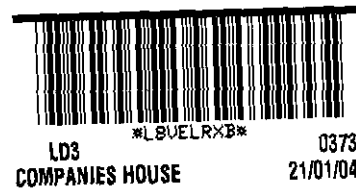


HCL Safety Limited

Annual report

for the year ended 31 March 2003

Registered no: 2691137



HCL Safety Limited

Annual report for the year ended 31 March 2003

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Directors and advisers

Executive directors

R A Orton
D N Hearson
S A Rees (Resigned 4 April 2003)

Secretary and registered office

R A Orton (Appointed 7 August 2002)
Latchways plc
Hopton Park
Devizes
Wiltshire
SN10 2JP

Registered Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Solicitors

Olswang
90 High Holborn
London
WC1V 6XX

Bankers

Bank of Scotland
38 Threadneedle Street
London
EC2P 2EH

**Directors' report
for the year ended 31 March 2003**

The directors present their report and the audited financial statements for the year ended 31 March 2003.

Principal activities

The results for the year are set out in the profit and loss account.

The principal activity of the company is the provision of fall arrest and safety restraint systems.

Review of business and future developments

The company enjoyed another successful period of trading. Trading in the early part of the current year has been encouraging.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend (2002: £100,000). The retained profit for the year of £343,776 (2002: £191,115) is to be transferred to reserves.

Directors

The directors of the company at 31 March 2003 are as noted in the list of Directors and advisers and have served throughout the year.

Directors' interests in shares of the company

No directors held beneficial interests in the shares of the company at 31 March 2003. The individual interests of R A Orton and D N Hearson in the ordinary shares of the ultimate holding company are shown in the annual report of Latchways plc.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company 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 period ended 31 March 2003. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

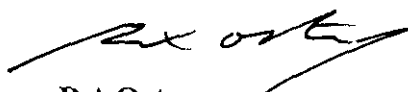
The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company, and for preventing and detecting fraud and other irregularities.

Auditors

Following the conversion of our auditors, PricewaterhouseCoopers, to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 29 January 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors.

A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the company will be proposed at the annual general meeting.

By order of the board



R A Orton
Company secretary

Independent auditors' report to the members of HCL Safety Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

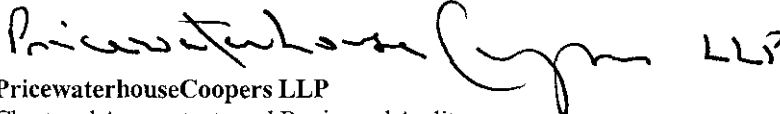
Basis of audit opinion

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 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.


PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London 19 January 2004

Profit and loss account for the year ended 31 March 2003

	Notes	Year ended 31 March 2003	15 months ended 31 March 2002
		£	£
Turnover	2	6,344,318	6,465,503
Cost of sales		(3,875,283)	(4,093,609)
Gross profit		2,469,035	2,371,894
Administrative expenses		(1,997,223)	(1,980,718)
Profit on ordinary activities before taxation	3	471,812	391,176
Tax on profit on ordinary activities	5	(128,036)	(100,061)
Profit on ordinary activities after taxation		343,776	291,115
Dividends	6	-	(100,000)
Retained profit for the financial year/period	11	343,776	191,115

The results above derive entirely from continuing operations.

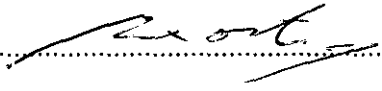
The company has no recognised gains and losses other than those included in the profit above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit retained for the year/period stated above, and their historical cost equivalents.

Balance sheet at 31 March 2003

	Notes	31 March 2003	31 March 2002
		£	£
Current assets			
Stocks and work in progress	7	504,615	334,501
Debtors	8	1,997,667	2,000,137
Cash at bank and in hand		515,759	192,023
		<u>3,018,041</u>	<u>2,526,661</u>
Creditors: amounts falling due within one year	9	<u>(2,161,033)</u>	<u>(2,013,429)</u>
Net current assets		<u>857,008</u>	<u>513,232</u>
Net assets		<u>857,008</u>	<u>513,232</u>
 Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	857,006	513,230
Equity shareholders' funds	12	<u>857,008</u>	<u>513,232</u>

The financial statements which comprise the profit and loss account, the balance sheet and the related notes, were approved by the board of directors on 12 January 2004 and were signed on its behalf by:

Director  R A Orton

Director  D N Hearson

**Notes to the financial statements
for the year ended 31 March 2003****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.

Stocks and work in progress, excluding long term contracts

Stocks and work in progress are stated at the lower of cost and net realisable value.

Long term contracts

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The costs on long term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as work in progress.

Pension costs

The company participates in a defined contribution pension scheme operated by Norwich Union Life.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied and the value of long term contract work done.

Deferred taxation

Full provision has been made for deferred tax arising from timing difference between the recognition of gains and losses in the financial statements and their recognition in tax computations, where future payment or receipt is more likely than not to occur.

Cash flow statement

The company is a wholly owned subsidiary of Latchways plc. As a consequence it is exempt from the requirement to publish a cash flow statement. The consolidated financial statements include a consolidated cash flow statement dealing with the cash flows of the group.

2 Turnover

Turnover consists almost entirely of sales made in the United Kingdom.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	Year ended 31 March 2003 £	15 months ended 31 March 2002 £
Auditors' remuneration	3,700	4,500
Hire of equipment	46,770	96,576

4 Employee information

	Year ended 31 March 2003 Number	15 months ended 31 March 2002 Number
Contracts	48	51
Selling and distribution	1	3
Administration	21	11
	70	65

	Year ended 31 March 2003 £	15 months ended 31 March 2002 £
Staff costs (for the above persons)		
Wages and salaries	1,416,817	1,510,163
Social security costs	95,727	113,674
Other pension costs	28,478	44,135
	1,541,022	1,667,972

No director received any remuneration in respect of their services for the company during the year (2002: Nil).

5 Taxation on profit on ordinary activities

	Year ended 31 March 2003 £	15 months ended 31 March 2002 £
(a) Analysis of tax charge in the period		
The charge based on the profit for the year comprises:		
Current tax:		
UK Corporation tax on profits of the year	143,770	118,543
Adjustments in respect of previous periods	(15,734)	(17,308)
Total current tax (note 5b)	128,036	101,235
Deferred tax:		
Origination and reversal of timing differences	-	(1,174)
Total deferred tax	-	(1,174)
Tax on profit on ordinary activities	128,036	100,061

	Year ended 31 March 2003 £	15 months ended 31 March 2002 £
(b) Factors affecting the tax charge for the period		
Profit before tax	471,812	391,176
Profit multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	141,544	117,353
Effects of:		
Other timing differences	-	1,174
Prior year charge credit	(15,734)	(17,308)
Permanent differences	2,226	16
Total current tax charge for the period (note 5a)	128,036	101,235

6 Dividends

	Year ended 31 March 2003 £	15 months ended 31 March 2002 £
Dividends on equity shares		
Ordinary shares: proposed £nil per share (2002:£50,000)	-	100,000

7 Stocks and work in progress

	31 March 2003	31 March 2002
	£	£
Materials	358,832	275,133
Work in progress	145,783	59,368
	<u>504,615</u>	<u>334,501</u>

8 Debtors

	31 March 2003	31 March 2002
	£	£
Amounts falling due within one year		
Trade debtors	1,991,218	1,452,139
Prepayments and accrued income	4,660	31,906
Amounts owed by parent company and fellow subsidiaries	-	514,421
Deferred tax (see below)	1,671	1,671
Other debtors	118	-
	<u>1,997,667</u>	<u>2,000,137</u>

	31 March 2003	31 March 2002
	£	£
Deferred taxation		
The movement on the deferred tax asset is as follows:		
At start of period	1,671	497
Profit and loss account	-	1,174
At end of period	<u>1,671</u>	<u>1,671</u>

The deferred tax provided is made up as follows:

Other timing differences	<u>1,671</u>	<u>1,671</u>
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9 Creditors: amounts falling due within one year

	31 March 2003	31 March 2002
	£	£
Bank overdraft (secured)	296,451	-
Trade creditors	676,725	265,491
Corporation tax	134,420	133,543
Other creditors	533,657	117,686
Other taxation and social security costs	30,876	292,155
Amounts owed to parent company and fellow subsidiaries	365,189	1,149,543
Accruals and deferred income	123,715	55,011
	<u>2,161,033</u>	<u>2,013,429</u>

The bank overdraft is secured by a mortgage debenture on the assets of the company together with a guarantee given to its bankers by its ultimate holding company.

10 Called up share capital

	31 March 2003	31 March 2002
	£	£
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

11 Profit and loss account

	£
At 1 April 2002	513,230
Profit for the financial year	343,776
At 31 March 2003	<u>857,006</u>

12 Reconciliation of movements in equity shareholders' funds

	Year ended 31 March 2003 £	15 months ended 31 March 2002 £
Profit for the financial year/period	343,776	291,115
Dividends	-	(100,000)
Net increase in equity shareholders' funds	343,776	191,115
Opening equity shareholders' funds	513,232	322,117
Closing equity shareholders' funds	857,008	513,232

13 Pension and similar obligations

With effect from April 1995 a Grouped Personal Pension (defined contribution) contract was established with Norwich Union for the provision of future pension benefits.

The total pension cost for the company amounted to £28,478 (2002: £44,135).

14 Contingent liability

HCL Safety Limited has given a guarantee in respect of the overdraft of its holding company HCL Group plc. As at 31 March 2002 the overdraft stood at £Nil (2002: £49,652).

15 Related Party Transactions

Advantage has been taken of the exemption not to disclose transactions with companies where 90% or more of the voting rights are controlled within the Latchways plc group and which are included in the consolidated financial statements of Latchways plc.

17 Ultimate parent company

The company is a wholly owned subsidiary of HCL Group plc, a company registered in England and Wales, which in turn is a wholly owned subsidiary of Latchways plc, a company registered in England and Wales.