

HCL Safety Limited

Annual report

for the year ended 31 December 2000

Registered no: 2691137



HCL Safety Limited

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Directors and advisers

Executive directors

G McKeating
S Rees

Secretary and registered office

R Jones
Unit 6
Trafford Wharf Road
Trafford Wharf
Manchester
M17 1EX

Registered Auditors

PricewaterhouseCoopers
One Kingsway
Cardiff
CF10 3PW

Solicitors

Lovell White Durrant
65 Holborn Viaduct
London
EC1A 2DY

Bankers

National Westminster Bank plc
P O Box 305
Spring Gardens
Manchester
M60 2DB

**Directors' report
for the year ended 31 December 2000**

The directors present their report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The profit and loss account for the year is set out on page 5.

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 years trading . Trading in the early part of the current year has been encouraging.

Dividends and transfers to reserves

The directors recommend the payment of a dividend of £55,000 (1999: £Nil). The retained profit for the year of £49,872 is to be transferred to reserves.

Directors

The directors of the company at 31 December 2000 are as noted on page 1.

Directors' interests in shares of the company

No directors held beneficial interests in the shares of the company at 31 December 2000. The individual interests of the directors in the ordinary shares of the holding company are shown in the directors' report of HCL Group Plc.

Close company provisions

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the year.

Statement of directors' responsibilities

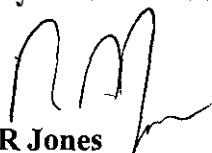
The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

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 year ended 31 December 2000. 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 the auditors, PricewaterhouseCoopers, will be proposed at the annual general meeting.

By order of the board**R Jones**

Company secretary

19 March 2001

Report of the auditors to the members of HCL Safety Limited

We have audited the financial statements on pages 5 to 11. Which have been prepared in accordance with the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3, for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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. 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.

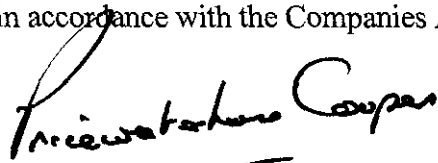
Basis of opinion

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 the company's affairs at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Cardiff, 19 March 2001

Profit and loss account for the year ended 31 December 2000

	Notes	2000 £	1999 £
Turnover - Continuing operations	2	4,290,058	3,933,781
Cost of sales - Continuing operations		(2,604,920)	(2,350,053)
Gross profit		1,685,138	1,583,728
 Operating expenses - continuing operations	3	 (1,524,266)	 (1,457,914)
Operating profit - continuing operations	4	160,872	125,814
Tax on ordinary activities	7	(56,000)	(35,000)
Profit on ordinary activities after taxation		104,872	90,814
Dividends		(55,000)	-
Retained profit for the year		49,872	90,814

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

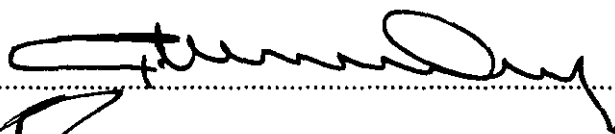
There is no difference between the profit on ordinary activities before taxation and the profit retained for the year stated above, and their historical cost equivalents.

Balance sheet at 31 December 2000

	Notes	2000 £	1999 £
Current assets			
Stocks	9	459,593	298,011
Debtors	10	1,309,404	1,013,298
Cash at bank and in hand		225,756	207,554
		<u>1,994,753</u>	<u>1,518,863</u>
Creditors: amounts falling due within one year	11	<u>(1,673,133)</u>	<u>(1,247,115)</u>
Net current assets		<u>321,620</u>	<u>271,748</u>
Net assets		<u>321,620</u>	<u>271,748</u>
Capital and reserves			
Called up share capital	12	2	2
Profit and loss account	13	321,618	271,746
Equity shareholders' funds	14	<u>321,620</u>	<u>271,748</u>

The financial statements on pages 5 to 11 were approved by the board of directors on 19 March 2001 and were signed on its behalf by:

Director



G McKeating

Director



S Rees

Notes to the financial statements for the year ended 31 December 2000

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.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Where fixed assets are financed by leasing agreements, which transfer to the company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit.

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 long term contract balances.

Pension costs

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

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

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Cash flow statement

The company is a wholly owned subsidiary of HCL Group 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 Operating expenses

	2000 £	1999 £
Distribution costs	103,929	115,097
Administration expenses	1,420,337	1,342,817
	<u>1,524,266</u>	<u>1,457,914</u>

4 Operating profit

Operating profit is stated after charging/(crediting).

	2000 £	1999 £
Auditors' remuneration	4,300	3,950
Hire of plant and machinery	34,940	36,181
Hire of other assets	<u>74,453</u>	<u>74,286</u>

5 Directors' emoluments

	2000 £	1999 £
Aggregate emoluments	<u>-</u>	<u>-</u>

6 Employee information

	2000 Number	1999 Number
Contracts	47	42
Selling and distribution	3	3
Administration	10	10
	<u>60</u>	<u>55</u>

	2000 £	1999 £
Staff costs (for the above persons)		
Wages and salaries	1,099,990	980,258
Social security costs	84,472	95,232
Other pension costs	29,552	21,603
	<u>1,214,014</u>	<u>1,097,093</u>

7 Tax on profit on ordinary activities

	2000 £	1999 £
United Kingdom corporation tax 28% (1999 : 21%):		
Current	56,000	37,000
(Over) provision on prior year:		
Current	-	(2,000)
	<u>56,000</u>	<u>35,000</u>

8 Dividends

	2000 £	1999 £
Dividends on equity shares		-
Ordinary shares: proposed £27,500 per share (1999:£nil)	<u>55,000</u>	<u>-</u>

9 Stocks and work in progress

The amounts attributable to different categories are as follows:-

	2000 £	1999 £
Materials	308,921	173,735
Work in progress	<u>150,672</u>	<u>124,276</u>
	<u>459,593</u>	<u>298,011</u>

10 Debtors

	2000	1999
	£	£
Amounts falling due within one year		
Trade debtors	1,132,703	1,012,300
Prepayments and accrued income	-	998
Amounts owed by parent company and fellow subsidiaries	176,701	
	<u>1,309,404</u>	<u>1,013,298</u>

11 Creditors: amounts falling due within one year

	2000	1999
	£	£
Trade creditors	527,348	280,235
Corporation tax	66,916	45,916
Other creditors	42,723	49,389
Other taxation and social security costs	230,288	242,051
Amounts owed to parent company and fellow subsidiaries	751,000	577,263
Accruals and deferred income	54,858	52,261
	<u>1,673,133</u>	<u>1,247,115</u>

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

12 Called up share capital

	2000	1999
	£	£
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>

13 Profit and loss account

	£
At 1 January 2000	271,746
Profit for year	104,872
Dividends	(55,000)
At 31 December 2000	<u>321,618</u>

14 Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Profit for year	104,872	90,814
Dividends	(55,000)	-
Opening shareholders' funds	271,748	180,934
Closing shareholders funds	<u>321,620</u>	<u>271,748</u>

15 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 £29,552 (1999: £21,603).

16 Contingent liability

HCL Safety Limited has given a guarantee in respect of the overdraft of its holding company HCL Group Plc. As at 31 December 2000 the overdraft stood at £61,738 (1999: £nil).

17 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 HCL Group Plc and which are included in the consolidated financial statements of HCL Group Plc.

18 Ultimate parent company

The company is a wholly owned subsidiary of HCL Group Plc, a company registered in England and Wales.