

**HCL Safety Limited**

# **HCL Safety Limited**

**Annual report**

**for the year ended 31 March 2012**

**Registered number: 2691137**

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# **HCL Safety Limited**

## **Annual report for the year ended 31 March 2012**

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# **HCL Safety Limited**

## **Directors and advisers**

### **Executive directors**

D N Hearson  
A P Le Cornu  
R A Orton

### **Company secretary and registered office**

R A Orton  
Latchways Plc  
Hopton Park  
Devizes  
Wiltshire  
SN10 2JP

### **Independent auditors**

PricewaterhouseCoopers LLP  
1 Embankment Place  
London  
WC2N 6RH

### **Solicitors**

Olswang LLP  
90 High Holborn  
London  
WC1V 6XX

### **Bankers**

HSBC Bank Plc  
3 Rivergate  
Temple Quay  
Bristol  
BS1 6ER

# HCL Safety Limited

## Directors' report for the year ended 31 March 2012

The directors present their report and the audited financial statements for the year ended 31 March 2012 for HCL Safety Limited (company number 2691137)

### Business review and principal activities

The results for the year are set out in the statement of comprehensive income. The financial statements for the year have been presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. For further information, please refer to note 1 to the financial statements.

The directors are pleased to report continued profitability and good prospects for the year to 31 March 2013. The directors expect to generate future business growth through continuing to invest in the existing activities of the company.

No dividend was paid during the year to HCL Group Plc (2011: £750,000).

The principal activity of the company is the installation and maintenance of fall protection systems and other equipment. On 1 April 2011, all new contracts and the HCL Contracts Limited's trading activity, assets and liabilities were transferred to HCL Safety Limited, including the activity of structural repair of buildings and their fabric. Any new projects from 1 April 2011 were the activity of HCL Safety Limited.

### Key performance indicators ("KPIs")

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators other than measures of revenue and profit before tax is not necessary for an understanding of the development, performance or position of the business.

### Principal risks and uncertainties

The directors of the parent company, Latchways plc, manage the group's risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the company's risks would not be appropriate for an understanding of the development, performance or position of HCL Safety Limited's business. The principal risks and uncertainties of Latchways plc, which include those of HCL Safety Limited, are discussed in the Operating and Financial Review of the Latchways plc Annual Report, which does not form part of this report.

### Financial risk management

The directors of the parent company, Latchways plc, manage financial risks at a group level, rather than at an individual business unit level. For this reason, the company's directors believe that a discussion of the company's financial risks would not be appropriate for an understanding of the development, performance or position of HCL Safety Limited's business. The financial risks of Latchways plc, which include those of HCL Safety Limited, are discussed in the Operating and Financial Review of the Latchways plc Annual Report, which does not form part of this report.

### Directors

The directors of the company at 31 March 2012 are as noted in the list of directors and advisers and have served throughout the year.

# HCL Safety Limited

## Directors' report for the year ended 31 March 2012 (continued)

### Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditors

PricewaterhouseCoopers LLP are the auditors of HCL Safety Limited

For each of the persons who were directors at the time this report was prepared, the following applies

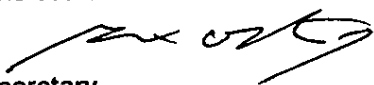
- so far as the directors are aware, there is no relevant audit information (ie information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

### Independent 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  
3 December 2012



# HCL Safety Limited

## Independent auditors' report to the members of HCL Safety Limited

We have audited the financial statements of HCL Safety Limited for the year ended 31 March 2012 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity, Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

### Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities as set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the HCL Safety Limited Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Julian Jenkins (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
3 December 2012

# HCL Safety Limited

## Statement of comprehensive income for the year ended 31 March 2012

	Notes	2012 £'000	2011 £'000
Revenue	2	10,747	8,657
Cost of sales		(7,127)	(5,449)
<b>Gross profit</b>		<b>3,620</b>	<b>3,208</b>
Administrative expenses		(2,795)	(2,238)
<b>Operating profit</b>		<b>825</b>	<b>970</b>
Finance income		-	1
<b>Profit before taxation</b>	3	<b>825</b>	<b>971</b>
Taxation	5	(223)	(276)
<b>Profit attributable to owners and total comprehensive income</b>		<b>602</b>	<b>695</b>

The results for the year arose wholly from continuing operations

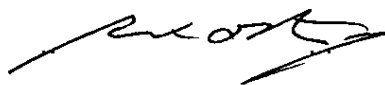
# HCL Safety Limited

## Balance sheet as at 31 March 2012

	Notes	2012 £'000	2011 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	7	35	74
Property, plant and equipment	8	29	22
Goodwill	9	155	155
Deferred taxation	12	11	20
		<u>230</u>	<u>271</u>
<b>Current assets</b>			
Inventories	10	469	391
Trade and other receivables	11	3,127	2,366
Cash and cash equivalents		788	469
		<u>4,384</u>	<u>3,226</u>
<b>Current Liabilities</b>			
Trade and other payables	13	(1,901)	(1,459)
Current tax liabilities	14	(158)	(85)
		<u>(2,059)</u>	<u>(1,544)</u>
<b>Net current assets</b>		<u>2,325</u>	<u>1,682</u>
<b>Net assets</b>		<u>2,555</u>	<u>1,953</u>
<b>Equity</b>			
Share capital	15	-	-
Retained earnings		<u>2,555</u>	<u>1,953</u>
<b>Total Equity</b>		<u>2,555</u>	<u>1,953</u>

The financial statements which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the related notes on pages 9 to 21, were approved by the board of directors on 3 December 2012 and were signed on its behalf by

Director



R A Orton



# HCL Safety Limited

## Statement of changes in equity

	Share Capital	Retained Earnings	Total
	£'000	£'000	£'000
At 1 April 2010	-	2,008	2,008
Profit for the year attributable to owners	-	695	695
Total comprehensive income	-	695	695
Transactions with owners			
Dividend paid	-	(750)	(750)
<b>At 31 March 2011 and 1 April 2011</b>	<b>-</b>	<b>1,953</b>	<b>1,953</b>
Profit for the year attributable to owners	-	602	602
Total comprehensive income	-	602	602
<b>At 31 March 2012</b>	<b>-</b>	<b>2,555</b>	<b>2,555</b>

# HCL Safety Limited

## Cash flow statement for the year ended 31 March 2012

	Note	2012	2011
		£'000	£'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	16	496	1,016
Tax paid		(150)	(306)
Net cash from operating activities		346	710
<b>Cash flows from investing activities</b>			
Interest received		-	1
Purchase of intangible assets		(9)	-
Purchase of property, plant and equipment		(18)	(2)
Net cash used in investing activities		(27)	(1)
<b>Cash flows from financing activities</b>			
Dividends paid		-	(750)
Net cash used in financing activities		-	(750)
<b>Net increase/(decrease) in cash and cash equivalents</b>		319	(41)
Cash and cash equivalents at 1 April		469	510
<b>Cash and cash equivalents at 31 March</b>		788	469

# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 1 Principal accounting policies

HCL Safety Limited is a limited company and is domiciled and incorporated in the United Kingdom

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

#### Basis of preparation

##### Standards, amendments and interpretations effective

These financial statements have been prepared in accordance with the EU-adopted International Financial Reporting Standards (IFRS) and IFRIC interpretations and with those parts of the Companies Act 2006 which are applicable to companies reporting under IFRS. They have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis.

New accounting standards and interpretations have been issued during the year. The company's approach to these is as follows:

- IAS 24 (revised), 'Related party disclosures' (effective 1 January 2011). This revised standard removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. It clarifies and simplifies the definition of a related party. The adoption of this standard has not had an impact on HCL Safety's financial reporting in the current year.
- IFRIC 19, 'Extinguishing financial liabilities with equity investments' (effective 1 July 2010). This interpretation clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished through the debtor issuing its own equity instruments to the creditor. A gain or loss is recognised in the profit and loss account based on the fair value of the equity instruments compared to the carrying amount of the debt. The adoption of this IFRIC has not had an impact on HCL Safety's financial reporting in the current year.

##### Standards, amendments and interpretations effective in 2012 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 April 2008 but they are not relevant to the company's operations:

- Amendment to IFRIC 14 'Prepayments of a minimum funding requirement',
- Amendment to IFRS 1, 'First time adoption', on financial instrument disclosures. IFRS 1 (revised), 'First-time adoption' (effective 1 July 2010) does not contain any technical changes, as it only improves the structure, which had become complex due to the numerous amendments in recent years.

# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 1 Principal accounting policies (continued)

#### Interpretations and revised standards that are not yet effective and have not been early adopted by the company

The following interpretations to existing standards have been published that are mandatory for the company's future accounting but which the company has not adopted early

- Amendment to IFRS 7, 'Financial instruments Disclosures',
- IFRS 9, 'Financial instruments',
- IFRS 10, 'Consolidated financial statements',
- IFRS 13, 'Fair Value Measurement',
- Amendments to IAS 1, 'Presentation of Items of Other Comprehensive Income',
- Revised IAS 27, 'Separate Financial Statements',
- Amendments to IAS 12, 'Income taxes' on deferred tax,
- Amendment to IAS 32, 'Financial Instruments Presentation on offsetting financial assets and financial liabilities'

#### Interpretations and amendments to standards that are not yet effective and not relevant for the company's operations

The following interpretations to existing standards have been published that are mandatory for the company's accounting periods beginning on or after 1 January 2011 or later periods but are not relevant for the company's operations

- IFRS 11, 'Joint arrangements',
- IFRS 12, 'Disclosure of interest in other entities',
- Amendment to IAS 19, 'Employee Benefits',
- Revised IAS 28 Investment in Associates and Joint Ventures,
- Amendment to IFRS 1, 'First time adoption' on government loans

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the company's accounting policies. A summary of the most important of these policies is set out below

#### Property, plant and equipment

Property, plant and equipment are stated at cost, including incidental costs of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual value, on a straight line basis over the expected useful economic lives of the assets concerned, as follows

Plant and machinery	20% - 50%
Fixtures and fittings	15% - 50%
Motor vehicles	20 - 25%
Short leasehold land and buildings	10%

#### Software Licences

Acquired computer software licences which do not form part of the operating software acquired with a piece of hardware are capitalised on the basis of all costs incurred in bringing them into use. These costs are amortised over a maximum of three years

# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 1 Principal accounting policies (continued)

#### Impairment of assets

At each reporting date the company considers whether there is any indication that non-current assets are impaired. If there is such an indication, the company carries out an impairment test by measuring the asset's recoverable amount, which is the higher of the asset's fair value less costs to sell and its value in use. If the recoverable amount is less than the carrying amount, an impairment loss is recognised and the asset is written down to its recoverable amount.

#### Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all direct expenditure.

#### Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

#### Cash and cash equivalents

Cash and cash equivalents consist of cash balances and short term deposits.

#### Pension costs

The company participates in a defined contribution pension scheme. The cost to the company of contributions to the scheme is charged to the statement of comprehensive income in the period to which they relate.

#### Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown net of value added tax, returns, rebates and discounts.

The company enters into contracts to install and supply fall protection systems and industrial safety products. Revenue is recognised to the extent to which performance has taken place at the balance sheet date in accordance with the percentage completion method.

# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 1 Principal accounting policies (continued)

#### Taxation

Income tax on the profit for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted, at the balance sheet date, and any adjustment to tax payable in respect of previous years.

As required by IAS12 (Revised) the company provides deferred income tax using the balance sheet liability method on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying values. Deferred income taxation is determined using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date and are expected to apply when the related deferred tax asset or liability is realised or settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax balances are not discounted.

#### Dividends

Dividend distributions to the holding company are recognised as a liability in the financial statements in the period in which the distribution is authorised. This is normally the same time as the dividend is paid in cash.

#### Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income as incurred.

### 2 Segmental reporting

The company operates solely in the United Kingdom. There is only one business segment which carries out the installation and maintenance of industrial safety products and other equipment as determined by the operating decision maker, namely the board of directors.

### 3 Profit before taxation

Profit before taxation is stated after charging / (crediting)

	2012 £'000	2011 £'000
Depreciation of property, plant and equipment	21	14
Amortisation of intangible assets	48	48
Auditors' remuneration – audit services	23	25
Impairment of trade receivables	91	120
Cost of inventories recognised as an expense (in cost of sales)	4,175	3,594
Movement in inventory provision	5	(1)
Profit on disposal of fixed assets	1	-
Operating lease rentals: Property	89	118
Operating lease rentals: Other	390	235

# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 4 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year was

	2012 Number	2011 Number
Contracts	99	51
Administration and selling	43	41
	<u>142</u>	<u>92</u>
<b>Staff costs (for the above persons)</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	3,614	2,254
Social security costs	346	189
Other pension costs	70	93
	<u>4,030</u>	<u>2,536</u>

Of the above staff costs £3,679,000 (2011 nil) were incurred by the company in the year ended 31 March 2012. The remainder was recharged to HCL Contracts Limited, a fellow subsidiary as the work performed related to the activities of that company.

<b>Directors' emoluments</b>	<b>2012</b>	<b>2011</b>
	<b>£'000</b>	<b>£'000</b>
Aggregate emoluments	151	94
Pensions	11	7
	<u>162</u>	<u>101</u>

Aggregate emoluments above are the amounts paid to A Le Cornu in respect of qualifying services during the year. No other director received remuneration from the company in the year.

No other individuals are deemed, by the Directors of the company, to be key management of the company and accordingly no further disclosure of key management remuneration is required other than that presented above.

# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 5 Taxation

Analysis of tax charge in the year	2012 £'000	2011 £'000
<b>Current tax</b>		
UK Corporation tax on profits of the year at 26% (2011 28%)	210	272
Adjustment in respect of prior year	2	2
<b>Total current tax</b>	<b>212</b>	<b>272</b>
<b>Deferred tax</b>		
Deferred tax for the current year	16	-
Adjustments in respect of prior year	(5)	4
<b>Total deferred tax</b>	<b>11</b>	<b>4</b>
<b>Total Taxation charge</b>	<b>223</b>	<b>276</b>

The tax assessed for the year is higher (2011 higher) than the standard rate of corporation tax in the UK of 26% (2011 28%). The differences are explained below

Factors affecting the tax charge for the year	2012 £'000	2011 £'000
Profit before taxation	825	971
Profit multiplied by the standard rate of corporation tax in the UK of 26% (2011 28%)	215	272
Effects of		
Expenses not deductible for tax purposes	13	2
Adjustments in respect of the prior year – current tax	2	-
Adjustments in respect of the prior year – Deferred tax	(5)	-
Impact of change in UK tax rate	(2)	2
<b>Total tax charge for the year</b>	<b>223</b>	<b>276</b>

During the year, as a result of the change in the UK corporation tax rate from 26% to 24% that was substantively enacted on 26 March 2012 and that will be effective from 1 April 2012, the relevant deferred tax balances have been remeasured. Further reductions to the UK corporation tax rate have been announced. Proposals are in place to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 and a further reduction to the main corporation tax rate of 1% to 22% on 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

### 6 Dividends

	2012 £'000	2011 £'000
Dividend paid	-	750
2012 £Nil per share (2011 £375,000 per share)	-	-
<b>Total dividend paid</b>	<b>-</b>	<b>750</b>



# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 7 Intangible assets

	Computer Software	Customer Relationships	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 April 2011	193	181	374
Transfer from fellow subsidiary	7	-	7
Additions	9	-	9
<b>At 31 March 2012</b>	<b>209</b>	<b>181</b>	<b>390</b>
<b>Accumulated amortisation</b>			
At 1 April 2011	191	109	300
Transfer from fellow subsidiary	7	-	7
Charge for the year	3	45	48
<b>At 31 March 2012</b>	<b>201</b>	<b>154</b>	<b>355</b>
<b>Net book value</b>			
<b>At 31 March 2012</b>	<b>8</b>	<b>27</b>	<b>35</b>
At 31 March 2011	2	72	74

	Computer Software	Customer Relationships	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 April 2010	193	181	374
Additions	-	-	-
<b>At 31 March 2011</b>	<b>193</b>	<b>181</b>	<b>374</b>
<b>Accumulated amortisation</b>			
At 1 April 2010	188	64	252
Charge for the year	3	45	48
<b>At 31 March 2011</b>	<b>191</b>	<b>109</b>	<b>300</b>
<b>Net book value</b>			
<b>At 31 March 2011</b>	<b>2</b>	<b>72</b>	<b>74</b>
At 31 March 2010	5	117	122

# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 8 Property, plant and equipment

	Short leasehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2011	-	23	7	106	136
Transfer from fellow subsidiary	-	29	-	15	44
Additions	-	11	-	7	18
Disposals	-	-	-	(2)	(2)
<b>At 31 March 2012</b>	<b>-</b>	<b>63</b>	<b>7</b>	<b>126</b>	<b>196</b>
<b>Accumulated depreciation</b>					
At 1 April 2011	-	22	7	85	114
Transfer from fellow subsidiary	-	28	-	7	35
Disposals	-	-	-	(3)	(3)
Charge for the year	-	11	-	10	21
<b>At 31 March 2012</b>	<b>-</b>	<b>61</b>	<b>7</b>	<b>99</b>	<b>167</b>
<b>Net book value</b>					
<b>At 31 March 2012</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>27</b>	<b>29</b>
At 31 March 2011	-	1	-	21	22
	Short leasehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 April 2010	1	23	7	109	140
Additions	-	1	-	1	2
Disposals	(1)	(1)	-	(4)	(6)
<b>At 31 March 2011</b>	<b>-</b>	<b>23</b>	<b>7</b>	<b>106</b>	<b>136</b>
<b>Accumulated depreciation</b>					
At 1 April 2010	1	16	7	82	106
Disposals	(1)	(1)	-	(4)	(6)
Charge for the year	-	7	-	7	14
<b>At 31 March 2011</b>	<b>-</b>	<b>22</b>	<b>7</b>	<b>85</b>	<b>114</b>
<b>Net book value</b>					
<b>At 31 March 2011</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>21</b>	<b>22</b>
At 31 March 2010	-	7	-	27	34

# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 9 Goodwill

The goodwill carried in HCL Safety Limited represents goodwill acquired on the acquisition of the Safety Anchor business in October 2008 which represents one cash generating unit

	2012 £'000	2011 £'000
Goodwill	155	155
	<u>155</u>	<u>155</u>

The recoverable amounts have been assessed based on value in use

The key assumptions used in the value in use calculation were as follows

**The forecast net profit margin** This was based on the achieved result over the previous two years, and assuming no growth in business for the forthcoming year and thereafter

**The risk adjusted discount rate** The discount rate used is the same as the weighted average cost of capital for the Group as described further in Note 7 of the Latchways plc Annual Report and Accounts 2012. These assumptions resulted in a discount rate of 5.2% (2011 6.4%). However for prudence, impairment calculations were carried out using a pre-tax rate of 8.0% (2011 8%).

Management is confident that no impairment of goodwill exists at the balance sheet date. Future performance would need to deteriorate markedly for the value in use to fall below the carrying value.

### 10 Inventories

	2012 £'000	2011 £'000
Raw materials	469	391
	<u>469</u>	<u>391</u>

# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 11 Trade and other receivables

	2012 £'000	2011 £'000
<b>Amounts falling due within one year</b>		
Trade receivables	3,234	2,573
Provision for impairment	(236)	(330)
Trade receivables net	2,998	2,243
Prepayments and accrued income	129	123
	<u>3,127</u>	<u>2,366</u>

As at 31 March 2012, trade receivables of £2,752,000 (2011 £2,184,000) were fully performing

Trade receivables that are less than three months past due are not considered impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing of these trade receivables is as follows

	31 March 2012 £'000	31 March 2011 £'000
Up to 3 months	2,752	2,184
3 to 6 months	199	132
Over 6 months	82	88
Retentions of contracts	201	169
	<u>3,234</u>	<u>2,573</u>

Those items up to 3 months old are fully performing and are not considered impaired. Items over 3 months old are reviewed for impairment and provided for where necessary. In addition, the company regularly reviews retentions on contracts for impairment, and provides accordingly. Those items considered to be impaired at 31 March 2012 are as follows

	31 March 2012 £'000	31 March 2011 £'000
3 – 6 months	63	166
Over 6 months	82	88
Retentions of contracts	91	76
Actual provision	<u>236</u>	<u>330</u>

#### Movement on the provision for impairment

	31 March 2012 £'000	31 March 2011 £'000
Provision brought forward	330	266
Provision for receivables impaired	95	120
Receivables written off during the year	(206)	(62)
Used amounts reversed	17	6
	<u>236</u>	<u>330</u>

# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 12 Deferred taxation

Deferred tax is calculated in full on temporary difference under the liability method using a tax rate of 24% (2011 26%)

The movement on the deferred tax asset is as follows

	2012 £'000	2011 £'000
At 1 April	20	24
Change in deferred tax rate	(2)	-
Transfer from fellow subsidiary	7	-
Credited to the Income statement	(14)	(4)
At 31 March	<u>11</u>	<u>20</u>

The deferred tax provided is made up as follows

Accelerated capital allowances	12	20
Other timing differences	2	-
At 31 March	<u>14</u>	<u>20</u>

### 13 Trade and other payables

	2012 £'000	2011 £'000
Trade payables	399	69
Other creditors	105	64
Other taxation and social security costs	323	261
Amounts owed to group undertakings	796	847
Accruals and deferred income	278	218
	<u>1,901</u>	<u>1,459</u>

Amount owed to group undertakings are repayable on demand and do not bear interest

### 14 Current tax liabilities

	2012 £'000	2011 £'000
Corporation tax	158	85
	<u>158</u>	<u>85</u>

# HCL Safety Limited

## Notes to the financial statements for the year ended 31 March 2012

### 15 Share capital

	2012 £	2011 £
<b>Authorised</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>Allotted, called up and fully paid</b>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

### 16 Cash flow from operating activities

	31 March 2012	31 March 2011
<b>Cash generated from operations</b>		
Continuing operations	£'000	£'000
Net profit	602	695
Adjustments for		
Tax	223	276
Depreciation of tangible assets	21	14
Amortisation of intangible assets	48	48
Profit on disposal of fixed asset	(1)	-
Interest income	-	(1)
Changes in working capital		
(Increase)/Decrease in inventories	(78)	112
(Increase) in trade and other receivables	(761)	(50)
Increase/(Decrease) in trade and other payables	442	(78)
Cash generated from operations	<u>496</u>	<u>1,016</u>

### 17 Operating lease commitments - minimum lease payments

Future minimum lease payments under non-cancellable operating leases

	2012		2011	
	Property £'000	Other £'000	Property £'000	Other £'000
Not later than one year	89	276	77	227
Later than one year and not later than five years	84	583	138	252
	<u>173</u>	<u>859</u>	<u>215</u>	<u>479</u>

# **HCL Safety Limited**

## **Notes to the financial statements for the year ended 31 March 2012**

### **18 Pension and similar obligations**

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

The total pension cost for the company amounted to £70,000 (2011 £93,000)

### **19 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 2012 the overdraft stood at £nil (2011 £nil)

### **20 Related Party Transactions**

During the year, HCL Safety Limited made purchases of £3,203,000 (2011 £2,695,000) from the ultimate parent company Latchways plc. At the year end the balance outstanding to Latchways plc was £671,000 (2011 £820,000). At the year end the balance owed from other group companies to HCL Safety Limited was £125,000 (2011 £10,000). A dividend of £nil (2011 £750,000) was paid to HCL Group Plc.

### **21 Ultimate parent company**

The company is a wholly owned subsidiary of HCL Group plc, a company registered in England and Wales. The ultimate parent undertaking and controlling party of the company is Latchways plc, a company registered in England and Wales. Latchways plc is the parent undertaking of the smallest and largest group of undertakings to consolidate these financial statements at 31 March 2012. Copies of Latchways plc consolidated financial statements can be obtained from the Company Secretary at Hopton Park, Devizes, Wiltshire, SN102JP.