

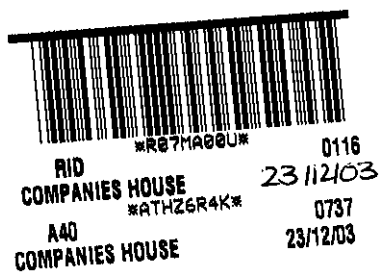
REGISTER OF
COMPANIES COPY

BANHAMS PATENT LOCKS LIMITED

Annual report

for the year ended 31 December 2002

Registered no: 457812



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BANHAMS PATENT LOCKS LIMITED

Annual report
for the year ended 31 December 2002

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Directors and advisers

Directors	P.F.Banham, (Chairman & Managing Director) C.M.Banham, Mrs L.Q.Banham, Mrs M.V.Banham, Mrs W.F.Banham A.M.Chillag, Mrs B.E.Cowper C.R.Hallatt E.M.Hallatt, Mrs M.J.Hallatt, Mrs M.A.Herbert P.A.Rodda, Mrs T.J.Ward
Secretary	T.J.Ward
Registered office	233-235 Kensington High Street LONDON W8 6SF
Auditors	BDO Stoy Hayward 8 Baker Street LONDON W1U.3LL
Solicitors	Calvert Smith & Sutcliffe Onslow House 9 The Green Richmond Surrey TW9 1PU
Bankers	Barclays Bank Plc National Westminster Bank Plc Coutts & Co.

Report of the directors for the year ended 31 December 2002

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2002.

Principal activities

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

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

Review of business and future developments

The directors consider that the group traded satisfactorily during the year. Turnover increased to £19.4m an increase of 5% 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.

Directors and their interests

The directors of the company at 31 December 2002, all of whom have been directors for the whole of the year ended on that date 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 2002		31 December 2001	
	Number	Amount £	Number	Amount £
P.F.Banham (Chairman)	16,164	808	16,164	808
C.M.Banham, Mrs	33	2	33	2
L.Q.Banham, Mrs	-	-	-	-
M.V.Banham, Mrs	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
A.M.Chillag, Mrs	5,828	291	5,828	291
B.E.Cowper	-	-	-	-
C.R.Hallatt	9,500	475	9,500	475
E.M.Hallatt, Mrs	1,827	91	1,827	91
M.J.Hallatt, Mrs	-	-	-	-
M.A.Herbert	-	-	-	-
P.A.Rodda, Mrs	12,077	604	12,077	604
P.A.Rodda trust	8,750	437	8,750	437
T.Ward	-	-	-	-

Property Values

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 included at the directors valuation, based on open market value.

Charitable Donations

During the year the company made charitable donations of £25,798 (2001: Nil)

Dividends and transfers to reserves

The directors have paid an interim ordinary dividend of £505,000 in respect of the year ended 31 December 2002 (2001: £442,000).

The directors do not propose the payment of a final dividend (2001: Nil).

The retained profit for the financial year of £1,340,000 (2001: £2,158,000) 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 and the group as at the end of the financial year and of the profit or loss of the group 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 2002. 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

A resolution to reappoint BDO Stoy Hayward as auditors to the company will be proposed at the annual general meeting.

By order of the board



P. J. Ward
Company Secretary

31st October
***** 2003

Report of the independent auditors

To the shareholders of Banham Patent Locks Limited

We have audited the financial statements of Banham Patent Locks Limited on page 5 to 20 which have been prepared under the accounting policies set out on pages 9 and 10.

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 December 2002 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

Chartered Accountants and Registered Auditors London. Date 31 Oct. 2003

BANHAMS PATENT LOCKS LIMITED

Consolidated profit and loss account
for the year ended 31 December 2002

	Notes	2002 £000	2001 £000
Turnover - Continuing Operations		19,137	18,421
- Acquisitions		<u>286</u>	<u>-</u>
Total Turnover	2	19,423	18,421
Cost of sales		<u>(10,072)</u>	<u>(9,379)</u>
Gross Profit - Continuing Operations		9,234	9,042
- Acquisitions		<u>117</u>	<u>-</u>
Total Gross Profit		9,351	9,042
Net operating expenses	3	<u>(6,780)</u>	<u>(6,175)</u>
Operating profit	4	2,571	2,867
Other income	7	<u>701</u>	<u>806</u>
Profit on ordinary activities before taxation		3,272	3,673
Tax on profit on ordinary activities	8	<u>(1,088)</u>	<u>(1,073)</u>
Profit for the financial year	9	2,184	2,600
Dividends	10	<u>(505)</u>	<u>(442)</u>
Retained profit for the year		<u>1,679</u> =====	<u>2,158</u> =====
Statement of retained profits			
Retained profit at 1 January 2002		21,656	19,498
Retained profit for the year	20	<u>1,679</u>	<u>2,158</u>
Retained profit at 31 December 2002		<u>23,335</u> =====	<u>21,656</u> =====

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.

All amounts relate to continuing activities.

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

BANHAMS PATENT LOCKS LIMITED

Statement of total recognised gains and losses
For the year ended 31 December 2002

	2002 £000	2001 £000
Profit for the financial year	<u>2,184</u>	<u>2,600</u>
Total gains recognised since last annual report	<u>2,184</u> =====	<u>2,600</u> =====

Reconciliation of movements in shareholders funds
For the year ended 31 December 2002

	2002 £000	2001 £000
Profit for the financial year	2,184	2,600
Dividends	<u>(505)</u>	<u>(442)</u>
Net additions to shareholders funds	1,679	2,158
Opening Shareholders Funds	<u>22,510</u>	<u>20,352</u>
Closing Shareholders Funds	<u>24,189</u> =====	<u>22,510</u> =====

Balance sheets as at 31 December 2002

		Group		Company	
	Notes	2002 £000	2001 £000	2002 £000	2001 £000
Fixed assets					
Tangible assets	12	4,370	4,178	1,973	1,888
Investments	13	-	-	3,360	2,059
Goodwill	11	<u>3,212</u>	<u>1,817</u>	<u>-</u>	<u>-</u>
		<u>7,582</u>	<u>5,995</u>	<u>5,333</u>	<u>3,947</u>
Current assets					
Stocks	14	1,156	947	1,096	909
Debtors	15	2,827	4,379	4,236	6,591
Investments	16	1	1	1	1
Cash at bank and in hand		<u>19,095</u>	<u>17,466</u>	<u>14,903</u>	<u>13,198</u>
		<u>23,079</u>	<u>22,793</u>	<u>20,235</u>	<u>20,699</u>
Creditors: amounts falling due within one year	17	<u>(6,472)</u>	<u>(6,278)</u>	<u>(4,733)</u>	<u>(5,259)</u>
Net current assets		<u>16,607</u>	<u>16,515</u>	<u>15,502</u>	<u>15,440</u>
Net assets		<u>24,189</u> =====	<u>22,510</u> =====	<u>20,835</u> =====	<u>19,387</u> =====
Capital and reserves					
Called up					
share capital	19	6	6	6	6
Capital Redemption Reserve	20	1	1	1	1
Revaluation Reserve	20	847	847	-	-
Profit and loss account	20	<u>23,335</u>	<u>21,656</u>	<u>20,827</u>	<u>19,380</u>
Equity shareholders' funds		<u>24,189</u> =====	<u>22,510</u> =====	<u>20,835</u> =====	<u>19,387</u> =====

The financial statements on pages 5 to 20 were approved by the board of directors on *31st October 2003* and were signed on its behalf by:



T. Ward

Director

BANHAMS PATENT LOCKS LIMITED

Consolidated cash flow statement
for the year ended 31 December 2002

	Notes	2002 £000	2001 £000
Net cash inflow from operating activities	22	<u>4,376</u>	<u>2,496</u>
Returns on investments and servicing of finance			
Interest received		<u>701</u>	<u>806</u>
Net cash inflow from returns on investments and servicing of finance		<u>701</u>	<u>806</u>
Taxation		<u>(1,095)</u>	<u>(1,309)</u>
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(597)	(791)
Sale of tangible fixed assets		<u>25</u>	<u>54</u>
Net cash outflow from capital expenditure and financial investment			<u>(737)</u>
Acquisitions and disposals			
Purchase of subsidiary undertaking		(1,301)	
cash acquired with subsidiaries		25	
Equity dividend paid		<u>(505)</u>	<u>(442)</u>
Increase in cash	23	<u>1,629</u> =====	<u>814</u> =====

Notes to the financial statements
for the year ended 31 December 2002

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, modified by the revaluation of investment properties.

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 2002. 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 FRS8 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. It 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.

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% to 25% net book value
Plant and equipment	10% to 25% net book value
Freehold land is not depreciated	

Tangible fixed assets (Cont'd)

In accordance with SSAP 19, (i) investment properties are revalued annually 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 view. If this departure from the Act had not been made the profit for the financial year would have been reduced by depreciation on the investment properties of £16,000 (2002 : £16,000)

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.

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 and accrued value of goods and services supplied.

Deferred taxation

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

Deferred tax balances are not discounted.

Pension costs

The company operates a grouped 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 company during the year.

2 Segment analysis by class of business

	Turnover		Profit before Tax		Net Assets	
	2002	2001	2002	2001	2002	2001
	£000	£000	£000	£000	£000	£000
Burglary Prevention	<u>19,339</u>	<u>18,336</u>	<u>2,552</u>	<u>2,778</u>	<u>3,322</u>	<u>4,166</u>
Property Letting	<u>84</u>	<u>85</u>	<u>19</u>	<u>89</u>	<u>1,657</u>	<u>1,657</u>
	<u>19,423</u>	<u>18,421</u>	<u>2,571</u>	<u>2,867</u>	<u>4,979</u>	<u>5,823</u>
Net Non Operating Income/ Assets	<u>19,423</u>	<u>-</u>	<u>701</u>	<u>806</u>	<u>19,210</u>	<u>16,687</u>
	<u>19,423</u>	<u>18,421</u>	<u>2,933</u>	<u>3,673</u>	<u>24,189</u>	<u>22,510</u>
	=====	=====	=====	=====	=====	=====

Turnover is confined to the United Kingdom.

3 Net operating expenses

Net operating expenses are made up as follows:

	2002 £000	2001 £000
Selling and distribution costs	1,843	1,687
Administrative expenses	<u>4,937</u>	<u>4,488</u>
	6,780	6,175
	=====	=====

4 Operating profit

	2002 £000	2001 £000
Operating profit is stated after charging		
Loss on disposal of tangible fixed assets	13	3
Depreciation of owned tangible fixed assets	419	371
Amortisation of goodwill	122	100
Operating lease rentals - non plant & machinery	73	65
Auditors' remuneration	31	27
	===	===

(Company £23,000; 2001 £21,000)

In addition amounts paid to the company's auditors in respect of non audit services amounted to £20,679 (2001: £4,000) for the year. These amounts are in respect of taxation and general financial advice provided.

5 Directors' emoluments

	2002 £000	2001 £000
Remuneration as executives	2,080	1,853
Pension contributions	<u>74</u>	<u>93</u>
	2,154	1,946
	=====	=====
	2002 £000	2001 £000
Emoluments of the highest paid director	595	591
	=====	=====

6 Employee information

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

	2002 Number	2001 Number
Factory	21	22
Motor mechanics	3	3
Despatch Riders	17	15
Fitters/Operatives	146	137
Surveyors	7	7
Administration	82	70
Directors	<u>14</u>	<u>12</u>
	290	266
	===	===

Employment costs - all employees including directors:

	2002 £000	2001 £000
Wages and salaries	7,398	7,053
Social security costs	728	701
Other pension costs	<u>159</u>	<u>175</u>
Total direct costs of employment	8,285	7,929
	=====	=====

7 Other income	2002 £000	2001 £000
Bank interest receivable	<u>701</u>	<u>806</u>
	701	806
	=====	=====

8 Taxation

	2002 £000	2001 £000
Tax on profit on ordinary activities		
U.K. Corporation tax at 30% (2001: 30%)	<u>1,088</u>	<u>1,073</u>
Profit on ordinary activities before tax	<u>3,272</u> =====	<u>3,673</u> =====
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (December 2001 - 30%)	982	1,102
Effect of:		
Expenses not deductible for tax purposes	46	(70)
Depreciation for period in excess of capital allowances	(19)	18
Adjustment to tax charge in respect of previous period	<u>79</u>	<u>23</u>
Current tax charge for period	1,088	1,073

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:

	2002 £000	2001 £000
Dealt with in the financial statements of the holding company	1,952	2,379
Retained by subsidiary companies	<u>232</u>	<u>221</u>
	<u>2,184</u> =====	<u>2,600</u> =====

10 Dividends

	2002 £000	2001 £000
Interim dividends paid: at £4.39 per share (2001: £3.85)	505	442
	=====	=====

11 Goodwill

	2002 £000	2001 £000
Cost		
At 1 January 2002	2,017	2,017
Additions	<u>1,517</u>	<u>-</u>
Amortisation	<u>3,534</u>	<u>2,017</u>
At 1 January 2002	200	100
Provision for year	<u>122</u>	<u>100</u>
	<u>322</u>	<u>200</u>
Net Book Value		
At 31 December 2002	3,212	<u>1,817</u>
At 31 December 2001	<u>1,817</u> =====	<u>1,917</u> =====

BANHAMS PATENT LOCKS LIMITED

12 Tangible fixed assets - Group
Freehold Land
& Buildings

14

	£000	Improvements to Buildings	Investment Properties	Plant & Equipment	Total
	£000	£000	£000	£000	£000
Cost or Valuation					
At 1 Jan 2002	1,245	844	1,657	3,224	6,970
Additions	-	9	-	588	597
Acquisition of subsidiary	7	-	-	153	160
Disposals	-	-	-	(176)	(176)
At 31 Dec 2002	1,252	853	1,657	3,789	7,551
Depreciation					
At 1 Jan 2002	153	675	-	1,964	2,792
Eliminated on disposal	-	-	-	(111)	(111)
Acquisition of subsidiary	4			77	81
Charge for year	25	36	-	358	419
At 31 Dec 2002	182	711	-	2,288	3,181
Net book value					
At 31 Dec 2002	1,070	142	1,657	1,501	4,370
	=====	===	=====	=====	=====
At 31 Dec 2001	1,092	169	1,657	1,260	4,178
	=====	===	=====	=====	=====

The investment properties represent the element of the group's freehold buildings not occupied by the group and are held for their investment potential. They were last valued on 31 December 2002 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 since that date. If the properties had not been classified as investment properties then depreciation would have been provided in the period of £16,000 and they would have been included at a net book value based on cost of £729,000.

At 31 December 2002 commitments authorised but not contracted for amounted to Nil (2001: Nil)

12 Tangible fixed assets - Company

	Land & Buildings	Improvements to Buildings	Plant & Equipment	Motor Vehicles	Total
	£000	£000	£000	£000	£000
Cost					
At 1 Jan 2002	642	844	1,775	1,305	4,566
Additions		9	285	207	501
Disposals	<u> </u>	<u> </u>	<u> </u>	<u>(153)</u>	<u>(153)</u>
At 31 Dec 2002	<u>642</u>	<u>853</u>	<u>2,060</u>	<u>1,359</u>	<u>4,914</u>
Depreciation					
At 1 Jan 2002	113	675	1,135	755	2,678
Eliminated on disposal	-	-		(101)	(101)
Charge for year	<u>13</u>	<u>36</u>	<u>134</u>	<u>181</u>	<u>364</u>
At 31 Dec 2002	<u>126</u>	<u>711</u>	<u>1,269</u>	<u>835</u>	<u>2,941</u>
Net book value					
At 31 Dec 2002	<u>516</u> =====	<u>142</u> =====	<u>791</u> =====	<u>524</u> =====	<u>1,973</u> =====
At 31 Dec 2001	<u>529</u> =====	<u>169</u> =====	<u>640</u> =====	<u>550</u> =====	<u>1,888</u> =====

BANHAMS PATENT LOCKS LIMITED

16

Company

13	Fixed asset investments	2002 £000	2001 £000
Cost			
As at 1 January 2002		2,059	2,059
Additions		<u>1,301</u>	<u>-</u>
As at 31 December 2002		<u>3,360</u>	<u>2,059</u>
		=====	=====

Fixed asset investments relate to subsidiaries in which Banhams Patent Locks Limited owns 100% of the issued £1 ordinary shares and which are all incorporated in England and Wales:-

<u>Company</u>	<u>Activity</u>
Capstan Security Limited	Security
Banham Security Limited	Property
Banham Alarms Limited	Dormant
Banham Home Insurance Services Limited	Insurance Services
Central Monitoring Services Limited	Keyholding & Central Station Facility
Aegis Alarm Systems Limited	Security

The financial statements of the above subsidiary companies have been consolidated. Banham Alarms Ltd did not trade in the year to 31st December 2002.

Operations are based in the country of incorporation.

14 Stocks

The amounts attributable to different categories are as follows:

	<u>Group</u>		<u>Company</u>	
	2002 £000	2001 £000	2002 £000	2001 £000
Raw materials and consumables	287	230	262	230
Finished goods and goods for resale	<u>869</u>	<u>717</u>	<u>834</u>	<u>679</u>
	1,156	947	1,096	909
	=====	=====	=====	=====

15 Debtors

	<u>Group</u>		<u>Company</u>	
	2002 £000	2001 £000	2002 £000	2001 £000
Amounts falling due within one year				
Trade debtors	1,925	2,487	1,514	2,244
Accrued income	490	1,227	464	1,216
Other debtors	170	360	168	358
Prepayments	242	305	149	158
Amounts due from Group Undertakings	<u>-</u>	<u>-</u>	<u>1,940</u>	<u>2,615</u>
	2,827	4,379	4,235	6,591
	=====	=====	=====	=====

16 Investments

	Group and Company	
	2002 £000	2001 £000
Listed investments - cost	1	1
	=====	=====
- market value	3	4
	=====	=====

17 Creditors: amounts falling due within one year

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Trade creditors	530	482	365	441
Other creditors including:				
Taxation and social security costs	1,162	1,340	868	1,206
Accruals and deferred income	<u>4,780</u>	<u>4,456</u>	<u>3,500</u>	<u>3,612</u>
	6,472	6,278	4,733	5,259
	=====	=====	=====	=====

Taxation and social security costs are made up as follows:

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
U.K. corporation tax payable	558	566	418	508
PAYE and social security	358	403	325	382
VAT	<u>246</u>	<u>371</u>	<u>125</u>	<u>316</u>
	1,162	1,340	868	1,206
	=====	=====	=====	=====

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 ranges from 2% to 6% depending on the age of the employee.

The total pension cost for the group in respect of these schemes was £100,000 (2001: £106,000). In addition £74,000 (2001: £66,000) was paid into private schemes of the directors.

19 Called up share capital

	2002 £000	2001 £000
Authorised		
Ordinary shares of 5p each - 150,000	8	8
Ordinary shares of £1 each - 5,000	<u>5</u>	<u>5</u>
	13	13
	===	===
Allotted, called up and fully paid		
Ordinary shares of 5p each - 114,688	6	6
Ordinary shares of £1 each - nil	===	===

BANHAMS PATENT LOCKS LIMITED
20 Reserves

	Revaluation Reserve	Capital redemption reserve	Profit and loss account
	£000	£000	£000
Group			
At 1 January 2002	847	1	21,656
Retained profit for the year	<u>-</u>	<u>-</u>	<u>1,679</u>
At 31 December 2002	847 =====	1 =====	23,335 =====
Company			
At 1 January 2002		1	19,380
Retained profit for the year		<u>-</u>	<u>1,447</u>
At 31 December 2002		1 =====	20,827 =====

21 Financial commitments

At 31 December 2002 the group had annual commitments under non-cancellable operating leases as follows:

	2002 £000	2001 £000
	Land and Buildings	Land and Buildings
Expiring within one year	-	-
Expiring in over five years	<u>73</u>	<u>65</u>
	73 =====	65 =====

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

	2002 £000	2001 £000
Operating profit	2,571	2,867
Depreciation on tangible fixed assets	421	371
Amortisation of goodwill	122	100
Loss/(Gain) on sale of tangible fixed assets	13	3
(Increase)/Decrease in stocks	(184)	85
Decrease/(Increase) in trade debtors	696	(182)
Decrease/(Increase) in accrued income	737	(915)
Decrease/(Increase) in other debtors	190	(340)
Decrease/(Increase) in prepayments	63	(93)
(Decrease)/Increase in trade creditors	(433)	109
(Decrease)/Increase in other taxation and social security	(170)	7
Increase/(Decrease) in accruals and deferred income	<u>350</u>	<u>484</u>
Net cash inflow from operating activities	<u>4,376</u> =====	<u>2,496</u> =====

23 Reconciliation of net cash flow to
movement in net funds

	2002 £000	2001 £000
Increase in cash in the period	1,629	814
Net funds at 1 January 2001	<u>17,466</u>	<u>16,652</u>
Net funds at 31 December 2001	<u>19,095</u> =====	<u>17,466</u> =====

	2002 £000	2001 £000	Cash Flows £000
Analysis of balances			
Cash at bank and in hand	<u>19,095</u>	<u>17,466</u>	<u>1,629</u>
At 31 December 2002	<u>19,095</u> =====	<u>17,466</u> =====	<u>1,629</u> =====

24 Acquisitions

Acquisition of Aegis Alarm Systems Limited

On 19th September 2002 the group acquired Aegis alarm Systems Limited for cash consideration.

In calculating the goodwill arising on acquisition, the fair value of net assets of Aegis Alarm Systems Limited have been assessed and adjustments from book value have been made where necessary. These adjustments are summarised in the following table:

	Book Value	Cash Provision	Bad Debt Provision	Deferred Income adjustment	Fair Value
	£	£	£	£	£
Fixed assets					
Tangible	79,277	-	-	-	79,277
Current assets					
Stocks	24,703	-	-	-	24,703
Debtors	221,006	-	(87,000)	-	134,006
Cash at bank and in hand	<u>125,422</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>	<u>25,422</u>
Total assets	450,408	(100,000)	(87,000)	-	263,408
Creditors					
Due within one year	<u>(348,920)</u>	<u>-</u>	<u>-</u>	<u>(130,000)</u>	<u>(478,920)</u>
Total assets less current liabilities	101,488	(100,000)	(87,000)	(130,000)	(215,512)
Creditors due after one year	<u>(825)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,825)</u>
	<u>100,663</u>	<u>(100,000)</u>	<u>(87,000)</u>	<u>(130,000)</u>	<u>(216,337)</u>
	=====	=====	=====	=====	=====

	£'000
Cash consideration	1,301,000
Net liabilities acquired	<u>216,337</u>
Goodwill arising on acquisition (note 11)	<u>1,517,337</u>
	=====

The cash provision was necessary to align book value with banking records. The bad debt provision is a 49% provision against doubtful debts. The deferred income adjustment relates to pre-paid sales to customers previously unaccounted for.