

HCL Safety Limited
Abbreviated financial statements
for the year ended 31 December 1997

Registered no: 2691137



HCL Safety Limited

Annual report for the year ended 31 December 1997

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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

Coopers & Lybrand
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 1997**

The directors present their report and the audited financial statements for the year ended 31 December 1997.

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

Despite growth in sales margins were reduced due to increased competition. The directors have instigated a re-structuring of the business to improve efficiency and improve performance in the forthcoming year.

Dividends and transfers to reserves

The directors do not recommend the payment of a dividend. The profit for the year of £4,199 is to be transferred to reserves.

Directors

The directors of the company at 31 December 1997 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 1997. 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.

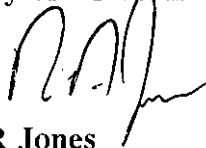
The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 1997. The directors also confirm that applicable accounting 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, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



R Jones
Company secretary
17 July 1998

**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 1997.

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 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.


Coopers & Lybrand

Chartered Accountants and Registered Auditors
Cardiff
17 July 1998

Abbreviated profit and loss account for the year ended 31 December 1997

	Notes	1997 £	1996 £
Gross profit		1,378,674	1,472,557
Operating expenses - continuing operations	2	(1,374,475)	(1,387,413)
Operating profit - continuing operations	3	4,199	85,144
Interest payable and similar charges		-	-
Profit on ordinary activities before taxation		4,199	85,144
Tax on ordinary activities	6	-	(24,000)
Retained profit for the year		4,199	61,144

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.

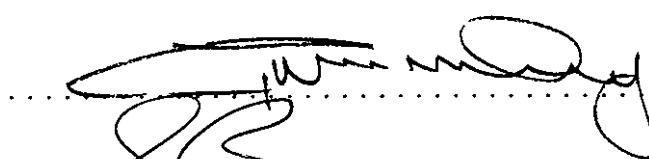
Balance sheet at 31 December 1997

	Notes	1997 £	1996 £
Current assets			
Stocks	7	164,744	129,371
Debtors	8	733,100	804,433
Cash at bank and in hand		-	96,033
		<u>897,844</u>	<u>1,029,837</u>
Creditors: amounts falling due within one year	9	<u>(832,499)</u>	<u>(968,691)</u>
Net current assets		<u>65,345</u>	<u>61,146</u>
Net assets		<u>65,345</u>	<u>61,146</u>
Capital and reserves			
Called up share capital	10	2	2
Profit and loss account	11	65,343	61,144
Equity shareholders' funds	12	<u>65,345</u>	<u>61,146</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.

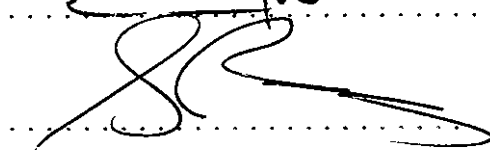
The financial statements on pages 5 to 11 were approved by the board of directors on 17 July 1998 and were signed on its behalf by:

Director



G McKeating

Director



S Rees

**Notes to the financial statements
for the year ended 31 December 1997****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

	1997	1996
	£	£
Distribution costs	126,814	137,508
Administration expenses	1,247,661	1,249,905
	<u>1,374,475</u>	<u>1,387,413</u>

3 Operating profit

Operating profit is stated after charging/(crediting)

	1997	1996
	£	£
Auditors' remuneration	3,450	3,250
Hire of plant and machinery - operating leases	67,854	60,276
Hire of other assets - operating leases	35,064	21,250
	<u> </u>	<u> </u>

4 Directors' emoluments

	1997	1996
	£	£
Aggregate emoluments	-	109,588
Compensation for loss of office	-	12,500
	<u> </u>	<u> </u>

5 Employee information

	1997	1996
	Number	Number
Contracts	43	36
Selling and distribution	3	3
Administration	10	12
	<u>56</u>	<u>51</u>
	<u><u>56</u></u>	<u><u>51</u></u>
	1997	1996
	£	£
Staff costs (for the above persons)		
Wages and salaries	943,715	825,792
Social security costs	93,731	74,488
Other pension costs	20,031	20,459
	<u>1,057,477</u>	<u>920,739</u>
	<u><u>1,057,477</u></u>	<u><u>920,739</u></u>

6 Tax on profit on ordinary activities

	1997	1996
	£	£
United Kingdom corporation tax (1996 : 24%):		
Current	-	24,000
	<u>-</u>	<u>24,000</u>
	<u><u>-</u></u>	<u><u>24,000</u></u>

7 Stocks and work in progress

The amounts attributable to different categories are as follows:-

	1997	1996
	£	£
Materials	107,371	101,332
Work in progress	57,373	28,039
	<u>164,744</u>	<u>129,371</u>
	<u><u>164,744</u></u>	<u><u>129,371</u></u>

8 Debtors

	1997	1996
	£	£
Amounts falling due within one year		
Trade debtors	716,994	795,921
Other debtors	-	5,559
Prepayments and accrued income	16,106	2,953
	<u>733,100</u>	<u>804,433</u>

9 Creditors: amounts falling due within one year

	1997	1996
	£	£
Bank overdraft	90,035	-
Trade debtors	99,989	198,287
Corporation tax	2,000	24,000
Taxation and social security	173,155	186,103
Amounts owed to parent company and fellow subsidiaries	406,453	502,988
Accruals and deferred income	60,867	57,313
	<u>832,499</u>	<u>968,691</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

	1997	1996
	£	£
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 1997	61,144
Profit for year	<u>4,199</u>
At 31 December 1997	<u>65,343</u>

12 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for year	4,199	61,144
Opening shareholders' funds	61,146	2
Closing shareholders funds	<u>65,345</u>	<u>61,146</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 £20,031 (1996: £20,459).

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 1997 the overdraft stood at £44,491 (1996: £132,266).

15 Ultimate parent company

The directors regard H C Holdings Limited, a company registered in England and Wales, as the ultimate parent company.