

**INSPECTORATE OF THE SECURITY INDUSTRY**  
**(Limited by Guarantee)**  
**(Company number 1639039)**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31ST DECEMBER 1998**



INSPECTORATE OF THE SECURITY INDUSTRY

(a company limited by guarantee)

Chairman of the Board  
Sir Michael Bett CBE MA

Inspector General  
I W Sanderson BSc (Hons) FIQA

Secretary  
G W Cross

Registered Office  
Security House, Barbourne Road, Worcester WR1 1RS

REPORT AND FINANCIAL STATEMENTS

for the year ended

31st DECEMBER 1998

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the seventeenth Annual General Meeting of the.  
Inspectorate of the Security Industry  
will be held at the New Cavendish Club, Great Cumberland Place, London, on 24th  
June, 1999, at 10.30 am.

for the following purposes:

1. To receive and consider the financial statements and the reports of the directors and of the auditors for the year ended 31st December 1998.
2. To re-appoint Fullard Duffill & Co as Auditors.
3. To authorise the Board to fix the remuneration of the Auditors.
4. To transact any other business of an Annual General Meeting.

By Order of the Board

  
G W Cross  
Secretary

5th May 1999

## INSPECTORATE OF THE SECURITY INDUSTRY

### CHAIRMAN'S PREFACE

I am pleased to be able to provide this introduction to the 1998 Annual Report in the knowledge that the certification activities of the Inspectorate have continued to develop throughout the year.

Legislation for the industry, possibly in the form of licensing, has been a topic of conversation throughout the year, but at this moment in time, no definitive proposals has been published. But in the knowledge that Government does intend to introduce certain measures into the manned guarding sector, companies are seeking ways to ensure they can satisfy whatever is required. Adoption of the relevant British Standards through our various certification schemes is increasingly being recognised as a means to comply with industry best practice and, as such, should put companies in a strong position to meet future legislative requirements.

This trend has been reflected in the increased number of applications and registrations in the Enrolled Companies Scheme. In fact, 1998 has been the most successful year for this Scheme since its inception. Also significant is the number of Pre-Inspection visits that were conducted through the year, another indication of the desire by companies to understand what is required to meet the Standards.

Growth for the future looks promising, as these newly registered companies will expand and progress through to the Inspected Scheme and eventually on to adopt quality management systems, thus becoming eligible for the Quality Assessed Scheme.

On the basis of these trends and developments, the Inspectorate believes it can make a valuable contribution towards future legislative proposals and assist in their establishment. In the meantime, we will continue to provide self-regulation to companies wishing to demonstrate compliance with industry Standards.

Sir Michael Bett CBE MA  
Chairman of the Inspectorate of the Security Industry

February 1999

INSPECTORATE OF THE SECURITY INDUSTRY  
ANNUAL REPORT OF THE INSPECTOR GENERAL

The nature and scope of the Inspectorate's certification activities has seen an interesting expansion throughout this year. While the core activities of manned guarding continue to be predominating, certification has now started to encompass companies providing related security services.

We are seeing an increasing number of companies that provide a dedicated service, for example, security screening, wishing to obtain certification to demonstrate that their service complies with the requirements of the relevant British Standard. Also we are receiving applications from companies that only provide a keyholding service or conduct mobile patrols in a specific location. These companies wish to show that their service satisfies the appropriate parts of the Standard.

Expansion of our scope of certification is the aspect that I find most interesting, and encouraging, as a form of recognition for the credibility of our activities. This year saw a significant amount of research and development that culminated in the quality system certification of a privately operated immigration detention centre. We have also received an application for similar certification for a company providing a prison escort and court service. Discussions are also underway with a private prison. It is hoped that as the private sector continues to provide more of these services, ISI will be ideally positioned to satisfy the demands for their quality system certification.

Although there has been significant growth of manned guarding companies in the Enrolled Scheme and, subsequently, in the Inspected Scheme, the overall numbers in the Quality Assessed Scheme have been disappointing. This year has seen various acquisitions by the major companies that have actually reduced the number of companies in this market place. In most instances, this has seen a reduction in the number of registered locations and routine visits necessary within that Scheme. Current predictions are that this trend will continue in the near future, so it is essential that the Inspectorate progress with its expansion into related sectors.

Recent development work by the Manned Security Services Technical Committee of the British Standards Institution has resulted in the publication of a British Standard for Secure Parcels and draft Standards for the operation of CCTV systems and for Door Supervisors. In line with the overall objectives of the Inspectorate to adopt and promote standards in the industry, use of these British Standards will assist in our ability to provide certification in these specialised areas.

To date, our range of activities have been limited to the United Kingdom. With the recent launch of the Inspectorate's Website providing details of our business, it will be interesting to see if any European or International enquires result in 1999.

As we move towards the Millennium, the position of the Inspectorate and its ability to provide a range of voluntary self-regulatory schemes continues to strengthen as we see our scope expanding and our credibility increasingly recognised by the end-users.

I.W.Sanderson BSc. (Hons), FIQA  
Inspector General

February 1999

INSPECTORATE OF THE SECURITY INDUSTRY  
(limited by guarantee)

REPORT OF THE BOARD

The Board of Management presents its seventeenth Report and audited Financial Statements for the year ended 31st December 1998.

Constitution and activities

The Inspectorate was specifically established to provide certification schemes to the manned security and cash in transit industries. The certification available includes the Quality Assessed Companies Scheme which involves assessments of a company's quality management system to ISO 9000 and incorporates the requirements of BS 7499 'Manned Security Services'. The Inspected Companies Scheme is for companies meeting the requirements of the industry's own rigorous BS 7499 and/or other relevant codes of practice, while the Enrolled Companies Scheme has been established for companies that can demonstrate their operational and professional competence but do not fully satisfy the BS 7499 requirements. A Register of Manned Security Companies is published and maintained to provide details of companies and their relevant certification.

Review of the business

The number of Registered Companies was as follows:

	Quality Assessed	Inspected	Enrolled
Individual Companies :	57 (54)	54 (55)	14 (3)
No of Branches :	287 (282)	62 (90)	0 (3)

(31st December 1997 figures in brackets)

There were 44 applications for registration pending at the end of the year.

Financial result for the period

The financial result of the Inspectorate's operations for 1998 is shown in the income and expenditure account on page 8.

# INSPECTORATE OF THE SECURITY INDUSTRY

## REPORT OF THE BOARD (cont)

### Members of the Board of Management

Appointments to the Board are in accordance with UKAS guidelines for Certification Bodies.

#### CHAIRMAN

Sir MICHAEL BETT, CBE, MA

#### REGISTERED COMPANIES

M.C. RACKSTRAW  
S.J. PHILLIPS  
D. S. PRITCHARD  
H. W. McKAY

Burns In. Sec. Serv. (UK) Ltd  
Centuryan Security Limited  
Resolution Security Limited  
Securicor Limited

#### CUSTOMERS

J. HURST  
S. R. A. CRAWSHAW, QPM  
Brig. J. ALMONDS BSC, CEng, FIEE, FMgt

British Retailers Consortium  
British Bankers' Association  
British Telecommunications plc

#### ASSOCIATIONS

D. STOPFORD  
D.S. FLETCHER  
C.P. MOUNSEY

BSIA Chairman  
BSIA Chief Executive  
Association of British Insurers

#### INDEPENDENTS

J.A. SMITH  
LORD PETER IMBERT, QPM, JP,DL

Prudential Assurance  
Security Consultant

#### OBSERVERS

K POVEY, QPM, BA (Law)  
Colonel J COCHRANE OBE  
Deputy Ch. Con. A. CHARLESWORTH, QPM  
Mrs J. BLEWETT

Her Majesty's Inspectorate of Constabulary  
Ministry of Defence  
Association of Chief Police Officers  
Home Office, Operational Policing Policy Unit  
and Home Office Crime Prevention Agency

#### DIRECTORS

The present directors, who have no personal interest in the income of the company, are:-

Sir Michael Bett CBE MA  
D Stopford

(Served throughout the year)  
(Served throughout the year)

## INSPECTORATE OF THE SECURITY INDUSTRY

### REPORT OF THE BOARD (cont)

#### 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 the surplus or deficit for that period. 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;
- prepare the financial statements on a 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 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### Inspectorate

The Inspector General is responsible for monitoring companies on the Register and carrying out detailed inspections of applicants for registration. A review of his activities during the year is given in a separate report.

#### Auditors

Fullard Duffill & Co have indicated their willingness to continue as auditors of the company and, in accordance with the provisions of Section 384 (1) of the Companies Act 1985, resolutions to reappoint them and fix their remuneration will be proposed at the forthcoming Annual General Meeting.

#### Small Company Disclosures

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD



G W Cross  
Secretary

25th February 1999



AUDITORS' REPORT TO THE MEMBERS OF  
INSPECTORATE OF THE SECURITY INDUSTRY  
(Limited by Guarantee)

We have audited the financial statements on pages 8 to 12 which have been prepared under the accounting policies set out on page 10.

**Respective responsibilities of the directors and auditors**

As described in the Directors' Report 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 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 affairs of the company as at 31st December 1998 and of its surplus for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

*Fullard Duffell & Co*

Fullard Duffell & Co  
Registered Auditors  
Chartered Accountants

5 Holt Studios  
49 Birmingham Road  
Bromsgrove  
Worcestershire B61 0DR

Date: 25th February 1999

INSPECTORATE OF THE SECURITY INDUSTRY  
(limited by guarantee)  
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
Income	3	382,559	362,153
Operating Expenses	4	<u>373,011</u>	<u>346,899</u>
		9,548	15,254
Interest receivable on bank deposits		<u>1,303</u>	<u>668</u>
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	<u>10,851</u>	<u>15,922</u>
Taxation	6	2,553	1,681
SURPLUS CARRIED TO ACCUMULATED FUND		<u>8,298</u>	<u>14,241</u>

None of the company's activities were acquired or discontinued during the above financial years.

The company has no recognised gains or losses other than those dealt with in the income and expenditure account.

STATEMENT OF ACCUMULATED FUND

	<u>1998</u>	<u>1997</u>
	£	£
Balance B/Fwd	9,884	(4,357)
Surplus for the year	<u>8,298</u>	<u>14,241</u>
BALANCE PER BALANCE SHEET	<u>18,182</u>	<u>9,884</u>

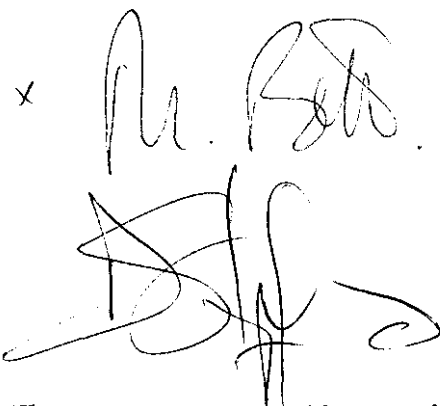
The notes on pages 10 to 12 form part of these financial statements.

INSPECTORATE OF THE SECURITY INDUSTRY  
(limited by guarantee)  
BALANCE SHEET AT 31ST DECEMBER 1998

	<u>Notes</u>	<u>1998</u>	<u>1997</u>
		£	£
<u>ASSETS EMPLOYED</u>			
 CURRENT ASSETS			
Debtors	7	51,021	51,458
Cash at Bank		<u>23,951</u>	<u>184</u>
		74,972	51,642
 CURRENT LIABILITIES			
Creditors - amounts falling due within one year	8	<u>56,790</u>	<u>41,758</u>
 NET CURRENT ASSETS		18,182	9,884
 NET ASSETS		18,182	9,884
		=====	=====
Represented by :			
 ACCUMULATED FUND		18,182	9,884
		=====	=====

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 24th February 1999 and signed on its behalf by:-

x 

Directors

The notes on pages 10 to 12 form part of these financial statements.

## INSPECTORATE OF THE SECURITY INDUSTRY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1998

#### 1. ACCOUNTING POLICIES

- (a) The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.
- (b) Taxation is calculated on the result for the year as shown in the financial statements.

#### 2. LIABILITY OF MEMBERS

The Inspectorate is a company limited by guarantee not having a share capital. The liability of each member to contribute to a deficiency in the event of the Inspectorate being wound up is limited to one pound.

#### 3. INCOME

The number of registered companies as at 31st December 1998 was 125 (1997 112).

	<u>1998</u>	<u>1997</u>
	£	£
<b>Quality Assessed Companies scheme</b>		
Application fees	11,110	10,600
Assessment fees	43,400	52,250
Surveillance fees	103,320	97,350
Registration and Certification	<u>86,940</u>	<u>82,794</u>
	<u>244,770</u>	<u>242,994</u>
<b>Inspected companies scheme</b>		
Registration fees	102,909	105,034
Application fees	6,020	6,700
Re-inspection fees	<u>3,960</u>	<u>-</u>
	<u>112,889</u>	<u>111,734</u>
<b>Enrolled/Small Companies scheme</b>	<u>13,350</u>	<u>3,375</u>
<b>Pre-inspection Fees</b>	<u>11,550</u>	<u>4,050</u>
<b><u>Total Turnover</u></b>	<u>382,559</u>	<u>362,153</u>

# INSPECTORATE OF THE SECURITY INDUSTRY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1998

4. <u>OPERATING EXPENSES</u>	<u>1998</u>	<u>1997</u>
These comprise:	£	£
Inspectorate -		
Employment	191,509	176,963
Other	<u>66,422</u>	<u>54,284</u>
	<u>257,931</u>	<u>231,247</u>
Secretarial and Administration -		
Management Fee	26,524	29,494
Communications	11,730	10,736
Other	<u>43,401</u>	<u>39,136</u>
	<u>81,655</u>	<u>79,366</u>
Publicity	<u>33,425</u>	<u>36,286</u>
TOTAL	<u>373,011</u>	<u>346,899</u>

Inspectorate employment costs include social security costs of £17,219 (1997:£15,259).  
The average number of persons employed during the year was 7 (1997 : 7).

## 5. OPERATING SURPLUS

The surplus stated is after charging:

Pension costs	13,079	12,311
Directors emoluments	10,000	10,000
Auditors remuneration	<u>2,175</u>	<u>2,175</u>

## 6. TAXATION

Charge for United Kingdom corporation tax at 21% (1997 21.75%)	<u>2,553</u>	<u>1,681</u>
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## 7. DEBTORS

Trade debtors	42,798	47,368
Other debtors	<u>8,223</u>	<u>4,090</u>
	<u>51,021</u>	<u>51,458</u>

# INSPECTORATE OF THE SECURITY INDUSTRY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1998

	1998 £	1997 £
8. <u>CREDITORS</u>		
Amounts falling due within one year -		
H M Customs & Excise	3,550	5,545
Employee taxes and social security costs	5,482	4,953
Inland Revenue for Corporation tax	2,553	1,681
National Westminster Bank Plc	-	10,633
Trade creditors	25,320	5,670
Accruals	<u>19,885</u>	<u>13,276</u>
	56,790	41,758
	=====	=====
9. <u>CAPITAL COMMITMENTS</u>		
Contracted but not provided in the financial statements	Nil	Nil
	=====	=====

# INSPECTORATE OF THE SECURITY INDUSTRY

## SCHEDULE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1998

	<u>1998</u> £	<u>1997</u> £
<b><u>EXPENDITURE DETAILS</u></b>		
Salaries	161,211	150,023
Pension costs	13,079	11,681
N.I. Contributions	<u>17,219</u>	<u>15,259</u>
Total employment costs	<u>191,509</u>	<u>176,963</u>
Inspectorate : Other expenses		
Sub-contract - inspections	15,135	3,718
- sales	(9)	1,557
Staff training	1,469	86
Travel	33,743	30,677
Subsistence	<u>16,084</u>	<u>18,246</u>
	<u>66,422</u>	<u>54,284</u>
Management Services - BSIA		
Administration, secretarial and accounting	<u>26,524</u>	<u>29,494</u>
Communications -		
Printing, stationery, postage and phones	<u>11,730</u>	<u>10,736</u>
Other (Administrative) -		
Insurance	5,955	4,614
Auditors' remuneration	2,175	2,175
Rent, Rates and Service Charges	22,651	25,038
NACCB/ISO9000 consultancy	<u>12,620</u>	<u>7,309</u>
	<u>43,401</u>	<u>39,136</u>
Publicity	<u>33,425</u>	<u>36,286</u>
<b><u>TOTAL</u></b>	<u><u>373,011</u></u>	<u><u>346,899</u></u>