

KBS FIRE PROTECTION SYSTEMS LIMITED
(Company Registration 2954543)

DIRECTOR'S REPORT

and

FINANCIAL STATEMENTS

For the year ended 31st March 1998



KBS FIRE PROTECTION SYSTEMS LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31st March 1998

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 <u>DIRECTORS:</u>	
M Greenhalgh M D Simpson	
 <u>SECRETARY:</u>	
B J Boucher-Myers	
 <u>AUDITORS:</u>	
Scott-Moncrieff Downie Wilson	
 <u>BANKERS:</u>	
Lloyds Bank PLC	
 <u>SOLICITORS:</u>	
McGrigor Donald	
 <u>REGISTERED OFFICE:</u>	
41 Elder Lane Burntwood Staffs WS7 9BT	

KBS FIRE PROTECTION SYSTEMS LIMITED

DIRECTOR'S REPORT

For the year ended 31st March 1998

The Directors have pleasure in submitting their Report and Financial Statements for the year ended 31st March 1998.

Principal activities

The company's principal activity is the supply and distribution of fire protection materials.

Review of business and future developments

The trading for the year has once again produced a particularly satisfactory result.

The growth in new business has been particularly satisfying and the development of the new distribution centre at Cannock will enhance customer service through increased stockholding capacity.

The UK market continues to expand and although a softening of exchange rates will place further pressure on margins the prospects for the year ahead are encouraging.

The year ahead will see investment in further developments in product range and improvements in corporate facilities to which the company is committed. A steady and sustainable expansion of the business is planned.

Research and development

The company's policy is to continue the development of the product range through research and testing, both overseas and in the UK, in co-operation with our principal suppliers.

Results and dividends

The results of the company for the year are set out in detail on page 4. The directors recommend that a final dividend of £8.96 per share (1997 £6.56) be paid, leaving £9,552 (1997 £14,679) to be retained in reserves.

Directors

The Directors who served during the year and their interests in the issued equity share capital of the company were as follows:-

	At 31st March 1998	At 31st March 1997 or date of appointment
M Greenhalgh	1,633	1,733
M D Simpson (appointed 22 April 1997)	Nil	Nil

Directors'/

KBS FIRE PROTECTION SYSTEMS LIMITED

DIRECTOR'S REPORT (CONTINUED)

For the year ended 31st March 1998

Directors' responsibilities

The directors are required by law to prepare, for each financial year, financial statements which comply with the Companies Act 1985 and give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss for that year. They are responsible for maintaining adequate accounting records which disclose the financial position of the company with reasonable accuracy at any time, which enable them to safeguard the assets of the company and which enable them to take reasonable steps to prevent and to detect fraud and other irregularities.

The directors confirm that the financial statements on pages 4 to 9 have been prepared on a going concern basis, that suitable accounting policies have been consistently applied, that reasonable and prudent judgements and estimates have been used and that applicable accounting standards have been followed.

Year 2000

The directors are continuing to review the risks associated with the Year 2000 problem, both with regard to internal use of computer systems and embedded chips and in connection with relationships with third parties. They are satisfied that these steps will be completed in sufficient time to eliminate any potential problems. The total costs of ensuring Year 2000 compliance have not yet been quantified but are not expected to be significant.

Auditors

A Resolution will be proposed at the forthcoming Annual General Meeting for the re-appointment of Scott-Moncrieff Downie Wilson, Chartered Accountants, as Auditors, in accordance with Section 385 of the Companies Act 1985.

By Order of the Board

x *B. Bench. J.*

SECRETARY

19 November 1998

REPORT OF THE AUDITORS TO THE MEMBERS OF
KBS FIRE PROTECTION SYSTEMS LIMITED

Respective responsibilities of directors and auditors

As described on page 2, the directors of the company are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

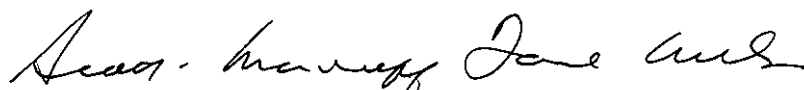
Basis of opinion

We have audited the financial statements on pages 4 to 9 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 significant estimates and judgements made by the directors in the preparation of the statements and of whether the accounting policies are appropriate to the company's circumstances, are consistently applied and are adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion we 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 31st March 1998 and of the profit for the year then ended.



SCOTT-MONCRIEFF DOWNIE WILSON
Chartered Accountants and Registered Auditors

19 NOV 1998

135 Buchanan Street
Glasgow G1 2JA

KBS FIRE PROTECTION SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31st March 1998

	Note	1998 £	1997 £
<u>TURNOVER</u> - continuing operations	2	527,727	486,436
Cost of sales		(323,188)	(311,578)
<u>GROSS PROFIT</u>		204,539	174,858
Administration expenses		(128,670)	(140,975)
<u>OPERATING PROFIT</u> - continuing operations	4	75,869	33,883
Interest receivable		<u>2,637</u>	<u>566</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		78,506	34,449
Taxation	5	(17,148)	(8,401)
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR</u>	12	61,358	26,048
Dividend	6	(51,806)	(11,369)
<u>TRANSFERRED TO RESERVES</u>	11	<u>9,552</u>	<u>14,679</u>

The Notes on pages 6 to 9 form part of these Financial Statements

TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31st March 1998

The company has no recognised gains and losses other than those included in the profit and loss account (1997 £Nil).

KBS FIRE PROTECTION SYSTEMS LIMITED

BALANCE SHEET

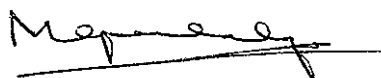
As at 31st March 1998

	Notes	1998	1997
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	7	4,793	300
<u>CURRENT ASSETS</u>			
Stocks		58,127	20,833
Debtors	8	168,889	77,659
Cash at Bank		<u>65,379</u>	<u>62,045</u>
		292,395	160,537
<u>CREDITORS</u>			
Amounts falling due within one year	9	(249,054)	(122,255)
<u>NET CURRENT ASSETS</u>		<u>43,341</u>	<u>38,282</u>
<u>NET ASSETS</u>		<u>48,134</u>	<u>38,582</u>
<u>CAPITAL AND RESERVES</u>			
Called up Equity Share Capital	10	10,000	10,000
Profit and Loss Account	11	<u>38,134</u>	<u>28,582</u>
<u>EQUITY SHAREHOLDERS' FUNDS</u>	12	<u>48,134</u>	<u>38,582</u>

The Notes on pages 6 to 9 form part of these Financial Statements.

The Financial Statements on pages 4 to 9 were approved by the Board of Directors on 19 November 1998
and are signed on their behalf by:-

x



x

- Director

KBS FIRE PROTECTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st March 1998

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the historical cost basis and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on tangible fixed assets, being in order to write off each asset over its expected useful life at the following annual rates -

Plant and machinery - 40% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value in the ordinary course of business. Cost represents purchase cost on a first in, first out basis. Net realisable value is based on estimated selling price less costs to sell.

Deferred Tax

Deferred tax is provided for liabilities that will probably crystallise in the future, using the liability methods, that is, using current rates.

Turnover

Turnover represents the amount receivable in the ordinary course of business from sales of goods and services, stated net of value added tax.

Foreign currencies

Transactions in foreign currencies are recorded at the date of the transaction. All differences arising on translation are taken to the profit and loss account.

2. TURNOVER

Turnover and pre-tax profit are attributable to the company's principal activity of supply of fire protection materials.

The whole of turnover is attributable to the United Kingdom.

3./

KBS FIRE PROTECTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st March 1998

3. STAFF NUMBERS AND COSTS

1998

1997

The average monthly number of people employed by the company during the year was:-

Office and management

2

1

The aggregated remuneration and associated costs of the company's employee were:-

£

£

Wages and salaries

52,932

43,237

Social security costs

3,082

3,504

56,014

46,741

4. OPERATING PROFIT

The operating profit of the company is stated after charging:-

Director's remuneration - aggregate emoluments

21,380

43,237

Auditors' remuneration

3,050

3,780

Operating lease rentals

842

-

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

UK Corporation Tax on profit for the year at 21% (1997 24%)

17,148

8,401

6. DIVIDEND

Final dividend of £8.96 per share

51,806

11,369

The final dividend is only payable on 5,782 shares as all other shareholders have waived their rights to a dividend for the year.

7./

KBS FIRE PROTECTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st March 1998

7. TANGIBLE FIXED ASSETS

	Plant and machinery £
Cost -	
At 1 April 1997	300
Additions in year	7,989
Disposals in year	<u>(300)</u>
At 31 March 1998	<u>7,989</u>
Depreciation -	
At 1 April 1997	-
Charge for year	<u>3,196</u>
At 31 March 1998	<u>3,196</u>
Net book value -	
At 31 March 1998	<u>4,793</u>
At 31 March 1997	<u>300</u>

8. DEBTORS: Amounts falling due within one year

	1998 £	1997 £
Trade debtors	151,623	74,817
Prepayments and accrued income	806	-
ACT recoverable	12,952	2,842
Other debtor	<u>3,508</u>	<u>-</u>
	<u>168,889</u>	<u>77,659</u>

9. CREDITORS: Amounts falling due within one year

Trade creditors	164,480	69,710
Current Corporation Tax	14,307	8,401
ACT payable	12,952	2,842
Social security costs and other taxes	1,329	3,803
Dividend payable	51,806	11,369
Accruals	<u>4,180</u>	<u>26,130</u>
	<u>249,054</u>	<u>122,255</u>

10. CALLED UP EQUITY SHARE CAPITAL

Authorised, allotted, issued and fully paid		
Ordinary £1 shares	<u>10,000</u>	<u>10,000</u>

KBS FIRE PROTECTION SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31st March 1998

11. PROFIT AND LOSS ACCOUNT

	1998	1997
	£	£
At 1 April 1997	28,582	13,903
Transferred to reserve (page 4)	(9,552)	(14,679)
At 31 March 1998	<u>38,134</u>	<u>28,582</u>

12. MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

At 1 April 1997	38,582	23,903
Profit for financial year (page 4)	61,358	26,048
Dividend payable	(51,806)	(11,369)
At 31st March 1998	<u>48,134</u>	<u>38,582</u>

13. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Pacific House Nominees Limited.

14. OPERATING LEASE COMMITMENTS

At 31 March 1998 the company had annual commitments under operating leases as set out below -

	Land and buildings	
	1998	1997
	£	£
Operating leases which expire -		
In more than five years	<u>4,270</u>	<u>842</u>