

## A & A Security Wholesalers Limited

Accounts for the 11 months ended 31 March 1995  
together with directors' and auditors' reports

Registered number: 1803510



## Directors' report

For the 11 months ended 31 March 1995

The directors present their report on the affairs of the company, together with the accounts and auditors' report, for the period ended 31 March 1995.

### Directors' responsibilities

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the company's state of affairs and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. 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.

### Principal activity and business review

The principal activity of the company continues to be the wholesale supply of electronic security equipment.

The company made a retained loss for the period of £43,000 (Year ended 30 April 1994 - profit of £198,000). Turnover declined in the period as a result of poor market demand in the sector.

The directors expect the general level of activity to continue in the ensuing year.

On 14 December 1994 the entire issued ordinary share capital was acquired by Chloride Group PLC and the accounting reference date changed to 31 March 1995 in line with that company.

### Results and dividends

Results, dividends and recommended transfers to reserves are as follows:

	£'000
Retained profit at 30 April 1994	197
Retained loss for the financial period	(43)
Retained profit at 31 March 1995	<hr/> 154 <hr/>

The directors do not propose payment of a final dividend.

## Directors' report (continued)

### Directors and their interests

The directors who served during the period are as shown below:

J.J. Chadwick	Chairman
G.T. Whitehead	
R. Orr	(resigned 9 June 1995)
R. Owens	(resigned 28 February 1995)
I.A. Bray	(appointed 14 December 1994)
K.H. Hodgkinson	(appointed 14 December 1994)
T.J. Noys	(appointed 14 December 1994)
M.L. Vass	(appointed 14 December 1994)
S. Williams	(appointed 14 December 1994)
D.W. Howson	(appointed 1 March 1995)

The interests of the directors in the ordinary shares of the company and those of Chloride Group PLC, according to the register kept under section 325 of the Companies Act 1985, are as shown in note 19 to the accounts.

The directors had no other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

### Fixed assets

Information relating to changes in tangible fixed assets is given in note 8 to the accounts.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

### Liability insurance for company officers

As permitted by the Companies Act 1985 (as amended), the company has purchased insurance cover for the directors against liabilities in relation to the company.

By order of the Board,



C.R. Clapham  
Secretary

Abford House  
15 Wilton Road  
London  
SW1V 1LT

27 July 1995

# ARTHUR ANDERSEN

## Auditors' report

Manchester

**To the Shareholders of A & A Security Wholesalers Limited:**

We have audited the accounts on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 to 7.

### **Respective responsibilities of directors and auditors**

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

### **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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

### **Opinion**

In our opinion the accounts give a true and fair view of the company's state of affairs at 31 March 1995 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**Arthur Andersen**

**Chartered Accountants and Registered Auditors**

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

27 July 1995

## Profit and loss account

For the 11 months ended 31 March 1995

	Notes	11 months ended 31 March 1995 £'000	Year ended 30 April 1994 £'000
Turnover	2	7,629	9,067
Cost of sales		(6,114)	(7,256)
Gross profit		1,515	1,811
Other operating expenses	3	(1,529)	(1,454)
Operating (loss) profit		(14)	357
Interest payable and similar charges	4	(59)	(49)
(Loss) profit on ordinary activities before taxation	5	(73)	308
Tax on (loss) profit on ordinary activities	7	30	(110)
Retained (loss) profit for the period		(43)	198

All activity has arisen from continuing operations. There are no recognised gains or losses in either period other than the retained (loss) profit for the period.

A statement of the movement on the profit and loss account is given in note 15.

The accompanying notes are an integral part of this profit and loss account.

# Balance sheet

31 March 1995

	Notes	31 March 1995 £'000	30 April 1994 £'000
<b>Fixed assets</b>			
Tangible assets	8	420	421
<b>Current assets</b>			
Stocks	9	951	1,092
Debtors	10	1,573	1,792
Cash at bank and in hand		3	2
		2,527	2,886
Creditors: Amounts falling due within one year	11	(2,490)	(2,780)
Net current assets		37	106
Total assets less current liabilities		457	527
Creditors: Amounts falling due after more than one year	12	(30)	(57)
Provisions for liabilities and charges	13	(23)	(23)
Net assets		404	447
<b>Capital and reserves</b>			
Called-up share capital	14	250	250
Profit and loss account	15	154	197
Equity shareholders' funds		404	447

Signed on behalf of the Board

J.J. Chadwick  Director

D.W. Howson  Director

27 July 1995

The accompanying notes are an integral part of this balance sheet.

## Notes to accounts

31 March 1995

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period and the preceding year, is set out below.

#### *a) Basis of accounting*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

The accounts for the year ended 30 April 1994 were reported upon without qualification by a firm of chartered accountants and registered auditors other than Arthur Andersen.

#### *b) Tangible fixed assets*

Fixed assets are shown at cost.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Long leasehold properties	2% per annum
Improvements to leasehold properties	Term of lease
Computer equipment	33% per annum
Fixtures and fittings	20% per annum
Motor vehicles	25% per annum

Residual value is calculated on prices prevailing at the date of acquisition.

#### *c) Stocks*

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

#### *d) Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax legislation) has been calculated on the liability method. Deferred taxation is provided on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of the reversal.

Deferred tax is not provided on timing differences which, in the opinion of the directors, will probably not reverse.

However, the amount of all deferred tax, including that which will probably not reverse, is shown in note 13.

## Notes to accounts (continued)

### 1 Accounting policies (continued)

#### e) Pension costs

The company currently provides pensions to certain employees through a defined contribution scheme. The assets of the company's funded scheme are held independently of the company by trustees. As explained in note 17c amounts charged to the profit and loss account are the contributions payable in the year.

#### f) Turnover

Turnover comprises the value of sales (excluding VAT and similar taxes and trade discounts) of goods and services provided in the normal course of business.

#### g) Leases

Assets held under finance leases are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease to produce a constant rate of charge on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term. Further information on charges in the year and future commitments is given in note 17b.

### 2 Segment information

Turnover arose entirely from the principal activity of the company which was carried out in the United Kingdom.

### 3 Other operating expenses

	11 months ended 31 March 1995 £'000	Year ended 30 April 1994 £'000
Selling and marketing costs	333	298
Administrative expenses	1,196	1,156
	<u>1,529</u>	<u>1,454</u>



## Notes to accounts (continued)

### 4 Interest payable and similar charges

	11 months ended 31 March 1995 £'000	Year ended 30 April 1994 £'000
On bank overdrafts		
- repayable within five years, not by instalments	41	29
Finance leases repayable within five years, by instalments	18	20
	<u>59</u>	<u>49</u>

### 5 (Loss) profit on ordinary activities before taxation

(Loss) profit on ordinary activities before taxation is stated after charging:

	11 months ended 31 March 1995 £'000	Year ended 30 April 1994 £'000
Depreciation and amounts written off tangible fixed assets		
- owned	18	37
- held under finance leases and hire purchase contracts	113	76
Hire of plant and machinery under operating leases	2	-
Other operating lease rentals	99	94
Auditors' remuneration		
- audit services	9	9
- non-audit services	-	1
Staff costs (see note 6)	<u>737</u>	<u>645</u>

## Notes to accounts (continued)

### 6 Staff costs

Particulars of employees (including executive directors) are as shown below:

	11 months ended 31 March 1995 £'000	Year ended 30 April 1994 £'000
Employee costs during the period amounted to:		
Wages and salaries	654	576
Social security costs	72	57
Other pension costs (see note 17c)	11	12
	<u>737</u>	<u>645</u>

The average number of persons employed by the company during the period was as follows:

	11 months ended 31 March 1995 Number employed	Year ended 30 April 1994 Number employed
Sales	41	34
Management and administration	10	10
	<u>51</u>	<u>44</u>

Directors' remuneration in respect of directors of the company was as follows:

	11 months ended 31 March 1995 £'000	Year ended 30 April 1994 £'000
Emoluments (including pension contributions)	<u>94</u>	<u>101</u>
Compensation for loss of office		
- paid by the company	<u>12</u>	<u>-</u>

## Notes to accounts (continued)

### 6 Staff costs (continued)

The directors' remuneration shown above (excluding pension contributions) included:

	11 months ended 31 March 1995 £'000	Year ended 30 April 1994 £'000
Chairman	3	6
Highest paid director	61	57

Directors received emoluments (excluding pension contributions) in the following ranges:

	11 months ended 31 March 1995 Number	Year ended 30 April 1994 Number
£ Nil - £ 5,000	8	1
£ 5,001 - £ 10,000	-	1
£ 20,001 - £ 25,000	1	-
£ 25,001 - £ 30,000	-	1
£ 55,001 - £ 60,000	-	1
£ 60,001 - £ 65,000	1	-

### 7 Tax on (loss) profit on ordinary activities

The tax (credit) charge is based on the (loss) profit for the period and comprises:

	11 months ended 31 March 1995 £'000	Year ended 30 April 1994 £'000
Corporation tax at 33% (1994 - 33%)	(19)	104
Group relief surrendered free of charge	1	-
Deferred taxation arising from:		
- capital allowances	-	6
	(18)	110
Adjustment of current taxation in respect of prior years	(12)	-
	(30)	110

## Notes to accounts (continued)

### 8 Tangible fixed assets

a) The following are included in the net book value of tangible fixed assets:

	31 March 1995 £'000	30 April 1994 £'000
Long leasehold properties	40	41
Improvements to leasehold properties	45	37
Computer equipment	53	76
Fixtures and fittings	46	42
Motor vehicles	236	225
Net tangible fixed assets	<u>420</u>	<u>421</u>

b) The movement in the period ended 31 March 1995 was as follows:

	Long leasehold properties £'000	Improvements to leasehold properties £'000	Computer equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>						
Beginning of period	42	72	130	107	338	689
Additions	-	13	14	16	111	154
Disposals	-	-	-	-	(75)	(75)
End of period	<u>42</u>	<u>85</u>	<u>144</u>	<u>123</u>	<u>374</u>	<u>768</u>
<b>Depreciation</b>						
Beginning of period	1	35	54	65	113	268
Charge	1	5	37	12	76	131
Disposals	-	-	-	-	(51)	(51)
End of period	<u>2</u>	<u>40</u>	<u>91</u>	<u>77</u>	<u>138</u>	<u>348</u>
<b>Net book value</b>						
Beginning of period	<u>41</u>	<u>37</u>	<u>76</u>	<u>42</u>	<u>225</u>	<u>421</u>
End of period	<u>40</u>	<u>45</u>	<u>53</u>	<u>46</u>	<u>236</u>	<u>420</u>
<b>Leased assets included in the above:</b>						
<b>Net book value</b>						
Beginning of period	-	-	63	-	179	242
End of period	-	-	51	-	190	241

## Notes to accounts (continued)

### 9 Stocks

The following are included in the net book value of stocks:

	31 March 1995 £'000	30 April 1994 £'000
Finished goods and goods for resale	<u>951</u>	<u>1,092</u>

### 10 Debtors

The following are included in the net book value of debtors falling due within one year:

	31 March 1995 £'000	30 April 1994 £'000
Trade debtors	1,464	1,711
Corporation tax recoverable	18	-
Prepayments and accrued income	<u>91</u>	<u>81</u>
	<u>1,573</u>	<u>1,792</u>

### 11 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	31 March 1995 £'000	30 April 1994 £'000
Obligations under finance leases and hire purchase contracts	124	106
Bank overdrafts	692	395
Trade creditors	1,280	1,984
Amounts owed to other group undertakings	298	-
Other creditors		
- UK corporation tax payable	-	112
- VAT	32	47
- social security and PAYE	19	41
Accruals and deferred income	<u>45</u>	<u>95</u>
	<u>2,490</u>	<u>2,780</u>

## Notes to accounts (continued)

### 12 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	31 March 1995 £'000	30 April 1994 £'000
Obligations under finance leases and hire purchase contracts		
- due within 2-5 years	<u>30</u>	<u>57</u>

### 13 Provisions for liabilities and charges

Provisions for liabilities and charges comprise deferred taxation. Deferred taxation has been provided to the extent that the directors have concluded, on the basis of reasonable assumptions and the intentions of management, that it is probable that part of the liability will crystallise.

Deferred taxation provided in the accounts is as follows:

	31 March 1995 £'000	30 April 1995 £'000
Excess of tax allowances over depreciation	<u>23</u>	<u>23</u>

There is no unprovided deferred taxation at the end of the period (1994 - £Nil).

There has been no movement on the provision for deferred taxation during the period.

### 14 Called-up share capital

	31 March 1995 £'000	30 April 1994 £'000
<i>Authorised</i>		
500,000 (1994 - 500,000) ordinary shares of £1 each	<u>500</u>	<u>500</u>
<i>Allotted, called-up and fully-paid</i>		
250,000 (1994 - 250,000) ordinary shares of £1 each	<u>250</u>	<u>250</u>

## Notes to accounts (continued)

### 15 Reserves

The movement on the profit and loss account during the period was as follows:

	£'000
Beginning of period	197
Retained loss for the period	(43)
End of period	<u>154</u>

### 16 Reconciliation of movements in shareholders' funds

	11 months ended 31 March 1995 £'000	Year ended 30 April 1994 £'000
Retained (loss) profit for the period	(43)	198
Net (reduction in) addition to shareholders' funds	(43)	198
Opening shareholders' funds	447	249
Closing shareholders' funds	<u>404</u>	<u>447</u>

Of the closing shareholders' funds, £154,000 are regarded as distributable (1994 - £197,000).

### 17 Guarantees and other financial commitments

#### a) Capital commitments

The company had no capital commitments at the end of the period (1994 - £Nil).

#### b) Lease commitments

In addition, the company has entered into non-cancellable operating leases in respect of plant and machinery, the payments for which extend over a period of up to five years. The total annual rental for the period ended 31 March 1995 was £2,000 (Year ended 30 April 1994 - £2,000). The lease agreements provide that the company will pay all insurance, maintenance and repairs. The company may continue, at its option, to use the plant and machinery after the expiration of the initial lease period at a nominal rental.

In addition, the company leases certain land and buildings on short-term operating leases. The rental on these leases in the 11 months ended 31 March 1995 was £99,000 (Year ended 30 April 1994 - £94,000). The rents payable under these leases are subject to renegotiation at various intervals specified in the leases. The company pays all insurance, maintenance and repairs of these properties.

## Notes to accounts (continued)

### 17 Guarantees and other financial commitments (continued)

#### b) Lease commitments (continued)

The minimum annual rentals under the foregoing leases are as follows:

	Property £'000	Plant and Machinery £'000
31 March 1995		
Operating leases which expire		
- within 1 year	9	-
- within 2-5 years	7	2
- after 5 years	94	-
	<hr/> 110	<hr/> 2
30 April 1994		
Operating leases which expire		
- within 1 year	2	-
- within 2-5 years	4	2
- after 5 years	98	-
	<hr/> 104	<hr/> 2

#### c) Pension arrangements

The pension charge for the period was £11,000 (Year ended 30 April 1994 - £12,000) representing the contributions payable.

The company currently provides pensions to certain employees through a defined contribution scheme. The assets of the company's funded scheme are held independently of the company by trustees.

Subsequent to the period end, employees became eligible to be members of the Chloride (U.K.) Pension Scheme. This is a defined benefit scheme and details of the Scheme are disclosed in the accounts of Chloride Group PLC, the ultimate parent company.

#### d) Contingent liabilities

The company has guaranteed and secured by a fixed and floating charge on its own assets, overdrafts and other liabilities of certain fellow group undertakings at 31 March 1995. The directors do not anticipate that a loss to the company will arise from these arrangements. At 30 April 1994 the company had similar guarantees with two connected companies, Advanced Design Electronics Limited and Stop Shop Limited.



## Notes to accounts (continued)

### 18 Cash flow statement

As permitted by Financial Reporting Standard No. 1, the company has not produced a cash flow statement, as it is a wholly owned subsidiary undertaking of Chloride Group PLC, which has produced a group cash flow statement in its accounts.

### 19 Directors' interests

- a) The interests of the directors in the shares of the company at 31 March 1995, together with their interests at 30 April 1994, are as follows:

	Number of ordinary shares of £1 each	
	31 March 1995	30 April 1994
J.J. Chadwick	-	212,500
G.T. Whitehead	-	25,000
R. Owens	-	12,500

- b) The directors who held office at 31 March 1995 had the following interests in the ordinary shares of Chloride Group PLC, the ultimate parent company:

	At 31 March 1995		At 1 May 1994 or date of appointment, if later	
	Number of ordinary shares	Options to subscribe for ordinary shares (No. of shares)	Number of ordinary shares	Options to subscribe for ordinary shares (No. of shares)
I.A. Bray	-	197,326	-*	197,326*
J.J. Chadwick	3,580,884	-	-	-
D.W. Howson	-	-	-*	-*
T.J. Noys	-	133,663	-*	133,663*
R. Orr	-	-	-	-
G.T. Whitehead	459,116	-	-	-
S. Williams	-	133,663	-*	133,663*

## Notes to accounts (continued)

### 19 Directors' interests (continued)

The interests of K.H. Hodgkinson and M.L. Vass, being also directors of Chloride Group PLC, are disclosed in the accounts of that company.

The interests asterisked are as at the dates of appointment.

All directors' interests are beneficially held.

### 20 Ultimate parent company

Since 14 December 1994 the company has been a subsidiary undertaking of Chloride Group PLC, registered in England and Wales.

The largest and smallest group of which the company is a member and for which group accounts are drawn up is that headed by Chloride Group PLC, whose principal place of business is at Abford House, 15 Wilton Road, London, SW1V 1LT.