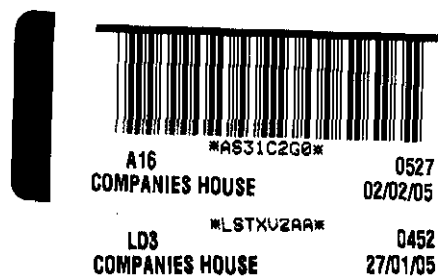


HCL Safety Limited

Annual report

for the year ended 31 March 2004

Registered no: 2691137



HCL Safety Limited

Annual report for the year ended 31 March 2004

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Directors and advisers

Executive directors

R A Orton
D N Hearson
A P Le Cornu (appointed 1 April 2003)
S A Rees (Resigned 4 April 2003)

Secretary and registered office

R A Orton
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 2004**

The directors present their report and the audited financial statements for the year ended 31 March 2004.

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 made progress during the year. 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 (2003: £nil). The retained profit for the year of £24,728 (2003: £343,776) is to be transferred to reserves.

Directors

The directors of the company at 31 March 2004 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 2004. 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. A P Le Cornu does not hold any shares in 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.

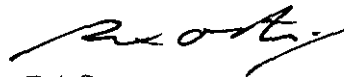
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 March 2004. The directors also confirm that applicable accounting standards 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

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
25 January 2005

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.

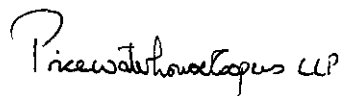
Basis of audit opinion

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 2004 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

27 January 2005

Profit and loss account for the year ended 31 March 2004

	Notes	Year ended 31 March 2004	Year ended 31 March 2003
		£	£
Turnover	2	6,100,609	6,344,318
Cost of sales		(3,681,356)	(3,875,283)
Gross profit		2,419,253	2,469,035
Administrative expenses		(2,396,289)	(1,997,223)
Operating profit		22,964	471,812
Interest receivable		2,689	-
Profit on ordinary activities before taxation	3	25,653	471,812
Tax on profit on ordinary activities	5	(925)	(128,036)
Retained profit for the financial year	11	24,728	343,776

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 stated above, and their historical cost equivalents.

Balance sheet at 31 March 2004

	Notes	31 March 2004	31 March 2003
		£	£
Fixed assets			
Tangible assets	6	133,797	-
Current assets			
Stocks and work in progress	7	494,386	504,615
Debtors	8	1,867,577	1,997,667
Cash at bank and in hand		99,126	515,759
		<u>2,461,089</u>	<u>3,018,041</u>
Creditors: amounts falling due within one year	9	<u>(1,713,120)</u>	<u>(2,161,033)</u>
Net current assets		<u>747,969</u>	<u>857,008</u>
Net assets		<u>881,736</u>	<u>857,008</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	881,734	857,006
Equity shareholders' funds	12	<u>881,736</u>	<u>857,008</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 25 January 2005 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 2004****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 2004 £	Year ended 31 March 2003 £
Depreciation of owned assets	75,119	-
Auditors' remuneration	12,220	3,700
Hire of equipment	47,055	46,770

4 Employee information

	Year ended 31 March 2004 Number	Year ended 31 March 2003 Number
Contracts	58	48
Selling and distribution	3	1
Administration	26	21
	87	70

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Staff costs (for the above persons)		
Wages and salaries	1,658,735	1,416,817
Social security costs	154,339	95,727
Other pension costs	69,345	28,478
	1,882,419	1,541,022

Directors' emoluments

	Year ended 31 March 2004	Year ended 31 March 2003
	£	£
Aggregate emoluments	64,112	-
Pensions	6,000	-
	<u>70,112</u>	<u>-</u>

The above amounts for the year ended 31 March 2004 relate to emoluments in respect of qualifying services to the company during the year in relation to A P Le Cornu .

5 Taxation on profit on ordinary activities

	Year ended 31 March 2004	Year ended 31 March 2003
	£	£
(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	12,000	143,770
Adjustments in respect of previous periods	(4,718)	(15,734)
Total current tax (note 5b)	<u>7,282</u>	<u>128,036</u>
Deferred tax:		
Origination and reversal of timing differences	(6,357)	-
Total deferred tax	<u>(6,357)</u>	<u>-</u>
Tax charge on profit on ordinary activities	<u>925</u>	<u>128,036</u>
	Year ended 31 March 2004	Year ended 31 March 2003
	£	£
(b) Factors affecting the tax charge for the period		
Profit before tax	<u>25,653</u>	<u>471,812</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2003: 30%)	4,874	141,544
Effects of:		
Other timing differences	4,300	-
Permanent differences	2,826	2,226
Adjustments in respect of previous periods	(4,718)	(15,734)
Total current tax charge for the period (note 5a)	<u>7,282</u>	<u>128,036</u>

6 Tangible fixed assets

	Short leasehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£	£	£	£	£
Cost					
At 1 April 2003	-	-	-	-	-
Transfers from group companies	37,694	34,493	-	96,454	168,641
Additions	-	-	7,101	33,174	40,275
At 31 March	37,694	34,493	7,101	129,628	208,916
Depreciation					
At 1 April 2003	-	-	-	-	-
Charge for the year	6,924	22,671	1,280	44,244	75,119
At 31 March 2004	6,924	22,671	1,280	44,244	75,119
Net book value					
At 31 March 2004	30,770	11,822	5,821	85,384	133,797
At 31 March 2003	-	-	-	-	-

7 Stocks and work in progress

	31 March 2004	31 March 2003
	£	£
Materials	361,012	358,832
Work in progress	133,374	145,783
	494,386	504,615

8 Debtors

	31 March 2004	31 March 2003
	£	£
Amounts falling due within one year		
Trade debtors	1,605,692	1,991,218
Prepayments and accrued income	234,975	4,660
Deferred tax (see below)	26,910	1,671
Other debtors	-	118
	1,867,577	1,997,667

	31 March 2004	31 March 2003
Deferred taxation	£	£
The movement on the deferred tax asset is as follows:		
At start of period	1,671	1,671
Profit and loss account	6,357	-
Assets transferred in	18,882	-
At end of period	<u>26,910</u>	<u>1,671</u>
The deferred tax provided is made up as follows:		
Accelerated capital allowances	23,344	-
Other timing differences	3,566	1,671
At end of period	<u>26,910</u>	<u>1,671</u>

9 Creditors: amounts falling due within one year

	31 March 2004	31 March 2003
	£	£
Bank overdraft (secured)	-	296,451
Trade creditors	737,415	676,725
Corporation tax	12,000	134,420
Other creditors	198,741	533,657
Other taxation and social security costs	67,815	30,876
Amounts owed to parent company and fellow subsidiaries	543,316	365,189
Accruals and deferred income	153,833	123,715
	<u>1,713,120</u>	<u>2,161,033</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 2004	31 March 2003
	£	£
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 2003	857,006
Profit for the financial year	24,728
At 31 March 2004	<u>881,734</u>

12 Reconciliation of movements in equity shareholders' funds

	Year ended 31 March 2004 £	Year ended 31 March 2003 £
Profit for the financial year	24,728	343,776
Opening equity shareholders' funds	<u>857,008</u>	<u>513,232</u>
Closing equity shareholders' funds	<u>881,736</u>	<u>857,008</u>

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 £69,345 (2003: £28,478).

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 2004 the overdraft stood at £nil (2003: £nil).

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.

16 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.