

HCL Safety Limited
Abbreviated financial statements
for the year ended 31 December 1998

Registered no: 2691137



HCL Safety Limited

Annual report for the year ended 31 December 1998

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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
Churchill House
Churchill Way
Cardiff
CF1 4XQ

Solicitors

Lovell White Durrant
65 Holborn Viaduct
London
EC1A 2DY

Bankers

National Westminster Bank plc
P O Box 305
55 King Street
Manchester
M60 2DB

**Directors' report
for the year ended 31 December 1998**

The directors present their report and the audited financial statements for the year ended 31 December 1998.

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 good sales growth and improvement in margins, due to improved efficiency. The market remains buoyant in the early part of 1999 and continued acceptable performance is anticipated.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The profit for the year of £115,589 is to be transferred to reserves.

Directors

The directors of the company at 31 December 1998 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 1998. The individual interests of the directors in the ordinary shares of the holding company are shown in the directors' report of H C Holdings Limited.

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 1998. 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.

Millenium IT risk

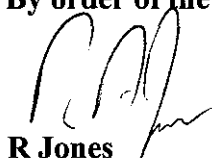
The year 2000 issue, which stems from computer programs written using two digits rather than four to define the applicable year, could result in processing faults on the change of the century, producing a wide range of consequences.

The company is in the process of conducting a risk based review of its computer systems and computer controlled processes to identify those which could be affected and develop an implementation plan to test and remediate the faults. The cost of completing this exercise is not substantial.

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

14 May 1999

Report of the auditors to the members of HCL Safety Limited (under Section 247B of the Companies Act 1985)

We have examined the abbreviated financial statements on pages 5 to 11 together with the annual financial statements of HCL Safety Limited for the year ended 31 December 1998.

Respective responsibilities of directors and auditors

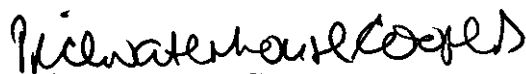
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985 and whether the abbreviated financial statements are properly prepared in accordance with the that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the annual financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the annual financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985 and the abbreviated financial statements to be delivered are properly prepared in accordance with that provision.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Cardiff,

17 May 1999

Abbreviated profit and loss account for the year ended 31 December 1998

	Notes	1998 £	1997 £
Gross profit		1,666,654	1,378,674
Operating expenses - continuing operations	2	(1,498,149)	(1,374,475)
Operating profit - continuing operations	3	168,505	4,199
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		168,505	4,199
Tax on ordinary activities	6	(52,916)	-
Retained profit for the year	11	115,589	4,199

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 1998

	Notes	1998 £	1997 £
Current assets			
Stocks	7	201,222	164,744
Debtors	8	1,136,360	733,100
Cash at bank and in hand		3,247	-
		<u>1,340,829</u>	<u>897,844</u>
Creditors: amounts falling due within one year	9	<u>(1,159,895)</u>	<u>(832,499)</u>
Net current assets		<u>180,934</u>	<u>65,345</u>
Net assets		<u>180,934</u>	<u>65,345</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	<u>180,932</u>	<u>65,343</u>
Equity shareholders' funds	12	<u>180,934</u>	<u>65,345</u>

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The financial statements on pages 5 to 11 were approved by the board of directors on 14 May 1999 and were signed on its behalf by:

Director  G McKeating

Director  S Rees

**Notes to the financial statements
for the year ended 31 December 1998****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 H C Holdings Limited. 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 Operating expenses

	1998	1997
	£	£
Distribution costs	121,431	126,814
Administration expenses	1,376,718	1,247,661
	<u>1,498,149</u>	<u>1,374,475</u>

3 Operating profit

Operating profit is stated after charging/(crediting).

	1998	1997
	£	£
Auditors' remuneration	3,700	3,450
Hire of plant and machinery - operating leases	44,729	67,854
Hire of other assets - operating leases	<u>72,254</u>	<u>35,064</u>

4 Directors' emoluments

	1998	1997
	£	£
Aggregate emoluments	-	-
Compensation for loss of office	<u>-</u>	<u>-</u>

5 Employee information

	1998 Number	1997 Number
Contracts	47	43
Selling and distribution	3	3
Administration	10	10
	<u>60</u>	<u>56</u>
	1998 £	1997 £
Staff costs (for the above persons)		
Wages and salaries	1,034,351	943,715
Social security costs	106,320	93,731
Other pension costs	23,842	20,031
	<u>1,164,513</u>	<u>1,057,477</u>

6 Tax on profit on ordinary activities

	1998 £	1997 £
United Kingdom corporation tax 21% (1997 : 24%):		
Current	52,916	-
	<u>52,916</u>	<u>-</u>

7 Stocks and work in progress

The amounts attributable to different categories are as follows:-

	1998 £	1997 £
Materials	115,171	107,371
Work in progress	86,051	57,373
	<u>201,222</u>	<u>164,744</u>

8 Debtors

	1998	1997
	£	£
Amounts falling due within one year		
Trade debtors	1,136,360	716,994
Prepayments and accrued income	-	16,106
	<u>1,136,360</u>	<u>733,100</u>

9 Creditors: amounts falling due within one year

	1998	1997
	£	£
Bank overdraft	-	90,035
Trade creditors	291,896	99,989
Corporation tax	54,916	2,000
Other creditors	40,900	-
Taxation and social security	112,063	173,155
Amounts owed to parent company and fellow subsidiaries	485,479	406,453
Accruals and deferred income	174,641	60,867
	<u>1,159,895</u>	<u>832,499</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.

10 Called up share capital

	1998	1997
	£	£
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 January 1998	65,343
Profit for year	<u>115,589</u>
At 31 December 1998	<u>180,932</u>

12 Reconciliation of movements in shareholders' funds

	1998	1997
	£	£
Profit for year	115,589	4,199
Opening shareholders' funds	65,345	61,146
Closing shareholders funds	<u>180,934</u>	<u>65,345</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 £23,842 (1997: £20,031).

14 Contingent liability

HCL Safety Limited has given a guarantee in respect of the overdraft of its holding company H C Holdings Limited. As at 31 December 1998 the overdraft stood at £36,531 (1997: £44,491).

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 HC Holdings Limited Group and which are included in the consolidated financial statements of HC Holdings Limited.

16 Ultimate parent company

The directors regard H C Holdings Limited, a company registered in England and Wales, as the ultimate parent company, and consider Mr G McKeating and Mr S Rees as the ultimate controlling party.