

London 10/10/95

THE LOSS PREVENTION CERTIFICATION

BOARD LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

Registered Number: 1907862 (England and Wales)

WILKINS KENNEDY
Chartered Accountants
Bridge House
London Bridge
LONDON
SE1 9QR



THE LOSS PREVENTION CERTIFICATION BOARD LIMITED

DIRECTORS REPORT

The directors submit their report with the financial statements of the company for the year ended 31st March 1995.

PRINCIPAL ACTIVITY

The principal activity of the company is the certification and approval of loss prevention equipment, materials and services.

REVIEW OF BUSINESS

During the year under review the company continued to be engaged in establishing and promoting schemes directly related to its principal activities.

The results of the company for the year are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend.

TRANSFER TO RESERVES

It is proposed that the retained profit of £78,905 is transferred to reserves.

FIXED ASSETS

Movements in the fixed assets of the company are set out in note 8 to the financial statements.

DIRECTORS

Except where otherwise stated the following directors held office throughout the year:-

Sir Lawrence Byford CBE QPM DL L1B (Chairman)

Mr D F Blyth

Mr B A Carlisle

Mr J J Chadwick

Mr C Grenyer

Mr L Heaviside

Mr J L Hill

Mr M F Lycett

Mr H L Malhotra

Dr R C Moore

Mr M O'Neill

Mr D Pennington

Mr F Shaw

Mr C Skitt

Mr A H Thompson

Mr F E Woolhead

Mr J R Lawton (appointed 28th September 1994)

No director had an interest in any contract or arrangement of a material nature with the company during the year under review.

THE LOSS PREVENTION CERTIFICATION BOARD LIMITED

REPORT OF THE DIRECTORS

(Continued)

Observers serving during the year were as follows:

Mr J Acton
Mr R F Clifton
Mr A P S Ferguson
Mrs V V Harris

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.


DIRECTORS' AND OFFICERS LIABILITY INSURANCE

During the year the company purchased and maintained liability insurance for its directors and officers as permitted by Section 310(3) of the Companies Act 1985.

AUDITORS

Wilkins Kennedy have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board


Secretary J. W. WEATHERS

27th September 1995

Registered Office:

Melrose Avenue
Borehamwood
Hertfordshire

REPORT OF THE AUDITORS TO THE MEMBERS OF

THE LOSS PREVENTION CERTIFICATION BOARD LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 2 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 financial statements and to report our opinion to you.

Basis of Our Opinion

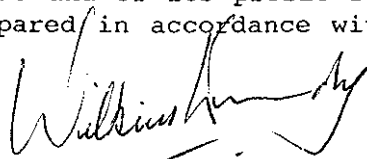
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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 the company's affairs at 31st March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bridge House
London Bridge
London
SE1 9QR


Chartered Accountants
and Registered Auditors

27th September 1995

THE LOSS PREVENTION CERTIFICATION BOARD LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
TURNOVER			
Fees	2	1,858,722	1,447,176
Administration expenses		1,754,782	1,404,688
OPERATING PROFIT	3 - 5	103,940	42,488
Interest receivable	6	5,172	3,552
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		109,112	46,040
Taxation charge on ordinary activities	7	30,207	12,430
PROFIT FOR THE FINANCIAL YEAR	13	£ 78,905	£ 33,610

There were no recognised gains and losses other than those dealt with in the above profit and loss account.

The notes on pages 7 to 12 form part of the financial statements.

THE LOSS PREVENTION CERTIFICATION BOARD LIMITED



BALANCE SHEET

AS AT 31ST MARCH 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
FIXED ASSETS			
Tangible assets	8	29,482	13,132
CURRENT ASSETS			
Stocks	9	187,066	182,627
Debtors	10	798,944	647,388
Cash at bank and in hand		89,831	74,772
		<u>1,075,841</u>	<u>904,787</u>
CREDITORS : Amounts falling due within one year	11	<u>984,096</u>	<u>875,597</u>
NET CURRENT ASSETS		<u>91,745</u>	<u>29,190</u>
NET ASSETS		<u>£121,227</u>	<u>£42,322</u>
CAPITAL AND RESERVES			
Share capital	12	2	2
Profit and loss account	13	121,225	42,320
SHAREHOLDERS FUNDS	14	<u>£121,227</u>	<u>£42,322</u>

The notes on pages 7 to 12 form part of the financial statements.

The financial statements set out on pages 4 to 11 were approved by the Board of Directors on 27 September 1995 and were signed on its behalf by:

)
 B.A. CARLISLE
)
 Directors
 SIR LAWRENCE BYFORD

THE LOSS PREVENTION CERTIFICATION BOARD LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
		£	£
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	18	50,988	(32,883)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest receivable		<u>5,172</u>	<u>3,552</u>
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		5,172	3,552
TAXATION			
Corporation Tax paid		(12,607)	(3,980)
INVESTING ACTIVITIES			
Purchase of tangible fixed assets		<u>(28,494)</u>	<u>(4,715)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19	<u>£ 15,059</u>	<u>£ (38,026)</u>

The notes on pages 7 to 12 form part of the financial statements.

THE LOSS PREVENTION CERTIFICATION BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in the company's financial statements.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors report and which is continuing.

(b) Turnover

Turnover represents the amounts invoiced to customers and is stated exclusive of value added tax.

(c) Depreciation

Fixed assets are depreciated over their estimated useful lives at the following annual rates:-

Computer equipment	25% on cost
Furniture and fittings	10% on cost
Motor vehicles	25% on reducing balance
Office equipment	10% on cost

(d) Stocks

Stocks are valued at the lower of cost and net realisable value. Work in progress in respect of uncompleted projects at 31st March 1995 has been valued at direct cost plus attributable overheads.

(e) Deferred taxation

Deferred taxation, calculated on the liability basis is provided at the latest known tax rates for future liabilities resulting from the difference between the treatment of items in the financial statements and their treatment for taxation purposes.

(f) Pension scheme

The company participates in a pension scheme operated by The Loss Prevention Council for the benefit of substantially all its employees. The funds of the scheme are administered by a life assurance company on behalf of trustees and are separate from the company. Independent Actuaries complete valuations at least every three years and in accordance with their recommendations, annual contributions are paid to the scheme so as to secure benefits set out in the rules and the periodic augmentation of current pensions. The cost is charged in the profit and loss account on a systematic basis over the service lives of the employees.

THE LOSS PREVENTION CERTIFICATION BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

2. REVENUE AND ATTRIBUTABLE PROFIT BEFORE TAXATION

	<u>1995</u>		<u>1994</u>	
	<u>Revenue</u>	<u>Profit Before</u>	<u>Revenue</u>	<u>Profit Before</u>
	£	£	£	£
Fees receivable	£1,858,722	£109,113	£1,447,176	£46,040
	<u>£</u>		<u>£</u>	
By Market				
United Kingdom	1,279,375		893,026	
Europe	231,114		149,390	
North America	246,884		288,082	
Other Countries	101,349		116,678	
	<u>£1,858,722</u>		<u>£1,447,176</u>	

3. RESULT FOR THE YEAR

	<u>1995</u>	<u>1994</u>
	£	£
The trading result is arrived at after charging the following:-		

Depreciation of tangible fixed assets	12,144	6,105
Director's emoluments	15,000	15,000
Auditors' remuneration	6,000	5,000
	<u> </u>	<u> </u>

4. EMPLOYEES

The average number of employees of the company, excluding directors, and their related costs were as follows:

	<u>Number</u>	<u>Number</u>
	15	12
Administration		
	<u>£</u>	<u>£</u>
Wages and salaries	352,474	252,894
Social Security costs	27,805	21,146
Pension contribution	46,222	38,283
	<u>£426,501</u>	<u>£312,323</u>

5. DIRECTOR'S REMUNERATION

The emoluments of the directors were as follows:-

Fees	£ 15,000	£ 15,000
	<u> </u>	<u> </u>

Particulars of the emoluments of the directors were as follows:

Chairman and highest paid director	£ 15,000	£ 15,000
	<u> </u>	<u> </u>

No other director received any remuneration from the company during the year (1994: Nil).

THE LOSS PREVENTION CERTIFICATION BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

6. INTEREST RECEIVABLE

	<u>1995</u>	<u>1994</u>
Short term deposits	£ 5,172	£ 3,552

7. TAXATION ON ORDINARY ACTIVITIES

	<u>1995</u>	<u>1994</u>
The charge in the profit and loss account comprises:-	£	£
United Kingdom Corporation Tax on the profit for the year at 25/35% (1994: 25%)	30,600	13,000
Amount over provided in prior year	(393)	(570)
	<u>£30,207</u>	<u>£12,430</u>

8. TANGIBLE FIXED ASSETS

	<u>Computer</u>	<u>Motor</u>	<u>Furniture</u>	<u>Office</u>	<u>Total</u>
	£	£	<u>and</u> <u>Fittings</u>	<u>Equipment</u>	£
COST					
At 1st April 1994	26,817	-	26,390	1,503	54,710
Additions	8,349	19,225	690	230	28,494
At 31st March 1995	35,166	19,225	27,080	1,733	83,204
DEPRECIATION					
At 1st April 1994	21,947	-	19,190	441	41,578
Charge for the year	4,460	4,804	2,708	172	12,144
At 31st March 1995	26,407	4,804	21,898	613	53,722
NET BOOK VALUE					
At 31st March 1995	£ 8,759	£14,421	£ 5,182	£ 1,120	£29,482
At 31st March 1994	£ 4,870	£ -	£ 7,200	£ 1,062	£13,132

9. STOCKS

	<u>1995</u>	<u>1994</u>
Work in progress	£187,066	£182,627

THE LOSS PREVENTION CERTIFICATION BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

10. DEBTORS

	£	£
<u>Due within one year</u>		
Trade debtors	527,646	289,971
Amounts due from parent undertaking	267,548	353,667
Prepayments	3,750	3,750
	<hr/>	<hr/>
	£798,944	£647,388
	<hr/>	<hr/>

11. CREDITORS

	1995 £	1994 £
<u>Due within one year</u>		
Fees in advance	911,683	824,817
Trade creditors	16,690	21,584
Corporation tax	30,600	13,000
Other creditors	23,228	10,000
Accruals	1,895	6,196
	<hr/>	<hr/>
	£984,096	£875,597
	<hr/>	<hr/>

12. SHARE CAPITAL

<u>Authorised</u>		
Ordinary shares of £1 each	£ 100	£ 100
	<hr/>	<hr/>
<u>Allotted, issued and fully paid</u>		
Ordinary shares of £1 each	£ 2	£ 2
	<hr/>	<hr/>

13. PROFIT AND LOSS ACCOUNT

	£	£
Balance at 1st April 1994	42,320	8,710
Profit for the year	78,905	33,610
	<hr/>	<hr/>
Balance at 31st March 1995	£121,225	£ 42,320
	<hr/>	<hr/>

14. RECONCILIATION OF MOVEMENT IN
SHAREHOLDERS FUNDS

	£	£
Profit for the year	78,905	33,610
Shareholders funds at 1st April 1994	42,322	8,712
	<hr/>	<hr/>
Shareholders funds at 31st March 1995	£121,227	£42,322
	<hr/>	<hr/>

15. CAPITAL COMMITMENTS

Contracted but not yet provided for	£ Nil	£ Nil
	<hr/>	<hr/>
Authorised but not committed	£ Nil	£ Nil
	<hr/>	<hr/>

THE LOSS PREVENTION CERTIFICATION BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

16. ULTIMATE HOLDING COMPANY (Parent Undertaking)

The directors regard the company's ultimate holding company to be The Loss Prevention Council, a company limited by guarantee, incorporated in Great Britain and registered in England and Wales.

17. PENSION SCHEME

The company participates in a pension scheme operated by The Loss Prevention Council providing benefits based on final pensionable pay for eligible employees. The assets of the scheme are held separately from those of the company being administered by a life assurance company on behalf of trustees. Contributions to the scheme are charged to the profit and loss account so as to spread the costs of pensions over the average service lifetime of employees with the company. The pension contributions are determined by a qualified actuary at every triennial valuation.

The most recent valuation was at 1st July 1992 which disclosed that the market value of the scheme's assets was £4,220,000 and that the actuarial value of those assets represented 100% of the benefits that had accrued to members after allowing for expected future increase in earnings.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return of investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9% per annum, that salary increases would average 7% per annum plus promotional increases and that present and future pensions would increase at the discretionary rate of 5% per annum.

The recommended funding rate from 1st July 1992 is 19% of pensionable pay (previously 18.9%) which includes a small allowance to amortise the deficit over a period of 17 years, the average remaining service lifetime of employees. No material difference arises between the pension costs calculated in accordance with the Statement of Standard Accounting Practice No. 24 "Accounting for Pension Costs" and the actual contributions paid by the company.

Employees do not contribute to the scheme.

18. RECONCILIATION OF OPERATING PROFIT TO NET CASH
INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	<u>1995</u>	<u>1994</u>
	£	£
Operating profit	103,941	42,488
Depreciation charges	12,144	6,105
(Increase)/Decrease in stock and work in progress	(4,439)	10,864
Increase in debtors	(151,556)	(218,351)
Increase in fees received in advance	86,866	111,010
Increase in creditors and accruals	4,032	15,001
	<u>£ 50,988</u>	<u>£ (32,883)</u>

THE LOSS PREVENTION CERTIFICATION BOARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

19. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS
DURING THE YEAR

	£	£
Balance 1st April 1994	74,772	112,798
Net cash inflow/(outflow)	15,059	(38,026)
	<hr/>	<hr/>
Balance 31st March 1995	£ 89,831	£ 74,772
	<hr/>	<hr/>

20. ANALYSIS OF THE BALANCES OF CASH AND CASH
EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	<u>1995</u>	<u>1994</u>	<u>Change</u> <u>in Year</u>
	£	£	£
Cash at bank and in hand	(5,169)	3,772	(8,941)
Short term deposits	95,000	71,000	24,000
	<hr/>	<hr/>	<hr/>
	£89,831	£ 74,772	£ 15,059
	<hr/>	<hr/>	<hr/>