

INSPECTORATE OF THE SECURITY INDUSTRY  
(Limited by Guarantee)

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 1996



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# 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 1996

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**INSPECTORATE  
OF THE SECURITY  
INDUSTRY**

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Worcester WR1 1RS  
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NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the fifteenth Annual General Meeting of the  
Inspectorate of the Security Industry  
will be held at the New Cavendish Club, Great Cumberland Place, London, on 4th  
June, 1997, 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 1996.
2. To re-appoint Lloyd & 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

19th March 1997

## INSPECTORATE OF THE SECURITY INDUSTRY

### CHAIRMAN'S PREFACE

It is a pleasure to be able to preface the 1996 Annual Report in the knowledge that the certification activities of the Inspectorate have continued to make excellent progress throughout the year.

Government legislation has remained a subject of discussion within the private security industry, particularly the manned guarding sector where various options have been debated. However, in the absence of any firm proposals, manned guarding companies have identified for themselves the need to demonstrate their credibility in an uncertain market. With the recognition now afforded to the ISI certification schemes by security specifiers and customers, the way for such a company to prove it satisfies the British Standards appropriate to its business has become obvious. This fact has been reflected in the increasing levels of certification now being provided.

The ISI continues to promote the benefits of compliance with industry Standards and it was encouraging to note the demand for the re-styled Register of Manned Security Companies, published at the beginning of the year. Also, the regular issue of press releases and magazine articles have maintained awareness of ISI activities.

We now begin a year with the possibility that a General Election may result in a Government with different views on the private security industry. Regardless of the outcome, I know the ISI will continue to provide certification to recognised Standards to companies within this sector thus enabling the end-user to make an informed choice from the range of services now available.

Sir Michael Bett CBE MA

Chairman of the Inspectorate of the Security Industry

February 1997

## INSPECTORATE OF THE SECURITY INDUSTRY

### ANNUAL REPORT OF THE INSPECTOR GENERAL

This year has seen the debate on regulation of the manned security industry continue quietly in the background, but with the issue of new British Standards for the industry having a more predominant effect on the Inspectorate's activities.

Increasing market demands for companies to demonstrate compliance to British Standards, particularly BS 7499 for manned guarding companies, and the increased awareness of their benefits to companies have resulted in new registrations for the year being in line with overall targets. This enabled an operating surplus to be achieved to meet the initial Budget figures.

Overall analysis of new applications and registrations indicates a trend that 'smaller' companies are now striving to meet the industry-specific requirements and obtain the credibility that displaying the ISI logo provides. Voluntary self-regulation will not occur overnight, but these trends show that progress is being achieved through the various ISI certification schemes available.

Publication of BS 7858 on Security Screening and the subsequent addition to our UKAS scope meant that ISI became the only Certification Body accredited for this activity. This Standard is now applied to all our certification schemes through all the range of activities. Even our recent application to UKAS for Security Shredding has BS 7858 as a basis for personnel selection. Enquiries are now being received regarding 'stand alone' certification to this Standard and growth in this market will be encouraged.

The recently publicised British Standard 7872 for Cash-in-Transit completes the current series of standards/codes of practice for the manned security industry. Once this Standard has been incorporated into our certification schemes and UKAS accreditation achieved, it will be re-assuring to demonstrate that all the ISI registrations are in accordance with recognised industry-specific standards.

In the absence of legislation, such a demonstration is a positive step forward for the industry and shows that standards do exist and are being applied. Through the marketing of the ISI Register and other promotions, the overall image is constantly being improved and the end-user is becoming more and more discerning when making a selection for service provider. The fact that this process is now well underway is reflected in the increasing demand for ISI certification and growth in this is anticipated in the coming year.

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

Inspector General

February 1997

INSPECTORATE OF THE SECURITY INDUSTRY  
(limited by guarantee)

REPORT OF THE BOARD

The Board of Management presents its fourteenth Report and audited Financial Statements for the year ended 31st December 1996.

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 :	40 (32)	52 (48)	5 (9)
No of Branches :	252 (145)	92 (136)	5 (9)

(31st December 1995 figures in brackets)

There were 43 applications for registration pending at the end of the year.

Financial result for the period

The financial result of the Inspectorate's operations for 1996 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 NACCB 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

M. GOUGH  
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  
S. KIDD

BSIA Chairman  
BSIA Chief Executive  
Association of British Insurers

#### INDEPENDENTS

J.A. SMITH  
M.J. HYLAND, FCCA  
SIR PETER IMBERT, QPM, DL

Prudential Assurance  
Security Consultant  
Security Consultant

#### OBSERVERS

Ass. Ch. Con. R CHILDS  
Ch. Con. J A STEVENS, QPM, LLB, M Phil  
Captain J.S. KELLY, OBE, RN  
Ch. Con. K. POVEY  
Ms. M. ROLFE

Home Office Crime Prevention Agency  
Her Majesty's Inspectorate of Constabulary  
Ministry of Defence  
Association of Chief Police Officers  
Home Office

#### 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)  
(Appointed 25th June 1996)

Mr J A Harrower resigned on 25th June 1996

## 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

Lloyd and 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

In preparing this report the directors have taken advantage of special exemptions applicable to small companies on the grounds that the company is small.

BY ORDER OF THE BOARD



G W Cross  
Secretary

19th March 1997



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 1996 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.

Lloyd & Co  
Registered Auditors  
Chartered Accountants

Date: 19th March 1997



Shrubbery House  
21 Birmingham Road  
Kidderminster  
Worcestershire DY10 2BX

INSPECTORATE OF THE SECURITY INDUSTRY  
(limited by guarantee)  
INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
Income	3	351,477	373,433
Operating Expenses	4	<u>334,004</u>	<u>374,563</u>
		17,473	(1,130)
Interest receivable on bank deposits		<u>361</u>	<u>694</u>
OPERATING SURPLUS/(DEFICIT) BEFORE EXCEPTIONAL ITEMS AND TAXATION		17,834	(436)
EXCEPTIONAL ITEM: Redundancy		<u>-</u>	<u>5,340</u>
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	17,834	(5,776)
Taxation	6	<u>87</u>	<u>5,236</u>
SURPLUS/(DEFICIT) CARRIED TO ACCUMULATED FUND		<u>17,747</u>	<u>(11,012)</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>1996</u> £	<u>1995</u> £
Balance B/Fwd	(22,104)	(11,092)
Surplus/(Deficit) for the year	<u>17,747</u>	<u>(11,012)</u>
BALANCE PER BALANCE SHEET	<u>(4,357)</u>	<u>(22,104)</u>
	=====	=====


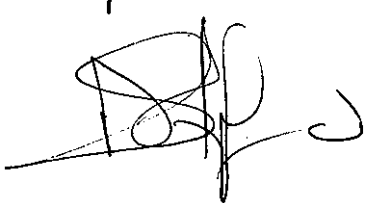
The notes on pages 10 to 12 form part of these financial statements.

INSPECTORATE OF THE SECURITY INDUSTRY  
(limited by guarantee)  
BALANCE SHEET AT 31ST DECEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
<u>ASSETS EMPLOYED</u>			
CURRENT ASSETS			
Debtors	7	45,706	47,884
Cash at Bank		<u>4,495</u>	<u>2,321</u>
		50,201	50,205
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	8	<u>33,568</u>	<u>26,481</u>
NET CURRENT ASSETS		16,633	23,724
Creditors: amounts falling due after more that one year	9	<u>(20,990)</u>	<u>(45,828)</u>
NET (LIABILITIES)		<u>(4,357)</u>	<u>(22,104)</u>
Represented by :		=====	=====
ACCUMULATED FUND		<u>(4,357)</u>	<u>(22,104)</u>
		=====	=====

In preparing these financial statements the Directors have taken advantage of special exemptions applicable to small companies on the grounds that the company is small.

The financial statements were approved by the Board on 19th March 1997 and signed on its behalf by:-

Directors

The notes on page 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 1996

#### 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 1996 was 97 (1995 89).

	<u>1996</u> £	<u>1995</u> £
<b>Quality Assessed Companies scheme</b>		
Application fees	6,725	7,775
Assessment fees	64,075	74,800
Surveillance fees	86,350	84,700
Registration and Certification	<u>64,102</u>	<u>42,346</u>
	<u>221,252</u>	<u>209,621</u>
<b>Inspected companies scheme</b>		
Registration fees	107,279	144,447
Re-inspection fees	350	1,400
Application fees	12,796	5,150
Pre-inspection fees	<u>8,200</u>	<u>6,950</u>
	<u>128,625</u>	<u>157,947</u>
<b>Enrolled Companies scheme</b>	<u>1,600</u>	<u>5,865</u>
<b><u>Total Turnover</u></b>	<u>351,477</u> =====	<u>373,433</u> =====

## INSPECTORATE OF THE SECURITY INDUSTRY

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

4. <u>OPERATING EXPENSES</u>	<u>1996</u>	<u>1995</u>
These comprise:	£	£
Inspectorate -		
Employment	176,991	175,951
Other	<u>49,046</u>	<u>61,758</u>
	<u>226,037</u>	<u>237,709</u>
Secretarial and Administration -		
Management Fee	33,281	34,680
Communications	7,342	11,792
Other	<u>43,536</u>	<u>46,331</u>
	<u>84,159</u>	<u>92,803</u>
Publicity	<u>23,808</u>	<u>44,051</u>
TOTAL	<u>334,004</u>	<u>374,563</u>

Inspectorate employment costs include social security costs of £15,380 (1995:£15,408).  
The average number of persons employed during the year was 6 (1995 : 6).

#### 5. OPERATING SURPLUS

The surplus stated is after charging:

Directors emoluments	-	-
Auditors remuneration	<u>2,100</u>	<u>2,000</u>

#### 6. TAXATION

Charge for United Kingdom corporation tax at 24.25% (1995 25%)	87	-
Group relief; prior year adjustment	-	5,253
Loss relief; prior year repayment supplement	-	(17)
	<u>87</u>	<u>5,236</u>

Unrelieved losses at 31/12/96 amount to £9,189 (1995 : £26,718)

#### 7. DEBTORS

Trade debtors	<u>45,706</u>	<u>47,884</u>
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# INSPECTORATE OF THE SECURITY INDUSTRY

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1996

	1996 £	1995 £
8. <u>CREDITORS</u>		
Amounts falling due within one year -		
H M Customs & Excise	6,655	6,678
Employee taxes and social security costs	7,273	5,425
Inland Revenue for Corporation tax	87	-
National Westminster Bank Plc	-	1,345
Trade creditors	11,908	10,256
Accruals	<u>7,645</u>	<u>2,777</u>
	33,568	26,481
	=====	=====

## 9. CREDITORS

Amounts falling due after more than one year:

The British Security Industry Association Ltd	20,990	45,828
	=====	=====

By an agreement dated 16th November 1994 the British Security Industry Association Limited agreed to subordinate its debt (not exceeding £100,000) to all other creditors.

## 10. CAPITAL COMMITMENTS

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 1996

	<u>1996</u> £	<u>1995</u> £
<u>EXPENDITURE DETAILS</u>		
Salaries	149,300	148,181
Pension costs	12,311	12,362
N.I. Contributions	<u>15,380</u>	<u>15,408</u>
Total employment costs	<u>176,991</u>	<u>175,951</u>
Inspectorate : Other expenses		
Sub-contract - inspections	2,437	2,858
- sales	1,775	5,797
Staff training	-	891
Travel	25,224	31,384
Subsistence	<u>19,610</u>	<u>20,828</u>
	<u>49,046</u>	<u>61,758</u>
Management Services - BSIA		
Administration, secretarial and accounting	<u>33,281</u>	<u>34,680</u>
Communications -		
Printing, stationery, postage and phones	<u>7,342</u>	<u>11,792</u>
Other (Administrative) -		
Bad debts written off	-	200
Insurance	5,325	3,830
Auditor's remuneration	2,075	2,375
Sundry	215	522
Rent, Rates and Service Charges	29,683	17,133
NACCB/ISO9000 consultancy	<u>6,238</u>	<u>22,271</u>
	<u>43,536</u>	<u>46,331</u>
Publicity	<u>23,808</u>	<u>44,051</u>
<u>TOTAL</u>	<u>334,004</u> =====	<u>374,563</u> =====

# INSPECTORATE OF THE SECURITY INDUSTRY

## SCHEDULE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1996

	<u>1996</u>	<u>1995</u>
	£	£
<u>BALANCE SHEET DETAILS</u>		
<u>DEBTORS (see note 6)</u>		
Trade Debtors	44,384	41,934
Prepayments	<u>1,322</u>	<u>5,950</u>
	45,706	47,884
	=====	=====
<u>CREDITORS (see note 8)</u>		
Employee taxes and Social Security costs	7,273	5,425
H M Customs & Excise	6,655	6,678
National Westminster Bank Plc	-	1,345
Inland Revenue for Corporation tax	87	-
Trade creditors	11,908	10,256
Accruals	<u>7,645</u>	<u>2,777</u>
	33,568	26,481
	=====	=====