

53417

London Securities Plc

Report and Accounts

for the year ended

31 December 1967



A30 *ADPMW7PQ* 522
COMPANIES HOUSE 08/07/98

Contents

	Page
Directors and advisers	2
Chairman's statement	3
Directors' report	4
Report of the remuneration committee	7
Report of the auditors on corporate governance matters	8
Report of the auditors	9
Consolidated profit and loss account	10
Statement of total recognised gains and losses	11
Balance sheets	12
Consolidated cash flow statement	13
Notes to the financial statements	14
Notice of annual general meeting	22
Form of proxy	23

Directors and advisers

Executive directors Michael Evans *Chairman and Finance*
Keith Watson *Property*

Non-executive directors André Chudnoff
Matthew Roberts
Henry Shouler

Secretary and registered office Richard Pollard
Wistons Lane
Elland
West Yorkshire HX5 9DS

Registered company number 53417

Registered auditors Coopers & Lybrand
Benson House
33 Wellington Street
Leeds LS1 4JP

Registrars IRG plc
Balfour House
390-398 High Road
Ilford
Essex IG1 1NQ

Bankers Bristol & West plc
ABN AMRO Bank
Lloyds Bank Plc

Solicitors Lawrence Graham
190 Strand
London WC2R 1JN

Stockbrokers Teather & Greenwood
12-20 Camomile Street
London EC3A 7NN

Chairman's statement

Review of
business

The results for the year may be summarised as follows:

	1997 £'000	1996 £'000
Net rents receivable	1,868	1,835
Interest payable on mortgages	(871)	(911)
Permanent revaluation deficit	(200)	(100)
Other costs (net)	(65)	(86)
Profit before tax	732	738
Tax	(226)	(172)
Profit after tax	506	566
Dividends	(102)	(102)
Profit retained	404	464
Revaluation surplus	1,350	500
Total recognised gains	1,754	964
Dividends per ordinary share	2.0p	2.0p
Earnings per ordinary share	9.9p	11.0p
Net assets per ordinary share	168.5p	134.3p

The investment portfolio was valued by Jones Lang Wootton at £18.30 million at 31 December 1997 (1996: £17.15 million). This £1.15 million increase in value comprises a £1.35 million surplus which has been credited to revaluation reserve, less a £0.2 million deficit which is regarded as permanent and has been written off against 1997 profits. The deficit arises in respect of the property at Glenthorne Road, Hammersmith, London W6 where further reductions in value are expected over the remaining period of the tenant's lease which expires in June 2003. The other five properties have increased their value during 1997, resulting in an increase in net asset value from 134.3 pence to 168.5 pence per share, an improvement of 25 per cent. The improvement in the market has continued since the year end.

Bank borrowings of £10.08 million at 31 December 1997 (1996: £10.08 million) are secured on five of the six properties with an aggregate value of £17.2 million (1996: £16.40 million). These borrowings are due to be repaid in August 1999, although part will be repaid early out of the group's cash reserves. Interest has been at floating rates except for interest on borrowings of £5.68 million which is fixed at 8.8 per cent. until 2 August 1999.

Tenants have now been found for the second and third floors at Sovereign House and the group's property portfolio is now fully let with no rent arrears. A number of rent reviews fall due in 1998 which should provide a small increase in gross rents receivable.

Dividends

A final dividend of 2.0 pence per ordinary share is proposed, payable on 15 July 1998 to shareholders on the register at 19 June 1998. It is the company's policy to pay a dividend only once each year as the cost of paying an interim dividend cannot be justified in view of the high cost of paying dividends to the large majority of shareholders who own very small numbers of shares.



Michael Evans

Chairman

3 June 1998

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 activity	The principal activity of the group is property investment.
Results and dividends	The profit after taxation for the year ended 31 December 1997 amounted to £506,000 (1996: £566,000). A final dividend of 2.0 pence per ordinary share is proposed, payable on 15 July 1998 to shareholders on the register at 19 June 1998.
Business review and future prospects	A review of the company's business and future prospects is included in the chairman's statement.
Directors	<p>The directors of the company in office during the year are set out on page 2.</p> <p>Michael Evans (43), executive chairman and finance director, is the finance director of a number of companies in the European Fire Protection Holding BV group, including its property interests in the UK, Europe and the United States of America. He was appointed as a director and chairman of the company on 7 July 1994.</p> <p>André Chudnoff (73), non-executive director, is a financial adviser for various companies in the European Fire Protection Holding BV group. He is a non-executive director of CNC Properties PLC and Andrews Sykes Group plc, both of which are listed on the London Stock Exchange. He was appointed as a director of the company on 10 April 1991.</p> <p>Matthew Roberts ARICS (36), non-executive director, is a director of a number of private property companies. He was previously a director of Herring Baker Harris, Chartered Surveyors, and was a property portfolio fund manager at Morgan Grenfell Asset Management. He was appointed as a director of the company on 18 August 1994.</p> <p>Henry Shouler (60), non-executive director, is deputy chairman of Sharpe & Fisher Plc, a listed builders merchants and property company, and chairman of Pascoe's Group Plc, a listed petfood company. He also has a number of directorships in private companies. He was appointed as a director of the company on 18 August 1994. He is regarded as the senior independent director.</p> <p>Keith Watson FRICS (50), executive property director, has managed the group's property interests since 1988. He was appointed as a director of the company on 24 May 1994.</p> <p>None of the directors had a service contract with the exception of Mr Watson whose contract was terminated by mutual agreement on 3 March 1997. From that date he has continued as executive property director on a part-time basis.</p> <p>Mr Evans and Mr Watson retire at the forthcoming annual general meeting of the company and, being eligible, offer themselves for re-election.</p>

Directors' report continued

for the year ended 31 December 1997

Directors' interests The directors in office at 31 December 1997 had no interests at that date in the share capital of the company or any of its subsidiaries and no changes have been notified to the company up to the date of this report.

Substantial shareholdings At 15 May 1998 the company had been notified of the following interests of 3 per cent. or more in the share capital of the company:

	Number of shares	Percentage of share capital
EFS Property Holdings Limited	3,840,370	75.0

EFS Property Holdings Limited is a wholly owned subsidiary of European Fire Protection Holding BV.

Corporate governance Two directors, Mr Evans and Mr Chudnoff, are connected with EFS Property Holdings Limited which controls 75 per cent. of the company's issued share capital. Three directors, Mr Roberts, Mr Shouler and Mr Watson, who represent a majority of the board, are independent of EFS Property Holdings Limited.

The EFS Property Holdings Limited group has undertaken that, before it acquires any investment property from a third party, it will first procure that any such property is offered to the company on equivalent terms. Mr Evans and Mr Chudnoff will not vote on any such potential acquisition referred to the company by the EFS Property Holdings Limited group, unless the EFS Property Holdings Limited group has previously confirmed that it has no interest in acquiring the property concerned.

Mr Evans and Mr Chudnoff have agreed to notify the company of the identity of any person of whom they are aware who, at the time of making specific enquiries to purchase a property owned by the EFS Property Holdings Limited group, is reasonably likely to be a purchaser of a property of a similar type owned by London Securities or its subsidiaries.

Except as noted below, the company has complied throughout the period with the Code of Best Practice published by the Cadbury Committee on the Financial Aspects of Corporate Governance. These exceptions arise because the directors do not consider that the company, as a small public company, would benefit from formal implementation of all the Cadbury recommendations.

The company has complied with Section A of the Best Practice Provisions: Directors' Remuneration annexed to the Listing Rules of the London Stock Exchange.

A formal schedule of matters specifically reserved for decision by the full board has not been prepared as required by Section 1.4 of the Code, as the board meets regularly and retains full responsibility for the management and control of the company.

All directors have access to the advice and services of the company secretary and are able to take independent professional advice if necessary, but no formally agreed procedures have been laid down as required by Section 1.5 of the Code.

Non-executive directors have not been appointed for specified terms, but are required to retire by rotation in accordance with the Articles of Association of the company as required by Section 2.3 of the Code.

The company has not drawn up formal procedures, such as a nomination committee, for the selection of non-executive directors, as there is no immediate need for such procedures as required by Section 2.4 of the Code.

Internal control The directors are responsible for the systems of internal financial control, which are designed to provide reasonable but not absolute assurance against material misstatement or loss. The key procedures established to provide internal financial controls that are effective in the environment of a small group with a limited number of transactions are:

- (a) Every receipt and payment is monitored by at least one director.
- (b) All payments require two signatories, of which at least one, and normally both, are directors.
- (c) Accounts are prepared quarterly and reviewed by the board.
- (d) Quarterly results are monitored against forecasts which are updated when necessary.

The directors have reviewed the effectiveness of the system of internal financial control.

Directors' responsibilities The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company and group as at the end of the financial period and of the profit or loss of the company and group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and that 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 safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going concern After making enquiries, the directors are confident that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in preparing the financial statements.

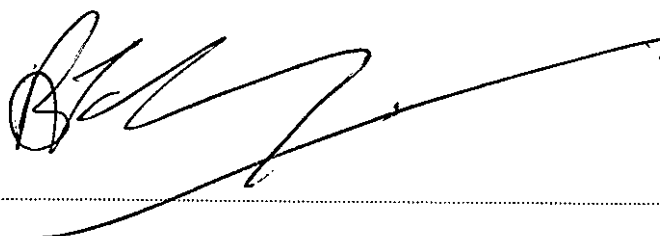
Share capital The special business to be proposed at the 1998 annual general meeting includes, at resolution number 6, a special resolution to authorise the directors to issue shares for cash, other than pro rata to existing shareholdings, in connection with any offer by way of rights not strictly in accordance with statutory pre-emption rights or otherwise, up to a maximum nominal value of £25,602, being 5 per cent. of the company's issued ordinary share capital. This authority will expire on the earlier of the date of next year's annual general meeting or 15 months after the passing of the resolution.

Creditor payment policy The group's policy concerning the payment of its trade creditors is to negotiate the terms of payment when agreeing the terms of each transaction and to pay in accordance with its contractual and other legal obligations. The Group's average creditor payment period at 31 December 1997 was 72 days (1996: 137 days) and that of the Company was 61 days (1996: 179 days).

Auditors A resolution to reappoint Coopers & Lybrand will be proposed at the annual general meeting.

By Order of the Board

Richard Pollard
Company Secretary
3 June 1998



Report of the remuneration committee

The remuneration committee comprises Mr Shouler, Mr Roberts and Mr Chudnoff, being the three non-executive directors of the company. The committee is chaired by Mr Shouler.

Policy on executive directors' remuneration

It is the company's policy to provide the packages needed to attract, retain and motivate directors of the quality required, bearing in mind the size and resources of the company and its position relative to other companies.

The committee has given full consideration to Section B of the Best Practice Provisions: Directors' Remuneration annexed to the Listing Rules of the London Stock Exchange.

Directors' remuneration

An analysis of the remuneration received by each director in office during the year ended 31 December 1997 is set out below:

	Basic salary £	Bonus £	Directors' fees £	Pension payments £	Benefits in kind £	Total 1997 £	Total 1996 £
<i>Executive</i>							
Michael Evans	—	—	—	—	—	—	—
Keith Watson	19,644	3,122	—	—	673	23,439	56,325
<i>Non-executive</i>							
Henry Shouler	—	—	10,000	—	—	10,000	10,000
Matthew Roberts	—	—	10,000	—	—	10,000	10,000
André Chudnoff	—	—	—	—	—	—	—

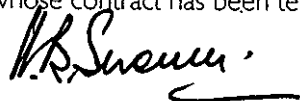
With effect from 3 March 1997 Mr Watson's service contract was terminated by mutual consent. Since that date he has continued as executive property director on a part-time basis. He received a performance-related bonus of £3,122 (1996: £10,567). Benefits in kind comprised the provision of a motor vehicle for the use of Mr. Watson until 3 March 1997.

As set out in note 20 to the financial statements, Mr Evans and Mr Chudnoff are associated with and remunerated by the European Fire Protection Holding BV group and their services are provided to the company free of charge.

At present, the company does not operate a pension scheme, a share option scheme or a long-term incentive scheme.

Directors' service contracts

None of the directors had a service contract with the company, with the exception of Mr Watson, whose contract has been terminated as set out above.



Henry Shouler
Chairman of the committee
3 June 1998

Report of the auditors

to the Board of London Securities Plc on corporate governance matters

In addition to our audit of the financial statements, we have reviewed the directors' statements on pages 5 and 6 concerning the company's compliance with the paragraphs of the Cadbury Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v).

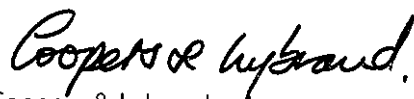
Basis of opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the group's system of internal financial control or its corporate governance procedures, nor on the ability of the company or group to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control and going concern on page 6, in our opinion the directors have provided the disclosures required by the Listing Rules referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on pages 5 and 6 appropriately reflects the company's compliance with the other aspects of the Code specified for our review by Listing Rule 12.43(j).



Coopers & Lybrand
Chartered Accountants
Leeds
3 June 1998

Report of the auditors

to the members of London Securities Plc

We have audited the financial statements on pages 10 to 21.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors 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 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and group'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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1997 and of the profit, total recognised gains and losses and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand.

Coopers & Lybrand

Chartered Accountants and Registered Auditors

Leeds

3 June 1998

Consolidated profit and loss account

for the year ended 31 December 1997

	Notes	1997 £'000	1996 £'000
Gross rents receivable		1,981	1,955
Direct property outgoings		<u>(113)</u>	<u>(120)</u>
Net rents receivable		1,868	1,835
Other operating income		11	55
Administrative expenses		(113)	(180)
Revaluation deficit	4	<u>(200)</u>	<u>(100)</u>
Operating profit		1,566	1,610
Net interest payable	5	<u>(834)</u>	<u>(872)</u>
Profit on ordinary activities before taxation	6	732	738
Taxation	7	<u>(226)</u>	<u>(172)</u>
Profit for the financial year	8	506	566
Dividends	9	<u>(102)</u>	<u>(102)</u>
Retained profit	18	<u>404</u>	<u>464</u>
Earnings per ordinary share	10	<u>9.9p</u>	<u>11.0p</u>

All of the gross rents receivable and the operating profits above arose from continuing operations.

Statement of total recognised gains and losses

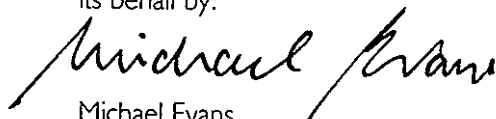
		1997	1996
		£'000	£'000
	Profit for the financial year	506	566
	Unrealised gain on revaluation of properties	1,350	500
	Total recognised gains and losses	<u>1,856</u>	<u>1,066</u>
		1997	1996
		£'000	£'000
Note of historical cost profit and losses	Reported profit on ordinary activities before taxation	732	738
	Permanent diminutions in value of investment property previously considered to be temporary	—	(300)
	Historical cost profit on ordinary activities before taxation	<u>732</u>	<u>438</u>
	Historical cost profit on ordinary activities for the year retained after taxation and dividends	<u>404</u>	<u>164</u>
		1997	1996
		£'000	£'000
Reconciliation of movements in shareholders' funds	Profit for the financial year	506	566
	Dividends	(102)	(102)
		404	464
	Unrealised gain on revaluation of properties	1,350	500
	Net addition to shareholders' funds	1,754	964
	Opening shareholders' funds	6,877	5,913
	Closing shareholders' funds	<u>8,631</u>	<u>6,877</u>

Balance sheets

as at 31 December 1997

	Notes	Group		Company	
		31 December 1997 £'000	31 December 1996 £'000	31 December 1997 £'000	31 December 1996 £'000
Fixed assets					
Tangible assets	11	18,300	17,164	—	14
Investments	12	—	—	5,648	5,648
		<u>18,300</u>	<u>17,164</u>	<u>5,648</u>	<u>5,662</u>
Current assets					
Debtors	13	216	262	5,397	1,042
Cash		1,485	627	1,107	163
		<u>1,701</u>	<u>889</u>	<u>6,504</u>	<u>1,205</u>
Creditors: amounts falling due within one year	14	(1,290)	(1,093)	(7,228)	(1,807)
Net current assets/(liabilities)		<u>411</u>	<u>(204)</u>	<u>(724)</u>	<u>(602)</u>
Total assets less current liabilities		18,711	16,960	4,924	5,060
Creditors: amounts falling due after more than one year	15	(10,075)	(10,075)	—	—
Provision for liabilities and charges	16	(5)	(8)	—	—
Net assets		<u>8,631</u>	<u>6,877</u>	<u>4,924</u>	<u>5,060</u>
Capital and reserves					
Called up share capital	17	512	512	512	512
Share premium account	18	3,925	3,925	3,925	3,925
Capital redemption reserve	18	103	103	103	103
Revaluation reserve	18	1,290	(60)	—	—
Merger reserve	18	2,033	2,033	—	—
Profit and loss account	18	768	364	384	520
Total equity shareholders' funds		<u>8,631</u>	<u>6,877</u>	<u>4,924</u>	<u>5,060</u>

The financial statements were approved by the board on 3 June 1998 and were signed on its behalf by:



Michael Evans
Chairman

Consolidated cash flow statement

for the year ended 31 December 1997

	1997 £'000	1996 £'000
Net cash inflow from operating activities (reconciliation to operating profit below)	<u>1,883</u>	<u>1,764</u>
Returns on investments and servicing of finance		
Interest received	47	49
Interest paid	<u>(859)</u>	<u>(940)</u>
	<u>(812)</u>	<u>(891)</u>
Taxation		
UK corporation tax paid	<u>(122)</u>	<u>(154)</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	–	(3)
Sale of tangible fixed assets	<u>11</u>	<u>1</u>
	<u>11</u>	<u>(2)</u>
Equity dividends paid	<u>(102)</u>	<u>(256)</u>
Cash inflow before financing	858	461
Financing		
Repayment of loan	–	(982)
Increase/(decrease) in cash	<u><u>858</u></u>	<u><u>(521)</u></u>
	1997 £'000	1996 £'000
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	1,566	1,610
Revaluation deficit	200	100
Depreciation of tangible fixed assets	3	6
(Increase)/decrease in rent receivable	(105)	43
Decrease/(increase) in prepayments and accrued income	23	(17)
Decrease in amount due from parent undertaking	118	–
Decrease in other debtors	–	32
Increase/(decrease) in trade creditors	13	(4)
(Decrease)/increase in other taxation and social security creditors	(19)	1
Increase/(decrease) in accruals	79	(6)
Increase/(decrease) in deferred income	<u>5</u>	<u>(1)</u>
Net cash inflow from operating activities	<u><u>1,883</u></u>	<u><u>1,764</u></u>

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. However, compliance with SSAP19 (revised) 'Accounting for investment properties' requires departure from the requirements of the Companies Act 1985 relating to depreciation. An explanation of the departure is given below in the accounting policy relating to investment properties. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of investment properties.

Basis of consolidation

The group financial statements incorporate the financial statements of the parent company and its subsidiaries made up to 31 December 1997.

The results of subsidiaries acquired or disposed of are included in the profit and loss account from the date of acquisition or up to the date of disposal.

As set out in note 12, the group has no economic interest in or control over the assets of the companies which were subsidiary undertakings at 16 October 1992, the date on which the company entered into a company voluntary arrangement with its creditors. Consequently, these companies are not recognised in the consolidated balance sheet. Section 229(3)a of the Companies Act 1985 permits the exclusion of such companies from consolidation and FRS2 'Accounting for subsidiary undertakings' demands exclusion from consolidation in these circumstances, because the conditions that justify exclusion also make consolidation inappropriate.

Investment properties

The group's properties are held for long term investment. In accordance with SSAP19 (revised) such properties are revalued annually and the aggregate surplus or deficit is transferred to the revaluation reserve unless a deficit on an individual investment property is expected to be permanent, in which case it is written off through the profit and loss account.

No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties where the unexpired lease term is 20 years or more. The requirement of the Companies Act 1985 is to depreciate all properties, but that requirement conflicts with the generally accepted accounting principle set out in SSAP19 (revised). The directors consider that this accounting policy is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Finance arrangement costs

Costs of arranging bank loans are amortised over the lives of the relevant loans.

Depreciation

Depreciation is provided on motor vehicles and equipment at rates required to write off the cost of assets against revenue in equal instalments over their useful lives, which are generally not more than five years.

1 Principal accounting policies
continued

Investments

Certain investments held by the company at 30 September 1994 were subject to the company valuation arrangement with creditors. In the opinion of the directors, no amount would be realised by the company from the disposal of its shares in any of these companies as in each case the company concerned has secured liabilities in excess of its assets. Consequently, no value is attributed to these investments in the company's balance sheet. The companies are in the process of being struck off the register at Companies House. The balance sheet recognises only the investment in subsidiaries arising from the acquisition of Suitsort and its subsidiaries on 30 December 1994. These subsidiary companies are listed in note 12.

Gross rents receivable

Gross rents receivable represents amounts receivable from tenants of investment properties excluding value added tax and arises entirely in the United Kingdom. Rents receivable are brought into the profit and loss account when receivable and any element relating to future periods is included in deferred income.

Direct property outgoings

Direct property outgoings comprises ground rents payable to the holders of freehold or superior leasehold interests in investment property, together with costs directly related to unlet property such as rates, letting costs and unrecovered service charges.

Deferred taxation

Provision is made for deferred taxation on all material timing differences to the extent that it is probable that a liability or asset will crystallise. No deferred tax provision or asset is recognised in respect of tax which would arise on a disposal of an investment property owned by the company to the extent that the property is unlikely to be sold and the liability or asset is unlikely to be crystallised in the foreseeable future. An estimate of the potential liability or asset is shown in note 16 to the financial statements.

2 Employee information

The average number of persons employed by the group during the period was 2 (1996: 2), representing the two executive directors.

Staff costs in respect of the above persons comprised:

	1997 £'000	1996 £'000
Wages and salaries	23	52
Social security costs	2	4
	<u>25</u>	<u>56</u>

3 Directors' emoluments

Detailed disclosures of directors' individual remuneration are given in the Report of the Remuneration Committee on page 7.

	1997 £'000	1996 £'000
Aggregate emoluments	<u>43</u>	<u>76</u>

4 Revaluation deficit

The total revaluation surplus for the year of £1,150,000 comprises a gain of £1,350,000 which has been credited to revaluation reserve (note 18) and a deficit of £200,000 which the directors consider to be permanent. This deficit for the year has been written off against profits for the year in accordance with the group's accounting policy which is set out in note 1.

Notes to the financial statements continued

for the year ended 31 December 1997

5	Net interest payable		1997 £'000	1996 £'000
	On bank loans		871	911
	Amortisation of finance arrangement costs		10	10
			<u>881</u>	<u>921</u>
	Interest receivable		(47)	(49)
			<u>834</u>	<u>872</u>
6	Profit on ordinary activities before taxation		1997 £'000	1996 £'000
	Profit on ordinary activities before taxation is stated after charging:			
	Depreciation		3	6
	Auditors' remuneration for:			
	Audit (Company £6,000; 1996: £6,000)		16	17
	Other services		5	10
			<u>24</u>	<u>33</u>
7	Tax on profit on ordinary activities		1997 £'000	1996 £'000
	United Kingdom corporation tax at 31.5 per cent. (1996: 33 per cent.):			
	Current		230	135
	Deferred		(3)	49
			<u>227</u>	<u>184</u>
	Overprovision in respect of prior years:			
	Current		(1)	(12)
			<u>226</u>	<u>172</u>
The tax charge for the period has been reduced by £67,000 (1996: £94,000) in respect of capital allowances for which no deferred tax charge arises.				
8	Profit for the financial period	As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the financial period was £34,000 (1996: profit £422,000).		
9	Dividend		1997 £'000	1996 £'000
	Dividends on ordinary equity shares:			
	Interim paid of nil pence per share (1996: nil pence)		-	-
	Final proposed of 2.0 pence per share (1996: 2.0 pence)		102	102
			<u>102</u>	<u>102</u>

10 Earnings per ordinary share The calculation of earnings per ordinary share is based on the profit on ordinary activities after taxation of £506,000 (1996: £566,000) and on 5,120,495 (1996: 5,120,495) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

11 Tangible fixed assets	Investment properties	Motor vehicles and equipment	Group Total	Company Motor vehicles and equipment
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 January 1997	17,150	23	17,173	23
Additions	-	-	-	-
Disposals	-	(18)	(18)	(18)
Net surplus on revaluation (note 4)	1,150	-	1,150	-
At 31 December 1997	<u>18,300</u>	<u>5</u>	<u>18,305</u>	<u>5</u>
Depreciation				
At 1 January 1997	-	9	9	9
Eliminated in respect of disposals	-	(7)	(7)	(7)
Charge for period	-	3	3	3
At 31 December 1997	<u>-</u>	<u>5</u>	<u>5</u>	<u>5</u>
Net book value				
At 31 December 1997	<u>18,300</u>	<u>-</u>	<u>18,300</u>	<u>-</u>
Net book value				
At 31 December 1996	<u>17,150</u>	<u>14</u>	<u>17,164</u>	<u>14</u>
Cost or valuation at 31 December 1997 is represented by:				
Valuation	18,300	-	18,300	-
Cost	-	5	5	5
	<u>18,300</u>	<u>5</u>	<u>18,305</u>	<u>5</u>

Investment properties were valued on the basis of open market value as at 31 December 1997 by Jones Lang Wootton, Chartered Surveyors.

On a historical cost basis investment properties would have been stated at a cost of £17,610,000 (1996: £17,610,000). The amount of accumulated depreciation on this basis cannot reasonably be quantified because there is no analysis of cost as between land and buildings.

Investment properties at valuation comprise:

	1997 £'000	1996 £'000
Freehold	6,250	5,950
Long leasehold	12,050	11,200
	<u>18,300</u>	<u>17,150</u>

Notes to the financial statements continued

for the year ended 31 December 1997

12 Investments

Company

Shares in unlisted
subsidiary
undertakings
£'000
5,648

At 31 December 1997 and 31 December 1996

Interests in group undertakings

The company is the beneficial owner of the entire equity share capital in each of the subsidiary undertakings which are set out below. Each company is incorporated in England and Wales. The activity of each company is property investment, except for Suitsort Limited, Nu-Swift Upper Limited and Nu-Swift Mortimer Limited which are dormant.

Evenprofit Limited
Majorcredit Limited
Nu-Swift Finchley Limited
Nu-Swift Sovereign Limited
Nu-Swift Glenthorn Limited
Nu-Swift Chalfont Limited
Suitsort Limited
Nu-Swift Upper Limited
Nu-Swift Mortimer Limited

The group has no economic interest in or control over the assets of certain other companies which were subsidiary undertakings at 16 October 1992. On that date the company entered into a company voluntary arrangement ("CVA") with its creditors. During the two year period of the CVA an orderly disposal of most of the properties and other assets held by the group as at 16 October 1992 took place and the proceeds of sale have been used to repay in part the secured lenders as at that date. The CVA expired on 16 October 1994. As set out in the final report of the CVA supervisors dated 10 November 1994, aggregate proceeds of the disposals were significantly less than the related debt. No surplus was available for the company's unsecured creditors or shareholders.

A few assets held by companies which were subsidiary undertakings as at 16 October 1992 have not yet been sold by the secured creditors, who control those companies. It is the intention of the directors that the few remaining companies which were subsidiary undertakings of the company at 16 October 1992 will be struck off following the disposal of their assets.

13 Debtors

	Group		Company	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Rents receivable	187	82	-	-
Prepayments and accrued income	17	50	-	-
Advance corporation tax	6	6	12	6
Corporation tax recoverable	-	-	33	-
Amount due from parent undertaking	6	124	6	233
Amount due from subsidiary undertakings	-	-	5,346	782
Other debtors	-	-	-	21
	<u>216</u>	<u>262</u>	<u>5,397</u>	<u>1,042</u>

Advance corporation tax of £6,000 (1996: £6,000) is recoverable after more than one year.

Prepayments for the group includes finance arrangement costs of £15,000 (1996: £25,000), of which £5,000 (1996: £15,000) is to be amortised after more than one year.

14 Creditors:
amounts falling
due within one
year

	Group		Company	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Trade creditors	92	79	43	58
Amounts owed to subsidiary undertakings	-	-	7,000	1,641
Corporation tax	352	245	-	-
Advance corporation tax	6	6	6	6
Other taxation and social security	11	30	-	-
Accruals	270	179	77	-
Deferred income	457	452	-	-
Proposed final dividend	102	102	102	102
	<u>1,290</u>	<u>1,093</u>	<u>7,228</u>	<u>1,807</u>

15 Creditors:
amounts falling
due after more
than one year

	Group	
	1997 £'000	1996 £'000
Bank loans	<u>10,075</u>	<u>10,075</u>

The bank loans are secured on the assets of certain subsidiary undertakings and are repayable as follows:

	1997 £'000	1996 £'000
Between one and two years	10,075	-
Between two and five years	-	10,075
	<u>10,075</u>	<u>10,075</u>

Interest rates on the loans averaged 8.6 per cent. (1996: 8.4 per cent.) per annum.

Notes to the financial statements continued

for the year ended 31 December 1997

16 Provision for liabilities and charges

	Deferred taxation	
	1997 £'000	1996 £'000
At 1 January	8	(41)
Transfer to profit and loss account	(3)	49
At 31 December	<u>5</u>	<u>8</u>

Deferred taxation provided in the financial statements and the amount unprovided of the total potential (asset)/liability, are as follows:

Group	Amount provided		Amount unprovided	
	1997 £'000	1996 £'000	1997 £'000	1996 £'000
Tax effect of timing differences:				
Short term	5	8	-	-
Capital allowances	-	-	434	380
	<u>5</u>	<u>8</u>	<u>434</u>	<u>380</u>
Capital losses	-	-	(5,123)	(5,593)

17 Called up share capital

	Ordinary shares £'000	Total £'000
Authorised		
At 31 December 1997 and 31 December 1996	680	680
Allotted and fully paid		
At 31 December 1997 and 31 December 1996	<u>512</u>	<u>512</u>

At 31 December 1997 and 31 December 1996 the company had an authorised share capital of 6,800,000 ordinary shares of 10p each, of which 5,120,495 were issued and fully paid.

18 Share premium account and reserves

Group	Share premium £'000	Capital redemption reserve £'000	Revaluation reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 1 January 1997	3,925	103	(60)	2,033	364
Revaluation surplus for the year	-	-	1,350	-	-
Profit for the year	-	-	-	-	404
At 31 December 1997	<u>3,925</u>	<u>103</u>	<u>1,290</u>	<u>2,033</u>	<u>768</u>
Company					
	Share premium £'000	Capital redemption reserve £'000			Profit and loss account £'000
At 1 January 1997	3,925	103			520
Loss for the year	-	-			(136)
At 31 December 1997	<u>3,925</u>	<u>103</u>			<u>384</u>

19 Ultimate parent company

The company's immediate parent undertaking is EFS Property Holdings Limited.

The directors regard European Fire Protection Holding BV, a company registered in the Netherlands, as the company's ultimate parent undertaking. Copies of the consolidated financial statements of European Fire Protection Holding BV may be obtained from Kamer van Koophandel en Fabrieken voor Rotterdam en de Beneden-Maas, Afdeling Handelsregister, Beursgebouw, Beursplein 37, 3011 AA Rotterdam.

The company is ultimately controlled by Mr J G Murray through his controlling interest in European Fire Protection Holding BV.

20 Related party transactions

The services of Mr Evans and Mr Chudnoff as directors and Mr Pollard as company secretary are provided free of charge by Nu-Swift International Limited, a fellow subsidiary undertaking of European Fire Protection Holding BV.

During the year, Nu-Swift Limited, a fellow subsidiary undertaking of European Fire Protection Holding BV, settled tax liabilities amounting to £116,000 on behalf of the group, thereby reducing the amount owed by Nu-Swift Limited to the group to £6,000.

Notice of annual general meeting

Notice is hereby given that the annual general meeting of London Securities Plc will be held at Wistons Lane, Elland, West Yorkshire HX5 9DS on 30 June 1998 at 12.00 noon for the following purposes:

1. To adopt the directors' report and the financial statements for the year ended 31 December 1997.
2. To approve the payment of a final dividend of 2.0p per ordinary share.
3. To re-elect Mr P M Evans as a director.
4. To re-elect Mr K Watson as a director.
5. To reappoint Coopers & Lybrand as auditors of the company and to authorise the directors to fix their remuneration.
6. As special business to consider and, if thought fit, pass the following resolution as a Special Resolution:

That the directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 of that Act) of the company for cash pursuant to the general authority conferred by resolution number 5 approved at the annual general meeting of the company held on 10 March 1995 as if Section 89(1) of that Act did not apply to such allotment, provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with or pursuant to an offer by way of rights to the holders of ordinary shares and other persons entitled to participate therein in proportion (as nearly as may be) to their respective holdings of ordinary shares, subject only to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws of any territory or the regulations or requirements of any regulatory body or any stock exchange in any territory; and
- (ii) the allotment (other than pursuant to (i) above) of equity securities up to an aggregate nominal amount of £25,602;

and such power shall expire on the date of the annual general meeting of the company to be held in 1999 or fifteen months after the date of the passing of this resolution (whichever is the earlier) but so that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to such an offer or agreement as if the power conferred hereby had not expired.

By Order of the Board
Richard Pollard
Secretary

3 June 1998

Registered Office:
Wistons Lane
Elland
West Yorkshire HX5 9DS

Notes:

1. Any member entitled to attend and vote at the above meeting is entitled to appoint one or more proxies to attend and, on a poll, to vote in his stead. A proxy need not be a member of the company.
2. Any form of proxy and power of attorney or other authority under which it is signed or a certified or office copy of such power or authority, in order to be valid, must reach IRG plc not less than 48 hours before the time of the meeting.
3. The register of directors' interests in the share capital of the company will be available for inspection at the registered office of the company during business hours on any weekday (Saturday and Public Holidays excluded) from the date of this notice until the date of the annual general meeting and at the place of the annual general meeting for at least 15 minutes prior to and until the conclusion of the annual general meeting.

Form of Proxy

for annual general meeting

I/We.....
of

.....
being (a) member(s) of the above named company hereby appoint
.....or in default
the chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the
annual general meeting of the shareholders of the company to be held at Wistons Lane, Elland,
West Yorkshire HX5 9DS on 30 June 1998 at 12.00 noon and at any adjournment thereof.

Please indicate with an "X" in the appropriate space how you wish your votes to be cast.

Resolution	For	Against
1 To adopt the directors' report and the financial statements		
2 To approve the payment of a final dividend of 2.0p per ordinary share		
3 To re-elect Mr P M Evans as a director		
4 To re-elect Mr K Watson as a director		
5 To reappoint Coopers & Lybrand as auditors		
6 To empower the directors to allot relevant securities for cash		

Date.....

Signature(s) or common seal

Notes:

1. A proxy need not be a member of the company.
2. If you do not indicate how you wish your proxy to use your vote on any particular matter, the proxy will exercise his/her discretion as to how he/she votes and as to whether or not he/she abstains from voting.
3. In the case of a corporation this form of proxy must be exercised under seal or under the hand of an officer or attorney duly authorised in writing.
4. Forms of proxy, to be valid, must be signed and must be lodged, together with the power of attorney or other authority (if any) under which it is signed, or a notorially certified copy of such power or authority, with the company's registrars, IRG plc, Balfour House, 390-398 High Road, Ilford, Essex IG1 1BR not less than 48 hours before the time appointed for holding the meeting.
5. In the case of joint holders, the signature of any one of them will suffice, but if a holder other than the first-named holder signs, it will help the registrars if the name of the first-named holder is given.
6. Any alteration to this form must be initialled.
7. Completion and return of this form of proxy does not preclude a member from subsequently attending and voting at the meeting.

3rd Fold and tuck in

PLEASE
AFFIX
POSTAGE
STAMP

IRG plc
Balfour House
390-398 High Road
ILFORD
Essex
IG1 1BR

1st Fold

2nd Fold