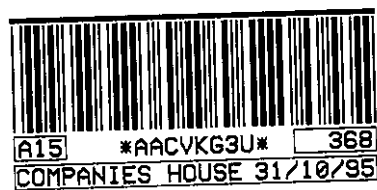


BANHAMS PATENT LOCKS LIMITED

Annual report

for the year ended 31 December 1994

Registered no: 457812



BANHAMS PATENT LOCKS LIMITED

**Annual report
for the year ended 31 December 1994**

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BANHAMS PATENT LOCKS LIMITED

1

Directors and advisors

Directors

P.F.Banham
C.R.Hallatt
Mrs.E.Hallatt
Mrs.P.A.Rodda
Mrs.A.Chillag
Mrs.M.V.Banham
Mrs.L.Q.Banham
Mrs.M.J.Hallatt
B.E.Cowper
M.A.Herbert
Mrs.C.M.Banham
W.Banham

Secretary

T.J.Ward

Registered office

233-235 Kensington High Street
LONDON
W8 6SF

Auditors

Coopers & Lybrand
1 Embankment Place
LONDON
WC2N 6NN

Solicitors

Calvert Smith & Sutcliffe
Onslow House
9 The Green
Richmond
Surrey TW9 1PU

Bankers

Barclays Bank Plc
National Westminster Bank Plc

**Report of the directors
for the year ended 31 December 1994**

The directors present their report and the audited consolidated financial statements for the year ended 31 December 1994.

Principal activities

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

The principal activity of the group is that of burglary prevention specialists.

Review of business and future developments

The directors consider that the group traded satisfactorily during the year in a period of difficult economic conditions. Turnover increased from £10.2m to £10.9m.

Operating profit has increased from £1.37m to £1.97m improving still further the net profit percentage.

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

Directors and their interests

The directors of the company at 31 December 1994, all of whom have been directors for the whole of the year ended on that date (except where indicated), and their interests in the shares of the company, according to the register required to be kept under Section 325 of the Companies Act 1985, were as follows:-

	Ordinary shares of 5p each			
	31 December 1994		31 December 1993	
	Number	Amount £	Number	Amount £
P.F.Banham	16,164	808	16,164	808
C.R.Hallatt	9,500	475	9,500	475
Mrs.E.Hallatt	1,827	91	1,827	91
Mrs.P.A.Rodda	13,327	666	13,327	666
Mrs.P.A.Rodda trust	7,500	375	7,500	375
Mrs.A.Chillag	5,828	291	5,828	291
W.F.Banham (appointed 15.4.94)	4,254	213	-	-
Mrs.C.M.Banham	33	2	33	2
Mrs.M.V.Banham	14,664	733	-	-
G.M & M.V.Banham trust	9,000	450	9,000	450
Mrs.L.Q.Banham	-	-	-	-
Mrs.M.J.Hallatt	-	-	-	-
B.E.Cowper	-	-	-	-
M.A.Herbert	-	-	-	-

G.M.Banham (deceased 10.11.94) also served as a Director of the company during the year.

Dividends and transfers to reserves

The directors have paid an interim ordinary dividend of £200,704 in respect of the year ended 31 December 1994 (1993: £181,207). The directors do not propose the payment of a final dividend. The retained profit for the financial year of £1,438,003 (1993: £917,987) has been transferred to reserves.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1994. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Changes in fixed assets

The movements in tangible fixed assets during the year, are set out in notes 11 and 12 to the financial statements.

Close company provisions

The company is a close company as defined by the provisions of the income and Corporation Taxes Act 1988, as amended. There has been no change in this respect since the end of the financial year.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board


T J Ward
Company Secretary

20th October 1995

We have audited the financial statements on pages 5 to 19.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

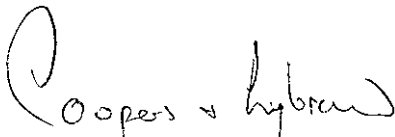
Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and group at 31 December 1994 and of its profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Coopers & Lybrand', is written in a cursive, flowing style.

Coopers & Lybrand

Chartered Accountants and Registered Auditors

London

26 October 1995

**Consolidated profit and loss account
for the year ended 31 December 1994**

	Notes	1994 £	1993 £
Turnover	2	10,900,754	10,213,103
Cost of sales		<u>(5,217,149)</u>	<u>(4,977,728)</u>
Gross Profit		5,683,605	5,235,375
Net operating expenses	3	<u>(3,712,980)</u>	<u>(3,856,728)</u>
Operating profit	4	1,970,625	1,378,647
Other income	7	<u>449,932</u>	<u>401,549</u>
Profit on ordinary activities before taxation		2,420,557	1,780,196
Tax on profit on ordinary activities	8	<u>(781,850)</u>	<u>(681,002)</u>
Profit for the financial year	9	1,638,707	1,099,194
Dividends	10	<u>(200,704)</u>	<u>(181,207)</u>
Retained profit for the year		<u>£1,438,003</u> =====	<u>£917,987</u> =====
Statement of retained profits			
Retained profit at 1 January 1994		7,583,017	6,665,030
Retained profit for the year	20	<u>1,438,003</u>	<u>917,987</u>
Retained profit at 31 December 1994		<u>£9,021,020</u> =====	<u>£7,583,017</u> =====

The above figures relate entirely to continuing operations.

The group has no recognised gains and losses other than those included in the profits above, and, therefore, no separate statement of total recognised gains and losses has been presented.

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.

Balance sheets - 31 December 1994

	Notes	Group 1994 £	1993 £	Company 1994 £	1993 £
Fixed assets					
Tangible assets	11	1,330,219	1,212,819	1,330,219	1,212,819
Investments	12	<u>-</u>	<u>-</u>	<u>2</u>	<u>2</u>
		<u>1,330,219</u>	<u>1,212,819</u>	<u>1,330,221</u>	<u>1,212,821</u>
Current assets					
Stocks	13	807,147	812,572	806,347	811,572
Debtors	14	1,198,860	1,195,116	1,142,698	1,154,576
Investments	15	650	650	650	650
Cash at bank and in hand		<u>9,727,249</u>	<u>8,098,653</u>	<u>9,581,035</u>	<u>7,992,424</u>
		<u>11,733,906</u>	<u>10,106,991</u>	<u>11,530,730</u>	<u>9,959,222</u>
Creditors: amounts falling due within one year	16	<u>(4,035,791)</u>	<u>(3,679,365)</u>	<u>(4,055,769)</u>	<u>(3,647,977)</u>
Net current assets		<u>7,698,115</u>	<u>6,427,626</u>	<u>7,474,961</u>	<u>6,311,245</u>
Total assets less current liabilities		<u>9,028,334</u>	<u>7,640,445</u>	<u>8,805,182</u>	<u>7,524,066</u>
Provisions for liabilities and charges	17	<u>-</u>	<u>(50,114)</u>	<u>-</u>	<u>(50,114)</u>
		<u>£9,028,334</u> =====	<u>£7,590,331</u> =====	<u>£8,805,182</u> =====	<u>£7,473,952</u> =====
Capital and reserves					
Called up					
share capital	19	5,734	5,734	5,734	5,734
Capital Redemption Reserve	20	1,580	1,580	1,580	1,580
Profit and loss account	20	<u>9,021,020</u>	<u>7,583,017</u>	<u>8,797,868</u>	<u>7,466,638</u>
Equity shareholders' funds	21	<u>£9,028,334</u> =====	<u>£7,590,331</u> =====	<u>£8,805,182</u> =====	<u>£7,473,952</u> =====

The financial statements on pages 5 to 19 were approved by the board of directors on 20th October 1995 and were signed on its behalf by:



C.R. Hallatt

Director

BANHAMS PATENT LOCKS LIMITED**Consolidated cash flow statement****for the year ended 31 December 1994**

	Notes	1994 £	1993 £
Net cash inflow from operating activities	22	<u>2,416,133</u>	<u>2,534,671</u>
Returns on investments and servicing of finance			
Interest received		449,828	401,451
Dividends received from investments		104	98
Dividends paid		<u>(200,704)</u>	<u>(181,207)</u>
Net cash inflow from returns on investments and servicing of finance		<u>249,228</u>	<u>220,342</u>
Taxation			
UK corporation tax paid		<u>(671,379)</u>	<u>(431,739)</u>
Tax paid		<u>(671,379)</u>	<u>(431,739)</u>
Investing activities			
Purchase of tangible fixed assets		(382,023)	(348,812)
Sale of tangible fixed assets		<u>16,637</u>	<u>10,649</u>
Net cash outflow from investing activities		<u>(365,386)</u>	<u>(338,163)</u>
Increase/(Decrease) in cash and cash equivalents	23	<u>£1,628,596</u> =====	<u>£1,985,111</u> =====

**Notes to the financial statements
for the year ended 31 December 1994**

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertaking made up to 31 December 1994. Intra-group sales and profits are eliminated fully on consolidation.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

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

Freehold buildings	2% straight line
Freehold improvements	20% net book value
Leasehold improvements	25% straight line
Plant and machinery	10% net book value
Motor vehicles	25% net book value
Fixtures and fittings	10% net book value
Electronic equipment	20% net book value

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, 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.

Turnover

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

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Deferred taxation has been provided at the full potential amount in respect of accelerated capital allowances and other timing differences at the rate of corporation tax likely to prevail.

Pension costs

Up to 31st March 1994 the company operated a defined benefit pension scheme which was not contracted out of the state scheme. The assets of the scheme are held separately from those of the group in independently administered funds. The amount charged to the profit and loss account is equal to the contributions payable by the company to the scheme for the year.

As at 31st December 1994 the company was negotiating a grouped personal pension scheme for its employees to be operated independently from the company. The amount charged to the profit and loss account is equal to the contributions held at 31st December 1994 to be paid into the scheme by the company. This money was transferred to the new scheme in March 1995.

2 Turnover

Turnover is attributable to one activity, that of being burglary prevention specialists and is confined to the United Kingdom.

3 Net operating expenses

Net operating expenses are made up as follows:

	1994 £	1993 £
Selling and distribution costs	976,054	953,135
Administrative expenses	2,736,926	2,653,593
Pension Provision (Note 18)	-	250,000
	<u>£3,712,980</u>	<u>£3,856,728</u>
	=====	=====

4 Operating profit

Operating profit is stated after charging/(crediting):

	1994 £	1993 £
(Profit)/Loss on disposal of tangible fixed assets	(2,048)	1,002
Depreciation of owned tangible fixed assets	250,034	213,036
Auditors' remuneration	27,500	27,500
	=====	=====

(Company £26,000 ; 1993 £26,000)

In addition amounts paid to the company's auditors in respect of non audit services amounted to £12,835 (1993 : £14,355) for the year. These amounts are in respect of taxation and general financial advice provided.

5 Directors' emoluments

	1994 £	1993 £
Remuneration as executives	1,211,057	1,186,151
Pension contributions	<u>148,040</u>	<u>171,797</u>
	<u>£1,359,097</u>	<u>£1,357,948</u>
	=====	=====

Directors' emoluments, excluding pension contributions include:

	1994 £	1993 £
Emoluments of the chairman and highest paid director	<u>£334,422</u>	<u>£301,167</u>
	=====	=====

The number of directors including the chairman who received emoluments in the following ranges was:

	1994	1993
£ 25,001 to £ 30,000	4	3
£ 35,001 to £ 40,000	1	2
£ 40,001 to £ 45,000	1	1
£ 45,001 to £ 50,000	2	1
£ 55,001 to £ 60,000	-	1
£ 60,001 to £ 65,000	1	-
£ 75,001 to £ 80,000	-	1
£ 80,001 to £ 85,000	1	-
£210,001 to £215,000	-	1
£220,001 to £225,000	2	-
£295,001 to £300,000	-	1
£300,001 to £305,000	-	1
£330,001 to £335,000	1	-
	=====	=====

6 Employee information

The average weekly number of persons employed by the company including executive directors during the year is analysed below:

	1994 Number	1993 Number
Factory	24	25
Motor mechanics	3	3
Fitters	83	86
Surveyors	6	11
Administration	51	55
Directors	<u>13</u>	<u>12</u>
	180	192
	===	===

Employment costs - all employees including directors:

	1994 £	1993 £
Wages and salaries	4,286,509	4,077,113
Social security costs	390,054	390,993
Other pension costs	202,133	221,656
Pension Provision (Note 18)	<u>-</u>	<u>250,000</u>
Total direct costs of employment	<u>£4,878,696</u>	<u>£4,939,762</u>
	=====	=====

7 Other income

	1994 £	1993 £
Bank interest receivable	449,828	401,451
Income from listed investments	<u>104</u>	<u>98</u>
	<u>£449,932</u>	<u>£401,549</u>
	=====	=====

BANHAMS PATENT LOCKS LIMITED**8 Taxation**

	1994 £	1993 £
Tax on profit on ordinary activities		
United Kingdom corporation tax at 33%	831,964	680,083
Under provision in respect of prior year	<u>-</u>	<u>-</u>
	831,964	680,083
Deferred taxation	<u>(50,114)</u>	<u>919</u>
	£781,850	£681,002
	=====	=====

9 Profit for the financial year

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

	1994 £	1993 £
Dealt with in the financial statements of the holding company	1,531,934	1,004,879
Retained by subsidiary company	<u>106,773</u>	<u>94,315</u>
	£1,638,707	£1,099,194
	=====	=====

10 Dividends

	1994 £	1993 £
Interim dividends paid: at £1.75 per share (1993: £1.58)	200,704	181,207
	=====	=====

12 Fixed asset investments

	Company	
	1994 £	1993 £
Cost		
As at 1st January and 31st December 1994	2 =====	2 =====

Fixed assets investments relate to Central Monitoring Services Limited (a subsidiary in which Banhams Patent Locks Limited owns 100% of the issued £1 ordinary shares) which is incorporated in England and Wales. Its principal activity is key holding and central station facilities and its operations are based in its country of incorporation.

The financial statements of Central Monitoring Services Limited have been consolidated.

13 Stocks

The amounts attributable to different categories are as follows:

	Group		Company	
	1994 £	1993 £	1994 £	1993 £
Raw materials and consumables	191,265	170,093	190,465	169,093
Finished goods and goods for resale	<u>615,882</u>	<u>642,479</u>	<u>615,882</u>	<u>642,479</u>
	£807,147 =====	£812,572 =====	£806,347 =====	£811,572 =====

14 Debtors

	Group		Company	
	1994 £	1993 £	1994 £	1993 £
Amounts falling due within one year				
Trade debtors	838,766	811,723	818,877	799,057
Accrued income	213,914	204,715	213,914	204,715
Other debtors	16,989	19,557	16,989	19,557
Prepayments	<u>129,191</u>	<u>159,121</u>	<u>92,918</u>	<u>131,247</u>
	£1,198,860 =====	£1,195,116 =====	£1,142,698 =====	£1,154,576 =====

15 Investments

	Group and Company	
	1994	1993
	£	£
Listed investments - cost	£650	£650
	=====	=====
- market value	£1,875	£3,071
	=====	=====

16 Creditors: amounts falling due within one year

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Trade creditors	281,517	206,408	270,548	198,845
Other creditors including:				
Taxation and social security costs	1,321,698	1,112,435	1,275,010	1,073,410
Pensions and similar obligations	250,000	250,000	250,000	250,000
Accruals and deferred income	2,182,576	2,110,522	2,084,063	2,041,225
Amount owed to group undertaking	-	-	176,148	84,497
	£4,035,791	£3,679,365	£4,055,769	£3,647,977
	=====	=====	=====	=====

Taxation and social security costs are made up as follows:

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
United Kingdom corporation tax payable	796,653	633,613	754,322	596,025
Advance corporation tax	50,153	52,608	50,153	52,608
PAYE and social security	192,612	175,231	192,612	175,231
VAT	282,280	250,983	277,923	249,546
	£1,321,698	£1,112,435	£1,275,010	£1,073,410
	=====	=====	=====	=====

17 Provisions for liabilities and charges

Group and company

(a) Deferred taxation

Analysis of provision and potential liability
calculated at 33% (1993: 33%)

	Amount provided		Full potential liability	
	1994	1993	1994	1993
	£	£	£	£
Accelerated capital allowances	19,456	46,734	19,456	46,734
Other timing differences	<u>(19,456)</u>	<u>3,380</u>	<u>(19,456)</u>	<u>3,380</u>
	£ - =====	£50,114 =====	£ - =====	50,114 =====

Movements on the provision for deferred taxation are as follows:

	1994	1993
	£	£
At 1 January	50,114	49,195
Transferred to profit and loss account	<u>(50,114)</u>	<u>919</u>
At 31 December	<u>£ Nil</u>	<u>£50,114</u>

18 Pensions and similar obligations

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

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

Were the London & Manchester policy to be wound-up at 31st March it would have given rise to a deficit of approximately £250,000 which has been provided for in these Accounts. This apparent underfunding is due to the fact that the fund is primarily invested in a weak gilts market.

The fund is therefore frozen until such time as the gilts market recovers when any underfunding will then be made good and the paid up London & Manchester arrangement transferred to the new plan.

The total pension cost for the group in respect of these schemes was £63,491 (1993: £63,163). In addition £138,642 (1994: £165,243) was paid into private schemes of the directors.

19 Called up share capital

	1994 £	1993 £
Authorised		
150,000 ordinary shares of 5p each	7,500	7,500
5,000 ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
	£12,500	£12,500
	=====	=====
Allotted, called up and fully paid		
114,688 ordinary shares of 5p each	£5,734	£5,734
	=====	=====

BANHAMS PATENT LOCKS LIMITED**20 Reserves**

	Capital redemption reserve £	Profit and loss account £
Group		
At 1 January 1994	1,580	7,583,017
Retained profit for the year	<u>-</u>	<u>1,438,003</u>
At 31 December 1994	£1,580 =====	£9,021,020 =====
Company		
At 1 January 1994	1,580	7,466,638
Retained profit for the year	<u>-</u>	<u>1,331,230</u>
At 31 December 1994	£1,580 =====	£8,797,868 =====

21 Reconciliation of movements in shareholders' funds

	1994 £	1993 £
Profit for the financial year	1,638,707	1,099,194
Dividends	<u>(200,704)</u>	<u>(181,207)</u>
Net addition to shareholders funds	1,438,003	917,987
Opening shareholders' funds	<u>7,590,331</u>	<u>6,672,344</u>
	£9,028,334 =====	£7,590,331 =====

BANHAMS PATENT LOCKS LIMITED**22 Reconciliation of operating profit to net cash inflow from operating activities**

	1994 £	1993 £
Operating profit	1,970,625	1,378,647
Depreciation on tangible fixed assets	250,034	213,036
Gain/(Loss) on sale of tangible fixed assets	(2,048)	1,002
Decrease in stocks	5,425	245,558
(Increase)/Decrease in trade debtors	(27,043)	346,004
Increase in accrued income	(9,199)	(204,715)
Decrease in other debtors	2,568	1,457
Decrease/(Increase) in prepayments	29,930	(19)
Increase/(Decrease) in trade creditors	75,109	(34,477)
Increase in other taxation and social security	48,678	114,691
Increase in accruals and deferred income	72,054	243,487
Increase in pension provisions	-	230,000
Net cash inflow from operating activities	£2,416,133 =====	£2,534,671 =====

23 Cash and cash equivalents

	1994 £	1993 £
Changes during the year		
At 1 January	8,098,653	6,113,542
Net cash inflow	<u>1,628,596</u>	<u>1,985,111</u>
At 31 December 1994	9,727,249 =====	8,098,653 =====

	1994 £	1993 £	Change in year £
Analysis of balances			
Cash at bank and in hand	<u>9,727,249</u>	<u>8,098,653</u>	<u>1,628,596</u>
At 31 December 1994	9,727,249 =====	8,098,653 =====	1,628,596 =====