The notes on pages 10 to 23 form part of these financial statements.

Banhams Patent Locks Limited

**Statement of total recognised gains and losses and reconciliation of movements in shareholders' funds
for the year ended 31 December 2004**

	Note	2004 £'000	2003 £'000
Statement of total recognised gains and losses			
Profit for the year		2,804	3,111
		<hr/>	<hr/>
Total recognised gains and losses for the year		2,804	3,111
		<hr/>	<hr/>
Reconciliation of movements in shareholders' funds			
Profit for the year		2,804	3,111
Dividends	10	(626)	(573)
		<hr/>	<hr/>
Opening shareholders' funds		2,178	2,538
		26,727	24,189
		<hr/>	<hr/>
Closing shareholders' funds		28,905	26,727
		<hr/>	<hr/>

The notes on pages 10 to 23 form part of these financial statements.

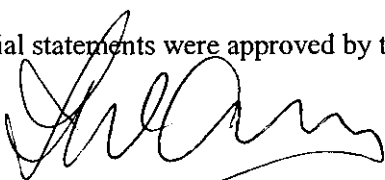
Banhams Patent Locks Limited

Group balance sheet at 31 December 2004

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Fixed assets					
Tangible assets	11		7,687		4,373
Goodwill	13		2,860		3,036
			<u>10,547</u>		<u>7,409</u>
Current assets					
Stocks	14	1,292		1,264	
Debtors	15	3,808		3,962	
Investments	16	1		1	
Cash at bank and in hand		21,304		21,939	
		<u>26,405</u>		<u>27,166</u>	
Creditors: amounts falling due within one year	17	8,047		7,848	
		<u>8,047</u>		<u>7,848</u>	
Net current assets			<u>18,358</u>		<u>19,318</u>
Total assets less current liabilities			<u>28,905</u>		<u>26,727</u>
Capital and reserves					
Called up share capital	18		6		6
Capital redemption reserve	19		1		1
Revaluation reserve	19		847		847
Profit and loss account	19		28,051		25,873
			<u>28,905</u>		<u>26,727</u>
Shareholders' funds - equity			<u>28,905</u>		<u>26,727</u>

The financial statements were approved by the Board on 31 October 2005

T J Ward
Director



The notes on pages 10 to 23 form part of these financial statements.

Banhams Patent Locks Limited

Company balance sheet at 31 December 2004

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Fixed assets					
Tangible assets	11		1,827		2,033
Investments	12		3,360		3,360
			<u>5,187</u>		<u>5,393</u>
Current assets					
Stocks	14	1,236		1,205	
Debtors - due within one year	15	6,092		4,400	
- due after one year	15	4,779		1,726	
Investments	16	1		1	
Cash at bank and in hand		13,055		15,696	
		<u>25,163</u>		<u>23,028</u>	
Creditors: amounts falling due within one year	17	5,754		5,675	
		<u></u>		<u></u>	
Net current assets			19,409		17,353
			<u></u>		<u></u>
Total assets less current liabilities			24,596		22,746
			<u></u>		<u></u>
Capital and reserves					
Called up share capital	18		6		6
Capital redemption reserve	19		1		1
Profit and loss account	19		24,589		22,739
			<u></u>		<u></u>
Shareholders' funds - equity			24,596		22,746
			<u></u>		<u></u>

The financial statements were approved by the Board on 31 October 2005

T J Ward
Director



The notes on pages 10 to 23 form part of these financial statements.

Banhams Patent Locks Limited

Consolidated cash flow statement for the year ended 31 December 2004

	Note	2004 £'000	2004 £'000	2003 £'000	2003 £'000
Net cash inflow from operating activities	22		3,954		4,165
Returns on investments and servicing of finance					
Interest received		815		690	
Net cash inflow from returns on investments and servicing of finance			815		690
Taxation			(1,357)		(978)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(3,557)		(492)	
Sale of tangible fixed assets		136		32	
Net cash outflow from capital expenditure and financial investment			(3,421)		(460)
Equity dividend paid			(626)		(573)
(Decrease)/increase in cash	23		(635)		2,844

The notes on pages 10 to 23 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2004. Intra-group sales and profits are eliminated fully on consolidation.

Related party transactions

Under FRS 8 the company is required to disclose details of material transactions between itself and related parties. The company has taken advantage of exemptions under FRS 8 not to disclose transactions with other group companies which have been eliminated on consolidation.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Goodwill is capitalised and amortised through the profit and loss account over the directors estimate of its useful economic life which ranges from 15 to 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- At the end of the first full financial year following acquisition;
- In other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced and accrued value of goods and services supplied.

Tangible fixed assets

Freehold buildings that are not fully occupied by a group company are apportioned between the 'occupied' element and the 'non occupied' elements held for their investment potential which are treated as investment properties.

The occupied element of freehold land and buildings and other tangible fixed assets are stated at cost, together with any incidental costs of acquisition, less accumulated depreciation.

Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values over their expected useful economic lives as follows:

Freehold buildings	-	2% straight line
Improvement to buildings	-	20%-25% net book value
Plant and equipment	-	10%-25% net book value

Freehold land is not depreciated.

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004

1 Accounting policies (*Continued*)

Tangible fixed assets (Continued)

In accordance with SSAP 19, (i) investment properties are revalued annually to open market value and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with generally accepted accounting principles set out in SSAP 19. The directors consider that as these properties are not held for consumption but for investment, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP 19 in order to give a true and fair value. The effects of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products costs include all direct expenditure and production overheads based on the normal level of activity. Provision is made where necessary for obsolescent, slow moving and defective stocks. Net realisable value is based on estimated selling price less additional costs of disposal.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date.

Deferred tax balances are not discounted.

Leases

Where assets are financed by operating leases, their annual rentals are charged to the profit and loss account on a straight line basis over the term of the lease. The company does not hold any assets under finance leases.

Pensions

The company operates a group personal pension scheme for its employees which is operated independently from the company. The amount charged to the profit and loss account represents the contributions made by the group during the year.

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

2 Segment analysis of class of business

	Turnover		Profit before tax		Net assets	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000	2004 £'000	2003 £'000
Burglary prevention	21,106	20,698	2,949	3,704	1,857	3,195
Property letting	193	93	45	48	6,404	2,847
	<u>21,299</u>	<u>20,791</u>	<u>2,994</u>	<u>3,752</u>	<u>8,261</u>	<u>6,042</u>
Net non operating income/assets	-	-	824	690	20,455	20,685
	<u>21,299</u>	<u>20,791</u>	<u>3,818</u>	<u>4,442</u>	<u>28,716</u>	<u>26,727</u>

Turnover is confined to the United Kingdom.

3 Operating expenses

	2004 £'000	2003 £'000
Net operating expenses are made up as follows:		
Selling and distribution costs	1,435	1,550
Administrative expenses	5,798	4,922
	<u>7,233</u>	<u>6,472</u>

4 Employees

	2004 £'000	2003 £'000
Staff costs, including directors, consist of:		
Wages and salaries	7,127	7,857
Social security costs	784	792
Other pension costs	294	201
	<u>8,205</u>	<u>8,850</u>

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

4 Employees (Continued)

The average number of employees employed by the group, including executive directors, during the year was:

	2004 Number	2003 Number
Factory	18	18
Motor mechanics	3	3
Despatch riders	18	16
Fitters/operatives	135	130
Surveyors	6	8
Administration	76	77
Directors	12	13
	<hr/>	<hr/>
	268	265
	<hr/>	<hr/>

5 Directors' emoluments

	2004 £'000	2003 £'000
Remuneration as executives	2,337	2,151
Pension contributions	104	71
	<hr/>	<hr/>
	2,441	2,222
	<hr/>	<hr/>
Emoluments of the highest paid director	628	599
	<hr/>	<hr/>

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

6 Operating profit

	2004 £'000	2003 £'000
This has been arrived at after charging:		
Loss on disposal of tangible fixed assets	26	6
Depreciation of owned tangible fixed assets	424	451
Amortisation of goodwill	176	176
Operating lease rentals – non plant and machinery	83	73
Auditors' remuneration	32	25

Included in the group audit fee is an amount of £22,000 (2003 - £20,100) in respect of the company.

In addition amounts paid to the company's auditors in respect of non audit services amounted to £2,000 (2003 - £16,000) for the year. These amounts are in respect of taxation and general financial advice provided.

7 Interest receivable

	2004 £'000	2003 £'000
Bank interest receivable	824	690

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

8 Taxation on profit from ordinary activities

	2004 £'000	2003 £'000
<i>Current tax</i>		
UK corporation tax at 30% (2003 – 30%)	1,203	1,331
	<u>1,203</u>	<u>1,331</u>
Taxation on profit on ordinary activities	<u>1,203</u>	<u>1,331</u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	3,818	4,442
	<u>3,818</u>	<u>4,442</u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 – 30%)	1,145	1,333
Effects of:		
Expenses not deductible for tax purposes	21	5
Depreciation for year in excess of capital allowances	10	(1)
Non qualifying loss on disposal of fixed assets	8	1
Adjustment to tax charge in respect of previous year	6	(7)
Marginal relief	13	-
	<u>1,203</u>	<u>1,331</u>
Current tax charge for year	<u>1,203</u>	<u>1,331</u>

9 Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The profit for the financial year after tax and before dividends is made up as follows:

	2004 £'000	2003 £'000
Dealt with in the financial statements of the parent company	2,476	2,455
Retained by subsidiary companies	328	656
	<u>2,804</u>	<u>3,111</u>

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

10 Dividends

	2004 £'000	2003 £'000
Interim dividends paid at £5.46 per share (2003 - £5.00)	626	573

11 Tangible assets

Group	Freehold land and buildings £'000	Improvements to buildings £'000	Investment properties £'000	Plant, equipment, and motor vehicles £'000	Total £'000
<i>Cost or valuation</i>					
At 1 January 2004	1,252	910	1,657	4,059	7,878
Additions	114	111	3,421	244	3,890
Disposals	-	-	-	(469)	(469)
At 31 December 2004	1,366	1,021	5,078	3,834	11,299
<i>Depreciation</i>					
At 1 January 2004	208	750	-	2,547	3,505
Eliminated on disposal	-	-	-	(317)	(317)
Charge for the year	49	54	-	321	424
At 31 December 2004	257	804	-	2,551	3,612
<i>Net book value</i>					
At 31 December 2004	1,109	218	5,078	1,283	7,687
At 31 December 2003	1,044	160	1,657	1,512	4,373

The investment properties were valued on an open market basis on 31 December 2004 by the directors, having taken informed professional advice, on the basis of open market value. The directors consider that there has not been a significant change in market value during the year. If the properties had not been classified as investment properties then depreciation would have been provided in the year of £84,000 and they would have been included at a net book value based on cost of £4,231,000.

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

11 Tangible assets (*Continued*)

Company	Freehold land and buildings £'000	Improvements to buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
<i>Cost or valuation</i>					
At 1 January 2004	642	910	2,140	1,563	5,255
Additions	-	111	34	118	263
Disposals	-	-	-	(421)	(421)
At 31 December 2004	<u>642</u>	<u>1,021</u>	<u>2,174</u>	<u>1,260</u>	<u>5,097</u>
<i>Depreciation</i>					
At 1 January 2004	139	750	1,397	935	3,221
Eliminated on disposal	-	-	-	(288)	(288)
Charge for the year	13	54	113	157	337
At 31 December 2004	<u>152</u>	<u>804</u>	<u>1,510</u>	<u>804</u>	<u>3,270</u>
<i>Net book value</i>					
At 31 December 2004	<u>490</u>	<u>217</u>	<u>664</u>	<u>456</u>	<u>1,827</u>
At 31 December 2003	<u>503</u>	<u>160</u>	<u>743</u>	<u>627</u>	<u>2,033</u>

12 Fixed asset investments

	Company 2004 £'000
<i>Cost</i>	
At 1 January 2004 and 31 December 2004	<u>3,360</u>

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (*Continued*)

12 Fixed asset investments (*Continued*)

Fixed asset investments relate to subsidiaries in which Banhams Patent Locks Limited owns 100% of the issued ordinary shares and which are all incorporated in England and Wales:

Company	Activity
Capstan Security Limited	Security
Banham Security Limited	Property
Banham Alarms Limited	Dormant
Banham Home Insurance Services Limited	Insurance services
Central Monitoring Services Limited	Keyholding and central station facility
Aegis Alarm Systems Limited	Security

The financial statements of the above subsidiary companies have been consolidated. Banham Alarms Limited did not trade in the year to 31 December 2004.

Operations are based in the country of incorporation

13 Goodwill

	2004 £'000
<i>Cost</i>	
At 1 January 2004 and at 31 December 2004	3,534
<i>Amortisation</i>	
At 1 January 2004	498
Provision for year	176
At 31 December 2004	674
<i>Net book value</i>	
At 31 December 2004	2,860
At 31 December 2003	3,036

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

14 Stocks

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Raw materials and consumables	284	276	272	262
Finished goods and goods for resale	1008	988	964	943
	<u>1,292</u>	<u>1,264</u>	<u>1,236</u>	<u>1,205</u>

15 Debtors

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Amounts falling due within one year:				
Trade debtors	2,385	2,529	1,539	1,811
Accrued income	874	717	874	717
Other debtors	-	355	-	20
Prepayments	549	361	378	210
Amounts due from group undertakings	-	-	8,080	3,368
	<u>3,808</u>	<u>3,962</u>	<u>10,871</u>	<u>6,126</u>

Included within amounts due from group undertakings is £4,779,000 (2003 - £1,726,000) which is due after one year. All other amounts are repayable on demand.

16 Investments

	Group and company	
	2004 £'000	2003 £'000
Listed investments - cost	<u>1</u>	<u>1</u>
- market value	<u>3</u>	<u>3</u>

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

17 Creditors: amounts falling due within one year

	Group 2004 £'000	Group 2003 £'000	Company 2004 £'000	Company 2003 £'000
Trade creditors	490	1,763	350	817
Corporation tax	757	911	448	584
Taxation and social security	882	919	702	737
Accruals and deferred income	5,918	4,051	4,254	3,516
Other creditors	-	204	-	-
Amounts due from group undertakings	-	-	-	21
	<u>8,047</u>	<u>7,848</u>	<u>5,754</u>	<u>5,675</u>

Taxation and social security costs are as follows:

PAYE and social security	352	451	334	413
VAT	530	468	368	324
	<u>882</u>	<u>919</u>	<u>702</u>	<u>737</u>

18 Share capital

	2004 Number	Authorised 2003 Number	2004 £'000	2003 £'000
Ordinary shares of 5p each	150,000	150,000	8	8
Ordinary shares of £1 each	5,000	5,000	5	5
	<u>155,000</u>	<u>155,000</u>	<u>13</u>	<u>13</u>

	2004 Number	Allotted, called up and fully paid 2003 Number	2004 £'000	2003 £'000
Ordinary shares of 5p each	114,688	114,688	6	6
Ordinary shares of £1 each	-	-	-	-
	<u>114,688</u>	<u>114,688</u>	<u>6</u>	<u>6</u>

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

19 Reserves

Group	Revaluation reserve £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2004	847	1	25,873
Retained profit for the year	-	-	2,178
	<hr/>	<hr/>	<hr/>
At 31 December 2004	847	1	28,051
	<hr/>	<hr/>	<hr/>
Company		Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2004		1	22,739
Retained profit for the year		-	1,850
		<hr/>	<hr/>
At 31 December 2004		1	24,589
		<hr/>	<hr/>

20 Pensions and similar obligations

Up to 31 March 1994 the group operated a defined benefit pension scheme in the United Kingdom. The assets of that scheme were held in a separate trustee administered fund. Funds from the scheme were held on behalf of the trustees by London and Manchester (Pensions) Limited.

On 31 March 1994 the company discontinued this defined benefit pension in favour of a group personal pension plan. The company's contributions range from 2% to 6% depending on the age of the employee.

The total pension cost for the group in respect of these schemes was £294,000 (2003 - £201,000). In addition £104,000 (2003 - £71,000) was paid into private schemes of the directors.

Banhams Patent Locks Limited**Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)****21 Commitments under operating leases**

As at 31 December 2004, the group had annual commitments under non-cancellable operating leases as set out below:

	2004 Land and buildings £'000	2003 Land and buildings £'000
Operating leases which expire:		
Within one year	-	-
Over five years	83	83
	<hr/>	<hr/>
	83	83
	<hr/>	<hr/>

22 Reconciliation of operating profit to net cash inflow from operating activities

	2004 £'000	2003 £'000
Operating profit	3,183	3,752
Depreciation on tangible fixed assets	424	451
Amortisation of goodwill	176	176
Loss on sale of tangible fixed assets	26	6
(Increase) in stocks	(28)	(109)
Decrease/(increase) in trade debtors	144	(604)
(Increase) in accrued income	(157)	(227)
Decrease/(increase) in other debtors	21	(185)
Decrease/(increase) in prepayments	(188)	(119)
(Decrease)/increase in trade creditors	(1,273)	1,202
(Decrease)/increase in other taxation and social security	(37)	315
Increase/(decrease) in accruals and deferred income	1,867	(697)
(Decrease)/increase in other creditors	(204)	204
	<hr/>	<hr/>
Net cash inflow from operating activities	3,954	4,165
	<hr/>	<hr/>

Banhams Patent Locks Limited

Notes forming part of the financial statements for the year ended 31 December 2004 (Continued)

23 Reconciliation of net cash inflow to movement in net debt

	2004 £'000	2003 £'000
(Decrease)/increase in cash in the year	(635)	2,844
Net funds at 1 January 2003	21,939	19,095
	<hr/>	<hr/>
Net funds at 31 December 2004	21,304	21,939
	<hr/>	<hr/>

24 Analysis of net debt

	At 1 January 2004 £'000	Cash flow £'000	At 31 December 2004 £'000
Cash in hand and at bank	21,939	(635)	21,304
	<hr/>	<hr/>	<hr/>
Total	21,939	(635)	21,304
	<hr/>	<hr/>	<hr/>