

*Registrar of Companies*

**THE LOSS PREVENTION CERTIFICATION**

**BOARD LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST MARCH 1997**

Registered Number: 1907862 (England and Wales)

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



**THE LOSS PREVENTION**  
**CERTIFICATION BOARD LIMITED**  
**REPORT OF THE DIRECTORS**

The directors submit their report with the financial statements of the company for the year ended 31st March 1997.

**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 £65,510 is transferred to reserves.

**DIRECTORS**

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

Sir Lawrence Byford	CBE QPM DL LIB	(Chairman)
Mr A T Cann	Electrical Contractors' Association	
Mr B A Carlisle	ABI (Insurer)	(resigned 28th February 1997)
Mr J J Chadwick	British Security Industry Association	(resigned 5th March 1997)
Mr C Grenyer	Local Government Association	(resigned 3rd May 1996)
Mr L Heaviside	British Automatic Sprinkler Association	
Mr J L Hill	Loss Prevention Council	(resigned 31st December 1996)
Mr J R Lawton	Lloyd's (Insurer)	
Mr M F Lycett	Door and Shutter Manufacturers' Association	
Mr H L Malhotra	Fire Consultant	
Mr D Marwood	ABI (Insurer)	(appointed 7th March 1997)
Dr R C Moore	Association of Special Fire Protection Contractors and Manufacturers	
Mr C P Mounsey	Association of British Insurers	
Mr M O'Neill	Fire Extinguishing Trades Association	
Mr G Orme	Loss Prevention Council	(appointed 7th March 1997)
Mr A Paterson	ABI (Insurer)	(appointed 7th March 1997)
Mr D Pennington	ABI (Insurer)	(resigned 25th September 1996)
Mr C Skitt	British Security Industry Association	
Mr A H Thompson OBE	Chief & Assistant Chief Fire Officers Association	
Mr B H Ward	British Fire Protection Systems Association	
Mr F E Woolhead	Confederation of British Industry	

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

Observers serving during the year were as follows:

Mr J J Acton	Home Office
Mr R J N Childs	Home Office
Mr R F Clifton	Health & Safety Executive
Mr A P S Ferguson	Department of the Environment
Mrs V V R Harris	Home Office
Mrs M Power	Health & Safety Executive

**THE LOSS PREVENTION**  
**CERTIFICATION BOARD LIMITED**  
**REPORT OF THE DIRECTORS**  
(Continued)

**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.

**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

Registered Office:

Melrose Avenue  
Borehamwood  
Hertfordshire  
WD6 2BJ

**THE LOSS PREVENTION**  
**CERTIFICATION BOARD LIMITED**  
**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 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 affairs at 31st March 1997 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

*26th September 1997*



Chartered Accountants  
and Registered Auditors

**THE LOSS PREVENTION**  
**CERTIFICATION BOARD LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 1997**

	Notes	<u>1997</u> £	<u>1996</u> £
<b>TURNOVER</b>			
Fees	2	2,419,262	2,178,546
Administration expenses		<u>2,329,492</u>	<u>2,061,125</u>
<b>OPERATING PROFIT</b>	3 - 5	89,770	117,421
Interest receivable	6	2,253	5,454
Interest payable	7	<u>(2,513)</u>	<u>-</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		89,510	122,875
Taxation charge on ordinary activities	8	<u>24,000</u>	<u>39,867</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	14	<u><u>£ 65,510</u></u>	<u><u>£ 83,008</u></u>

There were no acquisitions or discontinued operations during the above two financial years.

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**

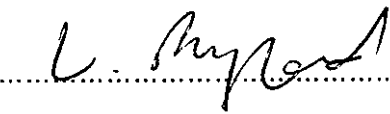
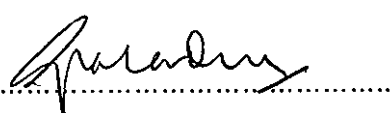
**BALANCE SHEET**

**AS AT 31ST MARCH 1997**

	Notes	£	1997	£	1996	£
<b>FIXED ASSETS</b>						
Tangible assets	9			56,747		38,441
<b>CURRENT ASSETS</b>						
Stocks	10	257,748			235,209	
Debtors	11	1,138,705			931,942	
Cash at bank and in hand		66,983			96,431	
			1,463,436			1,263,582
<b>CREDITORS: Amounts falling due within one year</b>	12	1,250,438				1,097,788
<b>NET CURRENT ASSETS</b>				212,998		165,794
<b>NET ASSETS</b>				<u>£269,745</u>		<u>£204,235</u>
<b>CAPITAL AND RESERVES</b>						
Share capital	13			2		2
Profit and loss account	14			269,743		204,233
<b>SHAREHOLDERS' FUNDS</b>	15			<u>£269,745</u>		<u>£204,235</u>

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

The financial statements set out on pages 4 to 12 were approved by the Board of Directors on  
 24 September 1997 and were signed on its behalf by:

Directors

**THE LOSS PREVENTION**  
**CERTIFICATION BOARD LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31ST MARCH 1997**

**RECONCILIATION OF OPERATING PROFIT TO NET CASH  
INFLOW FROM OPERATING ACTIVITIES**

	<u>1997</u>	<u>1996</u>
	£	£
Operating profit	89,770	117,421
Depreciation charges	19,958	15,422
Increase in stock and work in progress	(22,539)	(48,143)
Increase in debtors	(206,763)	(132,998)
Increase in fees received in advance	87,818	110,236
Increase/(Decrease) in creditors and accruals	78,332	(3,444)
	<u>£ 46,576</u>	<u>£ 58,494</u>

**CASH FLOW STATEMENT**

	<u>1997</u>	<u>1996</u>
	£	£
<b>Net cash inflow from operating activities</b>	46,576	58,494
<b>Returns on investments and servicing of finance</b>		
Interest receivable	2,253	5,454
Interest payable	(2,513)	-
	(260)	5,454
<b>Taxation</b>		
Corporation tax paid	(37,500)	(32,967)
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(38,264)	(24,381)
<b>(Decrease)/increase in cash</b>	<u>£(29,448)</u>	<u>£ 6,600</u>

**RECONCILIATION OF CHANGES IN CASH**

	<u>At 1 April 1996</u>	<u>Cash Flows</u>	<u>At 31 March 1997</u>
Cash at bank and in hand	<u>£ 96,431</u>	<u>£(29,448)</u>	<u>£ 66,983</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 1997

#### 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	Motor vehicles	25% on reducing balance
Office equipment	10% on cost	Furniture and fittings	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 1997 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.

(g) *Operating leases*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

(h) *Foreign currencies*

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.



**THE LOSS PREVENTION****CERTIFICATION BOARD LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**2. REVENUE AND ATTRIBUTABLE PROFIT BEFORE TAXATION**

	<b><u>1997</u></b>		<b><u>1996</u></b>	
	Revenue	Profit Before Taxation	Revenue	Profit Before Taxation
	£	£	£	£
Fees receivable	<u>£2,419,262</u>	<u>£ 89,510</u>	<u>£2,178,546</u>	<u>£122,875</u>
By Market	£		£	
United Kingdom	1,578,511		1,496,995	
Europe	324,161		259,439	
North America	423,823		338,152	
Other Countries	<u>92,767</u>		<u>83,960</u>	
	<u>£ 2,419,262</u>		<u>£2,178,546</u>	

**3. RESULT FOR THE YEAR**

The trading result is arrived at after charging the following:-

	<b><u>1997</u></b>	<b><u>1996</u></b>
	£	£
Depreciation of tangible fixed assets	19,958	15,422
Director's emoluments	15,000	15,000
Auditors' remuneration	7,000	7,000
Hire of equipment	<u>10,622</u>	<u>4,006</u>

**4. EMPLOYEES**

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

	<b><u>Number</u></b>	<b><u>Number</u></b>
	21	20
Administration		
	£	£
Wages and salaries	498,794	416,944
Social Security costs	41,275	34,328
Pension contribution	<u>71,277</u>	<u>58,560</u>
	<u>£ 611,346</u>	<u>£ 509,832</u>

**THE LOSS PREVENTION****CERTIFICATION BOARD LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

	<u>1997</u> £	<u>1996</u> £
<b>5. DIRECTORS' EMOLUMENTS</b>		
The emoluments of the directors were as follows:-		
Fees - paid to the Chairman	£ 15,000	£ 15,000
No other directors received any remuneration from the company during the year (1996: £Nil).		
<b>6. INTEREST RECEIVABLE</b>		
Short term deposits	£ 2,253	£ 5,454
<b>7. INTEREST PAYABLE</b>	£	£
Interest paid to parent undertaking	£ 2,513	£ -
<b>8. TAXATION ON ORDINARY ACTIVITIES</b>	£	£
The charge in the profit and loss account comprises:-		
United Kingdom Corporation Tax on the profit for the year at 24% (1996: 33%)	24,000	37,500
Amount under provided in prior year	-	2,367
	<u>£ 24,000</u>	<u>£ 39,867</u>

# THE LOSS PREVENTION

## CERTIFICATION BOARD LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

(Continued)

#### 9. TANGIBLE FIXED ASSETS

	Computer £	Motor Vehicle £	Furniture and Fittings £	Office Equipment £	Total £
<b>COST</b>					
At 1st April 1996	52,626	19,225	34,001	1,733	107,585
Additions	33,090	-	4,581	593	38,264
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1997	85,716	19,225	38,582	2,326	145,849
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>DEPRECIATION</b>					
At 1st April 1996	34,741	8,409	25,209	785	69,144
Charge for the year	15,341	2,704	1,700	213	19,958
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1997	50,082	11,113	26,909	998	89,102
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUE</b>					
At 31st March 1997	<u>35,634</u>	<u>8,112</u>	<u>11,673</u>	<u>1,328</u>	<u>56,747</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 1996	<u>17,885</u>	<u>10,816</u>	<u>8,792</u>	<u>948</u>	<u>38,441</u>
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#### 10. STOCKS

	<u>1997</u> £	<u>1996</u> £
Work in progress	<u>£257,748</u>	<u>£235,209</u>

#### 11. DEBTORS

	£	£
<u>Due within one year</u>		
Trade debtors	769,147	593,004
Amounts due from parent undertaking	362,251	329,873
Prepayments	7,307	9,065
	<hr/>	<hr/>
	<u>£1,138,705</u>	<u>£ 931,942</u>

#### 12. CREDITORS

	£	£
<u>Due within one year</u>		
Fees in advance	1,109,737	1,021,919
Trade creditors	96,016	34,848
Corporation tax	24,000	37,500
Accruals	20,685	3,521
	<hr/>	<hr/>
	<u>£1,250,438</u>	<u>£1,097,788</u>

**THE LOSS PREVENTION****CERTIFICATION BOARD LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

<b>13. SHARE CAPITAL</b>	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b>£</b>	<b>£</b>
Authorised Ordinary shares of £1 each	<b><u>£ 100</u></b>	<b><u>£ 100</u></b>
Allotted, issued and fully paid Ordinary shares of £1 each	<b><u>£ 2</u></b>	<b><u>£ 2</u></b>
<b>14. PROFIT AND LOSS ACCOUNT</b>	<b>£</b>	<b>£</b>
Balance at 1st April 1996	204,233	121,225
Profit for the year	<u>65,510</u>	<u>83,008</u>
<b>Balance at 31st March 1997</b>	<b><u>£ 269,743</u></b>	<b><u>£ 204,233</u></b>
<b>15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS</b>	<b>£</b>	<b>£</b>
Profit for the year	65,510	83,008
Shareholders funds at 1st April 1996	<u>204,235</u>	<u>121,227</u>
Shareholders funds at 31st March 1997	<b><u>£ 269,745</u></b>	<b><u>£ 204,235</u></b>
<b>16. CAPITAL COMMITMENTS</b>		
Contracted for but not provided	<u>£ Nil</u>	<u>£ Nil</u>
<b>17. LEASE COMMITMENTS</b>		
The company has annual commitments of £14,890 under operating leases as at 31st March 1997.		
<b>18. ULTIMATE HOLDING COMPANY (Parent Undertaking)</b>		
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.		

**THE LOSS PREVENTION****CERTIFICATION BOARD LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

(Continued)

**18. 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 1995 which disclosed that the market value of the scheme's assets was £7,285,000 and that the actuarial value of those assets represented 105% 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 1996 is 18% of pensionable pay. 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.