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ANNUAL REPORT AND ACCOUNTS

for the year ended
31 December 2000

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CHAIRMAN'S STATEMENT

INTRODUCTION

As I explained in the Chairman's Statement included with the 1999 Annual Report, the Company acquired Ansul s.a. on 29 December 1999 and disposed of all its property subsidiaries at the same date.

With effect from 29 December 1999, the Group's primary business is the manufacture, sale and service of portable fire equipment in the UK, Belgium, Holland, Austria and Switzerland. Consequently, the comparative figures included in the profit and loss account are not relevant to our present activities as they relate to the group's former activities as a property investment group.

RESULTS AND TRADING

An audited profit and loss account for 2000 and an unaudited proforma profit and loss account for 1999 setting out financial information for our new business are included in the financial statements on page 17 and a summary thereof is detailed below:

	Audited 12 months to 31 December 2000 £'000	Unaudited proforma 12 months to 31 December 1999 £'000
EBITDA	9,545	8,446
Depreciation	(1,573)	(1,549)
Amortisation of goodwill	(2,640)	(2,640)
Operating profit	5,332	4,257

Despite the weakness of the Euro throughout the year (60 per cent. of profits arise from the activities in Euro denominated countries), profits have improved significantly from 1999. If the Euro had remained at the levels of 1999, operating profit would have been higher by approximately £300,000.

The Group's Nu-Swift UK operations have shown improved profits benefiting from investment in prior years in rental activities. Improved non-extinguisher sales also contributed significantly as have the export activities.

In Belgium, both turnover and profit were improved primarily due to improved service engineers performance and improvements in factory volumes and productivity.

The Ansul operation in Holland improved operating profits on the back of strong extinguisher sales from both service engineers and representatives. Nu-Swift's Dutch operation produced a solid performance despite increased cost of sales due to the import of the majority of product from the UK.

Profits in Austria and Switzerland were marginally improved from 1999 despite both companies being in a transitional period following the departure of the Managing Director and completion of a relocation.

Basic earnings per ordinary share are 22.3p and adjusted earnings per share in which amortisation of goodwill and an exceptional tax credit in respect of prior years are added back are 29.2p for the year.

CHAIRMAN'S STATEMENT

continued

FUTURE PROSPECTS

The outlook for 2001 is optimistic with management accounts showing marked improvements in both turnover and profit. The annual budgeting process yielded significant new initiatives to improve profitability, the majority of which were implemented in advance of 1 January 2001.

MANAGEMENT AND STAFF

2000 was a year in which the staff excelled and, on your behalf, I would like to express thanks and appreciation for their contribution.

DIVIDEND

A final dividend of 3p (1999: 2p) per ordinary share is proposed, payable on 11 July 2001 to shareholders on the register on 8 June 2001.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held at the Grosvenor House Hotel, Park Lane, London W1 on 12 June 2001. You will find attached a Form of Proxy for use at that meeting which you are requested to complete and return in accordance with the instructions thereon. I shall, along with your Directors, look forward to meeting you at that time.

J.G. MURRAY
Chairman

DIRECTORS AND ADVISERS

CHAIRMAN

Jacques Gaston Murray, aged 81, Chairman. His involvement in the fire industry began in 1961 with his investment in a business which became General Incendie S.A., one of France's largest fire extinguishers companies. He invested in Nu-Swift and became Chairman in 1982 and became the majority shareholder in 1984 when Nu-Swift acquired Associated Fire Protection Limited which owned General Incendie S.A. Mr Murray has a business interest in Andrews Sykes Group, a separately listed UK company, owning approximately 56.6 per cent. of Andrews Sykes Group Plc ("Andrews Sykes").

EXECUTIVE DIRECTORS

Jean-Jacques Murray, aged 34, Executive Director. Jean-Jacques is the son of Jacques Gaston Murray and is a director of Nu-Swift. His prime responsibility is the control and the strategic direction of the group. He is a non-executive director of Andrews Sykes.

Jean-Christophe Pillois, aged 44, Finance Director. He trained as the equivalent of a chartered accountant with Price Waterhouse in France and joined the Fire Group in December 1983. His role incorporates responsibility for the finance activities of the Group. Mr Pillois is a non-executive director of Andrews Sykes.

Emmanuel Sebag, aged 32, Executive Director. He acts as Jacques Gaston Murray's assistant and is responsible for the Group's operations and acquisitions. Mr Sebag is a non-executive director of Andrews Sykes.

NON-EXECUTIVE DIRECTORS

Henry Shouler, aged 63, senior independent non-executive director. Mr Shouler is chairman of jobs.co.uk Plc, an AIM listed company. He also has a number of directorships in private companies. He was appointed as a director on 18 August 1994.

Michael Gailer, aged 65, independent non-executive director. He is a non-executive director of Andrews Sykes and a number of private companies. He was appointed as a director on 7 December 1998.

DIRECTORS AND ADVISERS

continued

Secretary and Registered Office
Richard Pollard
London Securities plc
Wistons Lane
Elland
West Yorkshire HX5 9DS

Registered Number
53417

Registered Auditors
PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds LS1 4JP

Registrars
Capita IRG plc
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

Bankers
Lloyds TSB Bank Plc
Artesia Bank N.V.

Solicitors

Walker Morris
Kings Court
12 King Street
Leeds LS1 2HL

Steptoe & Johnson Rakisons
Clements House
14/18 Gresham Street
London EC2V 7JE

Stockbrokers
Teather & Greenwood
Beaufort House
15 St. Botolph Street
London EC3A 7QR

Nominated Advisors
KPMG Corporate Finance
1 The Embankment
Neville Street
Leeds LS1 4DW

DIRECTORS' REPORT

for the year ended 31 December 2000

The directors present their report and the audited financial statements for the year ended 31 December 2000.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the manufacture, sale and rental of fire protection equipment and maintenance services.

RESULTS AND DIVIDENDS

The profit after taxation for the year ended 31 December 2000 amounted to £3,256,000 (1999: £2,630,000). A final dividend of 3p per ordinary share is proposed, payable on 11 July 2001 to shareholders on the register at 8 June 2001.

BUSINESS REVIEW AND FUTURE PROSPECTS

A review of the Group's business and future prospects is included in the Chairman's statement.

DIRECTORS

The directors who served during the period were:

Executive Directors

J.G. Murray
J-J. Murray
J-C. Pillois
E.D.O.A. Sebag

Non-Executive Directors

F.M.B. Gailer
H.B. Shouler

J-J. Murray and F.M.B. Gailer retire by rotation and offer themselves for re-election.

None of the directors has a service contract.

DIRECTORS' INTERESTS

Other than the beneficial interests disclosed below, no director in office at 31 December 2000 had any disclosable interest in the share capital of the Company or any subsidiary undertaking.

	Ordinary Shares of 10p each		
	At 30 April 2001	At 31 December 2000	At 1 January 2000
J.G. Murray	13,882,994	13,882,994	13,346,494

Mr J.G. Murray's interests represent those of EOI Fire SARL and affiliated companies of which he is the sole beneficial shareholder.

DIRECTORS' REPORT

for the year ended 31 December 2000

continued

SUBSTANTIAL SHAREHOLDINGS

At 30 April 2001, 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
EOI Fire SARL	11,602,320	79.98
Tribjun Corporation N.V.	1,814,174	12.51
Easton Holding s.a.	456,500	3.51

In so far as it is aware, the Company has no institutional shareholders.

ANDREWS SYKES

The Companies Act requires disclosure of directors interest in any body corporate in the same group. As Mr J.G. Murray controls in excess of 50 per cent. of Andrews Sykes, the following disclosure is required.

The directors had the following beneficial interests in the share capital of Andrews Sykes:

		Ordinary shares	
	At 25 April 2001	At 31 December 2000	At 1 January 2000
J.G. Murray	48,167,980	48,280,600	48,528,600
J-J. Murray	2,096,277	2,096,277	2,001,277
J-C. Pillois	413,580	413,580	113,580
E.D.O.A. Sebag	17,560	17,560	17,560
F.M.B. Gailer	20,000	20,000	—

The following options to subscribe for ordinary shares in Andrews Sykes were held at 31 December 2000:

	Number of ordinary shares			
	At 31 December 2000	At 1 January 2000	Period of exercise	Exercise price pence
J-C. Pillois	500,000	500,000	1 January 2000 – 31 December 2006	98.6
J-C. Pillois	73,707	73,707	7 August 2001 – 6 August 2008	194.0
J-C. Pillois	625,000	925,000	8 December 1995 – 8 December 2001	22.4
E.D.O.A. Sebag	500,000	500,000	1 January 2000 – 31 December 2006	98.6
E.D.O.A. Sebag	25,862	25,862	7 August 2001 – 6 August 2008	194.0
J.G. Murray	1,900,000	1,900,000	1 June 2001 – 31 May 2008	250.0

On 13 December 2000 Mr J-C Pillois exercised an option to purchase 300,000 shares at 22.4 pence per share. The market price at the date of exercise was 58.5 pence per share and hence the gain was £108,300.

HEALTH, SAFETY AND THE ENVIRONMENT

The maintenance and improvement of working standards to safeguard the health and well being of staff and customers alike is a continuing priority. Health and Safety Officers are appointed at each location and receive periodic training to keep abreast of both legislative requirements and technological advances. It is Group policy to operate in a reasonable manner with regard to the environment.

DIRECTORS' REPORT

for the year ended 31 December 2000

continued

EMPLOYMENT OF DISABLED PERSONS

The Group makes every reasonable effort to give disabled applicants, and existing employees becoming disabled, equal opportunities for work, training and career development in keeping with their individual aptitudes and abilities.

EMPLOYEE INVOLVEMENT

The Group recognises the need to ensure effective communications with employees to encourage involvement in the Group's performance and achieve a common awareness of factors affecting that performance. Policies and procedures have been developed to suit the needs of each subsidiary undertaking, taking into account factors such as numbers employed and location, including newsletters and communication meetings.

PAYMENT TO SUPPLIERS

The Group agrees payment terms with all suppliers when it enters into binding purchase contracts. The Group seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The Group does not follow any standard or external code which deals specifically with the payment of suppliers.

At 31 December 2000 average creditor days was 45 days (1999: 45 days).

DONATIONS

The Company and the Group made no political donations during the year (1999: nil) and charitable donations of £3,500 (1999: nil).

PURCHASE OF OWN SHARES

During the year the Company has continued its strategy of purchasing its own shares in order to increase the liquidity in the share capital and to maximise shareholder value.

In 2000 the Company purchased 45,803 (20,803 as a result of the Tender Offer) of its own ordinary shares of 10p each for cancellation for a consideration of £214,326. This represented 0.3 per cent. of the issued ordinary share capital at that time. As at 1 January 2001 there remained outstanding general authority for the directors to purchase a further 654,197 10p ordinary shares.

In 2001 the Company has purchased a further 38,500 of its own ordinary shares of 10p each for cancellation for a consideration of £226,403.

ISSUE OF SHARES FOR CASH

The special business to be proposed at the 2001 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 £72,729, 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.

DIRECTORS' REPORT

for the year ended 31 December 2000

continued

AUDITORS

A resolution is to be proposed at the forthcoming Annual General Meeting in accordance with section 384 of the Companies Act 1985 for the re-appointment of PricewaterhouseCoopers as auditors of the Company and authorising the directors to set their remuneration.

ANNUAL GENERAL MEETING

The notice of the Annual General Meeting is set out on pages 38 and 39 and all shareholders are invited to attend in person if they wish or by proxy if they are unable to attend.

By Order of the Board
R. J. Pollard
Company Secretary
3 May 2001

Wistons Lane
ELLAND
West Yorkshire
HX5 9DS

CORPORATE GOVERNANCE

In June 1998 the principles of Good Governance and Code of Best Practice ("the Combined Code") was published which embraces the work of the Cadbury, Greenbury and Hampel Committees and became effective in respect of accounting periods ending on or after 31 December 1998. This guidance has been appended to the Financial Services Authority's Listing Rules.

The purpose of this statement is to describe the Company's approach to corporate governance and, in particular, to explain, review and report upon the effectiveness of how the Company has applied the principles set out in section 1 of the Combined Code.

With the exception of certain matters set out in this report in relation to the appointment of a separate Chairman and Chief Executive, the independence of directors, the requirement to have written directors' service contracts, and to review and report upon the effectiveness of the Group's system of internal controls, the absence of a nomination committee enabling a formal procedure for the appointment of new directors and, with effect from 29 December 1999, the fall in the number of non-executive directors to two, the appointment of an executive director to the remuneration committee and two executive directors to the audit committee, the Company has complied throughout the year with the provisions of section 1 of the Combined Code.

COMPOSITION

The Board is composed of a mixture of executive and non-executive members in order to provide the division of responsibilities and balance which are considered appropriate to the Company's individual circumstances.

The Company is 79.8 per cent. owned by EOI Fire SARL ("EOI"), which is itself controlled by the Chairman of the Company, Mr J.G. Murray. In the absence of a substantial third party shareholder, it is considered unnecessary and, to a large degree unrealistic, to separate the roles of Chairman and Chief Executive. The majority of the executive directors are connected with EOI (Messrs. J.G. Murray, J-J. Murray, J-C. Pillois and E. Sebag) and are therefore not considered to be independent as required by the Combined Code.

To limit the effect of the majority shareholder, the Company and EOI entered into a relationship agreement dated 10 December 1999 in which EOI has provided certain assurances to the Company with regard to its relationship with the Company. The agreement confirms that the business and affairs of the Company shall be managed by the Board in accordance with the Company's Memorandum and Articles of Association and with applicable laws and all relevant statutory provisions for the benefit of the shareholders as a whole. Any transactions or other relationships between any member of the EOI group and the Company would be at arm's length and on a normal commercial basis. The above directors declare their interest and take no part in decisions where appropriate.

H. Shouler and M. Gailer are considered to be independent non-executive directors.

H. Shouler is the recognised senior independent non-executive director.

Due to the small size of the Board and close involvement of the majority shareholder, the directors have no current intentions to appoint a third non-executive director.

CORPORATE GOVERNANCE

continued

OPERATION

Due to the relatively small size of the Company and the nature of its businesses, the executive directors are more directly involved in the day to day activities than would be the case in a larger more diversified organisation.

The full Board meets regularly to review current trading and to make key operational and strategic decisions and has extensive access to detailed information in addition to the regular monthly management accounts and other reports that are circulated on a monthly basis. A schedule is maintained of matters specifically reserved for decision by the full Board, which includes matters of business strategy, business acquisitions, business disposals, approval of budgets and approval of financial statements. Interim meetings or appropriate sub-committees are established when decisions at full Board level are required between scheduled meetings.

All directors have access to the Company Secretary who is responsible to the Board for ensuring that all applicable procedures and regulations are complied with. Each director has the facility for independent professional advice in connection with his duties at the Company's expense.

BOARD COMMITTEES

The Board maintains two standing committees comprising executive and non-executive directors. Both committees have written constitutions and terms of reference.

The remuneration committee comprises Henry Shouler, Michael Gailer and Jean-Jacques Murray. The committee is chaired by Henry Shouler. The committee reviews the performance of executive directors and sets the scale and structure of their remuneration and the basis of their service agreements with due regard to the interests of the shareholders. No director is permitted to participate in decisions concerning his own remuneration.

Details of directors' remuneration are set out in the Remuneration Report on page 14.

The audit committee currently comprises Henry Shouler, Michael Gailer, Jean-Jacques Murray and Jean-Christophe Pillois. Henry Shouler and Michael Gailer are independent of management and EOI. The committee is chaired by Henry Shouler. The audit committee is responsible for ensuring that the financial performance of the Company is properly monitored, controlled and reported on. It meets regularly and meets the auditors once a year.

The audit committee considers the need to introduce an internal audit function each year. After taking into consideration the current size and complexity of the Group, the committee believes that it would not be cost effective to have an internal audit function and the committee feels that sufficient comfort is obtained through the scope and quality of management's on-going monitoring of risks.

Due to the small size of the Board, the directors consider that a nomination committee need not be established.

CORPORATE GOVERNANCE

continued

APPOINTMENT AND REMOVAL OF BOARD MEMBERS

The appointment of directors involves selection by the full Board and directors so appointed must be re-elected at the following Annual General Meeting. All directors are subject to retirement by rotation and at least one third of directors must offer themselves for re-election at each Annual General Meeting. The rotation is structured so that all directors submit themselves for re-election at least every three years.

The removal of Board members, and the Company Secretary, is a matter for the Board as a whole.

RELATIONS WITH SHAREHOLDERS

The relationship between the Company and its majority shareholder is discussed above.

The Company monitors its share register to ensure that dialogue is entered into with other shareholders as appropriate. All proxy votes are counted and the results are announced in respect of each resolution at the Annual General Meeting.

The Company's last Annual General Meeting was conducted in accordance with the Combined Code.

INTERNAL CONTROL

In late 1999 the Combined Code introduced a new requirement that the directors review the effectiveness of the Group's system of internal controls. This extended the existing requirement in respect of internal financial controls to cover all controls.

Guidance for directors "Internal Control: Guidance for Directors on the Combined Code" (the Turnbull guidance) was published in 1999. However, in 1999 the directors took advantage of the Financial Services Authority's transitional arrangements and continued to review and report upon internal financial controls in accordance with the ICAEW's earlier guidance "Internal Control and Financial Reporting" (the Rutteman guidance).

As a company listed on the Alternative Investment Market (AIM), the Company is not required to adhere to the Combined Code and all of the disclosures made in this report are voluntary. In light of this fact the directors have considered the Combined Code requirement to review and report upon the effectiveness of the Group's system of internal controls and have concluded that the benefits gained in meeting this requirement are outweighed by the costs involved. The directors have therefore continued to report upon internal financial controls in accordance with the Rutteman guidance, and to report the non-compliance with Turnbull.

Key elements of the Group's system of internal financial controls are as follows:

- Control environment – the directors have put in place an organisational structure with clearly defined lines of responsibility and delegation of authority. This is reinforced by the direct supervision of the executive directors supported by appropriate policy statements.

- Risk management – the executive directors are responsible for identifying risks facing the business and for putting in place procedures to mitigate and monitor risks. Risks are assessed and monitored at Board level on an ongoing basis, as well as during the annual business planning process.

CORPORATE GOVERNANCE

continued

- Information systems – the Group has a comprehensive system of financial reporting. The annual budget is approved by the Board. Actual results and variances compared with budget are reported to the Board monthly, supported by detailed management commentaries. Revised forecasts for the period are prepared and reported to the Board each quarter.
- Control procedures – policies and procedures manuals are maintained at all significant business locations. In particular, there are clearly defined policies for capital expenditure including appropriate authorisation levels. Larger capital projects and major investments and divestment decisions require Board approval.
- Monitoring systems – internal controls are monitored by management review.

The directors confirm that they have reviewed the effectiveness of the system of internal financial controls.

GOING CONCERN

After making enquiries, the directors consider that there is a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss for that period.

The directors confirm that suitable accounting policies have been used and applied consistently, that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By Order of the Board

R. J. Pollard

Company Secretary

3 May 2001

REMUNERATION REPORT

The Company has followed the provisions in Schedule B of the Combined Code with respect to directors' remuneration except that due to the small size of the board, the Remuneration Committee does not consist exclusively of independent non-executive directors.

REMUNERATION COMMITTEE

The remuneration committee comprises Mr Shouler, Mr Gailer and Mr J-J. Murray, the majority being non-executive directors of the Company who are independent of management. The committee is chaired by Mr Shouler. The remuneration of non-executive directors is set by a committee of the other directors. No director is involved in deciding his own remuneration.

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.

DIRECTORS' REMUNERATION

An analysis of the remuneration received by each director in office during the year ended 31 December 2000 is set out below:

	Salary	Directors' fees	Pension payments	Benefits in kind	Total 2000	Total 1999
Executive	£	£	£	£	£	£
Jacques Gaston Murray	—	—	—	—	—	—
Jean-Christophe Pillois	—	92,730	—	—	92,730	—
Emmanuel Sebag	100,000	—	—	8,434	108,434	—
Jean-Jacques Murray	—	—	—	—	—	—
Keith Watson (resigned 29 December 1999)	—	—	—	—	—	15,000
Non-executive						
Henry Shouler	—	20,000	—	—	20,000	10,000
Michael Gailer	—	19,000	—	—	19,000	10,000
Matthew Roberts (resigned 29 December 1999)	—	—	—	—	—	10,000
	100,000	131,730	—	8,434	240,164	45,000

The costs relating to the head office and other expenses of the executive directors are limited under a Services Agreement dated 10 December 1999. The total costs amounted to £900,000 for the year ended 31 December 2000 as per the Services Agreement.

On behalf of the Board

H. B. Shouler

Chairman of the Remuneration Committee

3 May 2001

REPORT OF THE AUDITORS

to the members of London Securities Plc

We have audited the financial statements on pages 16 to 37 (excluding the proforma profit and loss account on page 17 but including the directors' remuneration disclosures set out on page 14) which have been prepared under the historical cost convention and the accounting policies set out on pages 22 to 24.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the Annual Report. As described on page 13, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board, the Listing Rules of the Financial Services Authority and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

BASIS OF AUDIT 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 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 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Leeds

3 May 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2000

	Notes	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
Turnover	2	37,729	—
Gross rents receivable		—	2,006
Cost of sales		(5,518)	—
Direct property outgoings		—	(107)
Gross profit/net rents receivable		32,211	1,899
Distribution costs		(15,782)	—
Administrative expenses		(11,097)	(113)
Operating profit		5,332	1,786
EBITDA*		9,545	1,786
Depreciation	11	(1,573)	—
Amortisation of goodwill	10	(2,640)	—
Operating profit		5,332	1,786
Income from fixed asset investments		96	—
Profit on sale of property investment companies		—	1,878
Net interest payable	4	(1,508)	(683)
Exchange (loss)/gain on foreign currency		(56)	25
Profit on ordinary activities before taxation	5	3,864	3,006
Taxation	6	(608)	(376)
Profit on ordinary activities after taxation		3,256	2,630
Dividends	7	(435)	(102)
Retained profit	21	2,821	2,528
Basic earnings per ordinary share	9	22.3p	50.7p
Adjusted earnings per ordinary share	9	29.2p	14.2p
Dividend per ordinary share	7	3.0p	2.0p

All of the above results for 2000 arose from continuing operations.

All of the above results for 1999, excluding the exchange gain on foreign currency, arose from discontinued operations.

There is no potential dilution of the Company's shares.

*Earnings Before Interest, Taxation, Depreciation and Amortisation

UNAUDITED PROFORMA STATEMENT OF OPERATING PROFIT

for the year ended 31 December 2000

	Year ended 31 December 2000 £'000	Unaudited Proforma year ended 31 December 1999 £'000
Turnover	37,729	36,902
Cost of sales	(5,518)	(5,882)
Gross profit	32,211	31,020
Distribution costs	(15,782)	(15,223)
Administrative expenses	(11,097)	(11,540)
Operating profit	5,332	4,257

EBITDA*	9,545	8,446
Depreciation	(1,573)	(1,549)
Amortisation of goodwill	(2,640)	(2,640)
Operating profit	5,332	4,257

The table above shows, for the purposes of illustration only, the 2000 results compared to the 1999 results of the Ansul and Nu-Swift Groups, presented as follows:

The combined operating profits of the Ansul and Nu-Swift Groups adjusted for the items mentioned below and also after charging goodwill amortisation at a similar level to that charged in 2000. The 1999 figures shown above have been extracted (and, where appropriate, translated at the relevant exchange rates) from the audited financial statements of the Ansul Group and the Nu-Swift Group.

The Group has borne certain office and other costs, including the costs of certain executives of the Group, including Jacques Gaston Murray, Jean-Jacques Murray, Jean-Christophe Pillois and Emmanuel Sebag (all of whom are directors of London Securities Plc). Under the Services Agreement dated 10 December 1999, these costs are restricted to a maximum of £900,000 for the year ending 31 December 2000. The actual office and other costs borne by Ansul and Nu-Swift have also been restricted in the 1999 figures to this level.

*Earnings Before Interest, Taxation, Depreciation and Amortisation

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31 December 2000

	Notes	2000 £'000	1999 £'000
Profit for the financial year		3,256	2,630
Currency translation differences on foreign currency net investments	21	189	—
Total recognised gains and losses		3,445	2,630

RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

for the year ended 31 December 2000

		2000 £'000	1999 £'000
Profit for the financial year		3,256	2,630
Dividends	7	(435)	(102)
		2,821	2,528
Issue of new ordinary shares		—	24,500
Purchase of own shares	21	(214)	(21)
Currency translation differences on foreign currency net investments	21	189	—
Net addition to equity shareholders' funds		2,796	27,007
Opening equity shareholders' funds		37,679	10,672
Closing equity shareholders' funds		40,475	37,679

CONSOLIDATED BALANCE SHEET

as at 31 December 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Intangible assets	10	50,101	52,568
Tangible assets	11	5,838	5,843
Investments	12	70	70
		56,009	58,481
Current assets			
Stocks	13	2,620	2,421
Debtors	14	9,672	7,622
Cash at bank and in hand		3,310	3,633
		15,602	13,676
Creditors: amounts falling due within one year			
Finance debt	15	(3,126)	(3,169)
Other creditors	16	(10,218)	(10,781)
		(13,344)	(13,950)
Net current assets/(liabilities)		2,258	(274)
Total assets less current liabilities		58,267	58,207
Creditors: amounts falling due after more than one year			
Finance debt	15	(16,225)	(19,007)
Other creditors	17	(146)	(40)
		(16,371)	(19,047)
Provisions for liabilities and charges	18	(1,421)	(1,481)
Net assets		40,475	37,679
Capital and reserves			
Called up share capital	20	1,455	1,459
Share premium	21	27,476	27,476
Capital redemption reserve	21	109	105
Merger reserve	21	2,033	2,033
Profit and loss account	21	9,402	6,606
Total equity shareholders' funds		40,475	37,679

The financial statements on pages 16 to 37 were approved by the board of directors on 3 May 2001 and were signed on its behalf by:

J.G. Murray
Chairman

COMPANY BALANCE SHEET

as at 31 December 2000

	Notes	2000 £'000	1999 £'000
Fixed assets			
Investments	12	45,286	5,531
Current assets			
Debtors:			
Falling due within one year		141	7,002
Falling due after more than one year		—	30,704
Total debtors	14	141	37,706
Cash at bank and in hand		30	241
		171	37,947
Creditors: amounts falling due within one year	16	(10,643)	(8,012)
Net current (liabilities)/assets		(10,472)	29,935
Net assets		34,814	35,466
Capital and reserves			
Called up share capital	20	1,455	1,459
Share premium account	21	27,476	27,476
Capital redemption reserve	21	109	105
Profit and loss account	21	5,774	6,426
Total equity shareholders' funds		34,814	35,466

The financial statements on pages 16 to 37 were approved by the board of directors on 3 May 2001 and were signed on its behalf by:

J.G. Murray
Chairman

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2000

	Notes	Year ended 31 December 2000 £'000	Year ended 31 December 1999 £'000
Net cash inflow from operating activities	23	7,900	1,291
Return on investments and servicing of finance			
Interest received		114	115
Interest paid		(1,486)	(798)
Dividends received		96	—
Net cash outflow from return on investments and servicing of finance		(1,276)	(683)
Taxation			
Corporation tax paid		(1,845)	(405)
Capital expenditure			
Payments to acquire tangible fixed assets	11	(1,776)	—
Receipts from sales of tangible fixed assets		258	—
Net cash outflow for capital expenditure		(1,518)	—
Acquisitions and disposals			
Payments to acquire subsidiary undertakings	22	(307)	(23,910)
Net cash acquired with the purchase of subsidiary undertakings		—	3,391
Receipts from sale of subsidiary undertakings		—	11,013
Net cash transferred with the sale of subsidiary undertakings		—	(112)
Net cash outflow for acquisitions and disposals		(307)	(9,618)
Equity dividends paid to shareholders		(102)	(102)
Net cash inflow/(outflow) before use of liquid resources and financing		2,852	(9,517)
Management of liquid resources			
Decrease in short term deposits with banks		—	1,759
Financing			
Purchase of own shares	21	(214)	(21)
New long term loans		184	11,000
Repayment of long term loans		(3,145)	—
Net cash (outflow)/inflow from financing		(3,175)	10,979
(Decrease)/increase in cash and equivalents	24	(323)	3,221

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

1 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Basis of consolidation

The Group financial statements incorporate the financial statements of the parent company and its subsidiaries made up to 31 December 2000.

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 Company 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.

Goodwill

Goodwill arises where the cost of subsidiary and associated undertakings exceeds the fair values attributable to the underlying separable tangible net assets as at the date of acquisition.

Goodwill is capitalised and amortised through the profit and loss account over its useful economic life which is normally up to 20 years.

Currency translation

The balance sheets of overseas subsidiaries and items denominated in foreign currency in the balance sheets of UK companies are translated into sterling at the rates of exchange ruling at the balance sheet date. The profit and loss accounts are translated into sterling at the average rates of exchange ruling during the year.

Gains or losses on foreign exchange arising in the ordinary course of business are dealt with in arriving at operating profit and those on the translation of assets, liabilities and reserves of overseas subsidiaries are shown as a movement on Group reserves. Profits or losses which arise on currency deposits held as part of the Group's treasury activities are recognised within that section of the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

1 PRINCIPAL ACCOUNTING POLICIES continued

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is provided for on all tangible fixed assets, other than freehold land, on the straight line method at rates calculated to write off the cost or valuation less estimated residual values over the estimated lives of the assets. The rates are as follows:

Freehold buildings	2-6 per cent.
Plant, machinery and motor vehicles	10-33 per cent.
Fixtures, fittings and equipment	10 per cent.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making adequate provision for obsolete and slow moving stock. Cost is calculated on a first in first out basis and comprises raw materials, direct labour and an appropriate proportion of overheads.

Turnover

Group turnover represents amounts invoiced to customers during the year excluding value added tax.

Gross rents receivable (relates only to 1999 profit and loss account)

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 (relates only to 1999 profit and loss account)

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 arising from the allocation for taxation purposes of income and expenditure to periods different from those used for accounting purposes to the extent that there is a reasonable probability that reversal of such timing differences will give rise to a payment of tax in the foreseeable future.

Finance arrangement costs

Costs of arranging bank loans are shown as a deduction from the loan liability and are amortised over the lives of the relevant loans.

Research and development expenditure

Research and development expenditure is written off in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

1 PRINCIPAL ACCOUNTING POLICIES continued

Pensions

The costs of providing retirement and other benefits are determined on an actuarial basis and are charged against profit over the period during which the Group expects to benefit from the employees' services.

Deferred income

Deferred income represents amounts invoiced for the sale and service of fire fighting equipment related to future periods. Revenue from equipment leased to customers under operating leases is recorded as turnover in equal amounts over the life of the lease.

Leases

Rentals payable under operating leases are charged against profit on a straight line basis over the lease term.

2 TURNOVER

Turnover may be analysed as follows:

	2000 £'000	1999 £'000
United Kingdom	11,537	2,006
Rest of Europe	26,192	—
	37,729	2,006

Turnover for 2000 represents one class of business, namely fire protection.

Further analyses of turnover and contribution originating overseas and of segmental details by geographical markets have not been given since, in the opinion of the directors, this would be prejudicial to the commercial interests of the Group.

Turnover for 1999 represents gross rents receivable.

3 EMPLOYEES AND DIRECTORS

	2000 £'000	1999 £'000
Staff costs, including directors' emoluments		
Wages and salaries	15,155	15
Social security costs	2,573	—
Other pensions costs (see note 25)	1,819	—
	19,547	15

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

3 EMPLOYEES AND DIRECTORS continued

The average number of persons employed by the group during the year was:

	2000 Number	1999 Number
By geographical area		
United Kingdom	211	2
Rest of Europe	433	—
	644	2

	2000 £'000	1999 £'000
Directors' emoluments		
Aggregate emoluments	240	45
Company pension contributions	—	—
	240	45

Detailed disclosures of directors' individual remunerations are given on page 14.

There are no retirement benefits under money purchase or defined benefit pension schemes accruing to directors.

4 NET INTEREST PAYABLE

	2000 £'000	1999 £'000
Interest payable:		
Bank loans and overdrafts repayable within five years	1,500	792
Amortisation of finance arrangement costs	89	6
Cost of interest rate capping	33	—
	1,622	798
Interest receivable	(114)	(115)
	1,508	683

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2000 £'000	1999 £'000
Staff costs including directors' emoluments	19,547	15
Depreciation on tangible fixed assets	1,573	—
Amortisation on intangible fixed assets	2,640	—
Hire charges under operating leases:		
Plant and machinery	132	—
Other	38	—
Auditors' remuneration for:		
Audit (Company: £10,000; 1999: £9,000)	114	19
Other services to the company and its UK subsidiaries	45	9

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £'000	1999 £'000
Based on profit for the year:		
UK corporation tax at 30 per cent. (1999: 30.25 per cent.)	420	387
Overseas tax	1,593	—
Deferred tax	224	(2)
ACT written off	4	—
	2,241	385
Overprovision in respect of prior years		
UK Corporation Tax	—	(9)
Overseas Tax	(1,633)	—
	608	376

The tax charge for the period is lower than normal due to an exceptional tax credit of £1,633,000, for deductibility of goodwill amortisation in Ansul s.a., Belgium. Offsetting this is the general disallowance of the goodwill amortisation charge and because the profits arising in mainland Europe are taxed at a higher rate than those arising in the United Kingdom.

7 DIVIDENDS

	2000 £'000	1999 £'000
Equity dividend paid of 3p (1999: 2p) per ordinary share	435	102

8 (LOSS)/PROFIT FOR THE FINANCIAL YEAR

London Securities Plc has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The amount of the consolidated profit for the financial year dealt within the financial statements of the parent company is a loss of £438,000 (1999: profit £4,748,000).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

9 EARNINGS PER SHARE

The calculation of basic earnings per ordinary share is based on the profit on ordinary activities after taxation of £3,256,000 (1999: £2,630,000) and on 14,579,007 (1999: 5,186,285) ordinary shares, being the weighted average number of ordinary shares in issue during the period.

The calculation of adjusted earnings per ordinary share is based on a weighted average of 14,579,007 (1999: 5,186,285) ordinary shares in issue prior to 31 December 2000 and on adjusted earnings which comprise:

	2000		1999	
	£'000		£'000	
Basic profit/earnings per share	3,256	22.3p	2,630	50.7p
Eliminate effect of:				
Profit on disposal of property investment companies	—	—	(1,878)	(36.2)p
Exceptional tax credit in respect of prior years	(1,633)	(11.2)p	—	—
Exchange gain on foreign currency loan	—	—	(25)	(0.3)p
Amortisation of goodwill	2,640	18.1p	—	—
Adjusted profit/earnings per share	4,263	29.2p	727	14.2p

Adjusted earnings per share figures and the reconciliation above are given in order that shareholders may appreciate the effect on earnings of the exceptional items and goodwill amortisation.

10 INTANGIBLE FIXED ASSETS

Group	Goodwill £'000
Cost	
At 1 January 2000	52,568
Additions (note 22)	213
Fair value adjustment	(46)
Exchange differences	6
At 31 December 2000	52,741
Amortisation	
Charge for the year	2,640
At 31 December 2000	2,640
Net book amount at 31 December 2000	50,101
Net book amount at 31 December 1999	52,568

The estimated useful economic lives ascribed to goodwill arising on acquisitions during the year is twenty years.

In the 1999 accounts provisional fair values based on book values were adopted on the acquisition of Ansul s.a. shortly before the Group's year end. Actual fair values were determined in the current year. A change to fair value in the year ending 31 December 2000 is reflected through a credit of £46,000 to goodwill due to an overprovision for professional fees being released.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

11 TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £'000	Plant, machinery and motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation				
At 1 January 2000	5,173	14,143	2,016	21,332
Additions	1	1,575	200	1,776
On acquisition of subsidiary companies	—	52	12	64
Disposals	—	(1,114)	(117)	(1,231)
Exchange adjustment	37	117	27	181
At 31 December 2000	5,211	14,773	2,138	22,122
Depreciation				
At 1 January 2000	2,547	11,308	1,634	15,489
Disposals	—	(865)	(108)	(973)
On acquisition of subsidiary companies	—	30	8	38
Charge for the year	122	1,262	189	1,573
Exchange adjustment	27	112	18	157
At 31 December 2000	2,696	11,847	1,741	16,284
Net book amount at 31 December 2000	2,515	2,926	397	5,838
Net book amount at 31 December 1999	2,626	2,835	382	5,843

Freehold land and buildings as at 31 December 2000 have been included on an historical cost basis.

Plant, machinery and motor vehicles includes fire extinguishers leased to customers under operating lease contracts with a cost of £6,333,000 (1999: £6,165,000) and a net book value of £466,000 (1999: £472,000).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

12 INVESTMENTS

Group	Shares in Unlisted Companies £'000
Cost	
At 1 January 2000 and At 31 December 2000	70

Company	Shares in subsidiary undertakings £'000	Long-term loans to subsidiary undertakings £'000	Total £'000
Cost			
At 1 January 2000	4,811	720	5,531
Additions	5	39,750	39,755
Disposals	—	—	—
At 31 December 2000	4,816	40,470	45,286
At 31 December 1999	4,811	720	5,531

A schedule of Group undertakings, all of which are wholly owned subsidiary undertakings, is included at note 27.

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 disposal 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 STOCKS

	Group 2000 £'000	Group 1999 £'000
Raw materials and consumables	1,062	966
Work in progress	133	117
Finished goods	1,425	1,338
	2,620	2,421

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

14 DEBTORS

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Trade debtors	7,080	6,277	—	—
Amounts owed by subsidiary undertakings	—	—	—	37,703
Amounts owed by related undertakings	103	146	90	—
Other debtors	300	331	10	1
Prepayments and accrued income	383	347	1	2
Taxation recoverable	1,806	122	—	—
Deferred taxation (note 18)	—	99	—	—
Group relief receivable	—	300	40	—
	9,672	7,622	141	37,706

Of the amounts due from subsidiary undertakings £Nil (1999: £30,704,000) is recoverable after more than one year.

15 FINANCE DEBT

	Group	
	2000	1999
	£'000	£'000
Bank loans and overdrafts (secured on the assets of certain group undertakings)	19,795	22,756
Unamortised finance arrangement costs	(444)	(580)
	19,351	22,176
Repayable by instalments as follows:		
Over five years	3,456	6,551
Between two and five years	9,692	9,432
Between one and two years	3,077	3,024
	16,225	19,007
Within one year on demand	3,126	3,169
	19,351	22,176

Interest rates on the loans in existence during the year averaged 6.5 per cent. (1999: 7.9 per cent.) per annum.

Bank loans and overdrafts are stated net of unamortised finance arrangement costs of £444,000 (1999: £580,000) of which £367,000 (1999: £497,000) is to be amortised after more than one year.

During the year £89,000 of finance arrangement costs were amortised and £47,000 of estimated accrued finance arrangements costs were released.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

16 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Trade creditors	1,093	1,076	—	34
Amounts owed to subsidiary undertakings	—	—	10,063	6,999
Amounts due to related undertakings	381	121	—	—
Other creditors	2,263	2,024	77	77
Corporation tax	855	1,265	—	85
Other taxation and social security	2,657	2,443	—	—
Accruals	859	2,121	68	715
Deferred income	1,675	1,629	—	—
Proposed dividend	435	102	435	102
	10,218	10,781	10,643	8,012

17 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

Creditors falling due after one year comprises other taxation and social security.

18 PROVISIONS FOR LIABILITIES AND CHARGES

	At 1 January 2000 £'000	Utilised £'000	Currency Movement £'000	Profit and loss account £'000	At 31 December 2000 £'000
Group					
Pensions	1,371	(127)	—	(68)	1,176
Deferred taxation	110	—	10	125	245
	1,481	(127)	10	57	1,421

Group				
Deferred taxation	Amount provided		Amount unprovided	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
The provided and unprovided deferred taxation (asset)/provision comprises:				
Short-term timing difference Europe	245	110	—	—
Accelerated capital allowances	—	—	(159)	(61)
Short term timing difference UK (note 14)	—	(99)	(170)	(164)
Capital losses	—	—	(16)	(26)
Capital gains on revaluation	—	—	105	105
	245	11	(240)	(146)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

19 FINANCIAL INSTRUMENTS

Short term debtors and creditors have been excluded from all of the following disclosures.

Interest rate risk profile of financial liabilities

	Floating rate financial liabilities 2000 £'000	Weighted average interest rate percentage 2000	Floating rate financial liabilities 1999 £'000	Weighted average interest rate percentage 1999
Currency				
Sterling	7,315	7.7	8,543	6.8
Euro	12,480	6.6	14,213	5.4
	19,795	7.0	22,756	5.9

In January 2000 the Group entered into interest rate caps for a period of three years on sterling borrowings of £4.80 million and Euro borrowings of Euro.13.4 million (£8.43 million equivalent) at interest rates of 8 per cent. and 6 per cent. respectively excluding bank's margin of 1.75 per cent. The Group's policy is to hedge interest rate risk using interest rate caps and swaps to the extent that this is appropriate in relation to the directors' interest rate expectations. The Group has not entered into any interest rate swaps during the year.

All the Group's creditors falling due within one year (other than bank or other borrowings) are excluded from the above table due to the exclusion of short term items or because they do not meet the definitions of a financial liability, such as tax balances.

Floating rate financial liabilities bear interest at rates based on interest rate fixings at 31 December 2000 including the bank's interest margin where appropriate.

Interest rate risk of financial assets

Cash at bank and in hand

	2000 £'000	1999 £'000
Currency		
Sterling	904	993
Swiss Franc	595	485
Euro	1,811	1,860
US Dollars	—	295
At 31 December 2000	3,310	3,633

The cash at bank and in hand is deposited with banks for interest fixing periods of less than one month and earns interest based on relevant international rates.

Maturity of financial liabilities

The maturity profile of the carrying amount of the Group's financial liabilities at 31 December 2000 is analysed at note 15.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

19 FINANCIAL INSTRUMENTS continued

Borrowing facilities

The Group had an undrawn committed borrowing facility available at 31 December 2000 of £2.3 million (1999: £2.2million).

This facility expires in December 2004 and is available to help fund the Group's expansion policy. Commitment fees are paid at market rates.

Fair value of financial assets and financial liabilities

Financial assets and financial liabilities are considered to be stated at their fair values as financial assets earn interest at floating market rates and the Group's financial liabilities pay interest at floating market rates.

Currency exposures/hedges

To mitigate the effect of currency exposures the Group has made borrowings in local currencies or in direct proportion to the expected income stream predicted from the investment against which the borrowing is made.

20 CALLED UP SHARE CAPITAL

	2000 Number	2000 £'000	1999 Number	1999 £'000
Authorised:				
Ordinary shares of 10p each	20,000,000	2,000	20,000,000	2,000

	2000 Number	2000 £'000	1999 Number	1999 £'000
Allotted:				
Ordinary shares of 10p each	14,545,816	1,455	14,591,619	1,459

The Company purchased 45,803 of its own ordinary shares of 10 pence each during the year for a consideration of £214,326.

21 SHARE PREMIUM ACCOUNT AND RESERVES

Group

	Share premium account £'000	Capital redemption reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 1 January 2000	27,476	105	2,033	6,606
Exchange adjustments	—	—	—	189
Purchase of own shares and maintenance of capital	—	4	—	(214)
Retained profit for the year	—	—	—	2,821
At 31 December 2000	27,476	109	2,033	9,402

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

21 SHARE PREMIUM ACCOUNT AND RESERVES continued

Company

	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2000	27,476	105	6,426
Purchase of own shares and maintenance of capital	—	4	(214)
Retained loss for the year	—	—	(438)
At 31 December 2000	27,476	109	5,774

22 ACQUISITIONS

On 1 March 2000 the Company acquired the entire share capital of A1 Protec N.V., other intangible assets were acquired from other third parties through subsidiary undertakings during the year. These purchases were all accounted for using the acquisition method of accounting.

The book and actual fair values of the tangible net assets acquired were as follows:

	Book and fair value £'000
Tangible assets	26
Stocks	33
Debtors	184
Other liabilities	(149)
Net assets acquired	94
Goodwill arising on acquisition (Note 11)	213
	307
Satisfied by:	
Cash	307
	307

These acquisitions have contributed a loss of £18,000 to the Group's 2000 results.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

23 CASH FLOW FROM OPERATING ACTIVITIES

	Group 2000 £'000	Group 1999 £'000
Reconciliation of operating profit to net cash inflow from operating activities:		
Operating profit	5,332	1,786
Amortisation of goodwill	2,640	—
Depreciation	1,573	—
Exchange differences	103	25
Increase in debtors	(581)	(367)
(Decrease) in creditors and provisions	(1,001)	(153)
Increase in stocks	(166)	—
Cashflow from operating activities	7,900	1,291

24 RECONCILIATION OF MOVEMENT IN NET DEBT

	At 1 January 2000 £'000	Cash flow £'000	At 31 December 2000 £'000
Cash in hand and at bank	3,633	(323)	3,310
Debt due within 1 year	(3,252)	49	(3,203)
Debt due after 1 year	(19,504)	2,912	(16,592)
Total	(19,123)	2,638	(16,485)

25 PENSIONS

Following the acquisition of Ansul s.a and Nu-Swift Limited the Group operates a number of pension schemes. Details of the major schemes are set out below.

The Nu-Swift Limited Group operates a funded pension scheme, for which the majority of UK employees are eligible, providing benefits based on final pensionable earnings. The assets of the scheme are held separately from those of the Group, being invested with Gartmore Pooled Pensions Limited. The total pension cost of the Group is determined by an independent qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was at 6 April 1999. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 9 per cent. per annum, that salary increases would average 8 per cent. per annum and that present and future pensions would increase at the rate of 5 per cent. per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £7,395,794 and that the actuarial value of those assets represented 113 per cent. of the benefits that had accrued to members.

The Ansul Group operates a number of funded pension schemes including a funded pension scheme for which the majority of Belgian employees are eligible, providing benefits based on final pensionable earnings. The assets of the scheme are held separately from those of the Ansul Group being invested with Swiss Life. The total pension cost of the Ansul Group is determined by an independent qualified actuary.

Provisions of £189,000 and £987,000 are included in provisions for liabilities and charges respectively representing the excess of the accumulated pension cost over the amount funded of the Ansul Group and Nu-Swift Limited Group pension schemes respectively.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

26 OPERATING LEASE RENTAL COMMITMENTS ON LAND AND BUILDINGS

	Group	
	2000	1999
	£'000	£'000
Annual commitments for leases expiring		
Within one year	39	58
Between two and five years inclusive	220	224
Over five years	35	113
	294	395

27 GROUP UNDERTAKINGS

The following material subsidiary undertakings are all wholly owned:

	Activity	Country of registration or incorporation
Fire Protection Holdings Limited	Sub-holding	England
Ansul s.a.	Fire protection	Belgium
Al Protec N.V.	Fire protection	Belgium
Ansul BV	Fire protection	Holland
Total TF AG	Fire protection	Switzerland*
Total Firestop GmbH	Fire protection	Austria
Nu-Swift Limited	Sub-holding	England
Nu-Swift International Limited	Fire protection	England
Nu-Swift (Engineering) Limited	Fire protection	England
The General Fire Appliance Company Limited	Fire protection	England
L W Safety Limited	Fire protection	England
Hoyles Limited	Sub-holding	England
Hoyles Fire & Safety Limited	Fire protection	England
Feuerloscher Nu-Swift (Schweiz) AG	Fire protection	Switzerland*
Nu-Swift Brandbeveiliging BV	Fire protection	Holland*
Importex SA	Fire protection	Belgium
Maclin SA	Fire protection	Switzerland*
Dimex Technics SA	Fire protection	Belgium
Toldwell Limited	Sub-holding	England

*Auditors other than PricewaterhouseCoopers

With the exception of Fire Protection Holdings Limited the shares in all group undertakings are held by subsidiary undertakings.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2000

28 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Company regards EOI Fire SARL, a company registered in Luxembourg, as its ultimate parent undertaking through its 80 per cent. holding in London Securities Plc. The directors regard Mr J.G. Murray as the ultimate controlling party through his controlling interest in EOI Fire SARL.

29 RELATED PARTY TRANSACTIONS

During the year the Group has incurred costs amounting to £900,000 (1999 £nil) in respect of the executive directors including the head office and other expenses under the Services Agreement referred to in the Remuneration Report. Balances disclosed in notes 14 and 16 as being due to and from related undertakings are with companies controlled by Mr J G Murray.

The Group has taken advantage of the exemption available under Financial Reporting Standard No. 8 "Related Party Disclosures" from disclosing transactions between related parties within the Group.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS GIVEN THAT the annual general meeting of London Securities Plc will be held at The Grosvenor House Hotel, Park Lane, London W1A 3AA on 12 June 2001 at 10.30 am for the following purposes:

To consider the following resolutions as ordinary resolutions:

1. To receive the directors' report and the financial statements for the year ended 31 December 2000.

2. To approve the payment of a final dividend of 3 pence per ordinary share, such dividend to be payable on 11 July 2001 to the holders of such shares on the register of members on 8 June 2001.

3. To re-elect Mr. J-J. Murray as a director.

4. To re-elect Mr. F.M.B. Gailer as a director.

5. That PricewaterhouseCoopers be re-appointed as auditors of the Company, to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and that their remuneration be fixed by the directors.

As special business to consider the following resolutions as special resolutions:

6. That the directors be and are empowered pursuant to Section 95 of the Companies Act 1985 ("Act") to allot equity securities (within the meaning of Section 94 of the Act) of the Company for cash pursuant to the general authority conferred by the resolution passed at last year's annual general meeting for the purposes of section 80 of the Act as if Section 89(1) of the 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 in such offer 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 that would otherwise arise or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory or otherwise; and

   (ii) the allotment (other than pursuant to (i) above) of equity securities up to an aggregate nominal amount of £72,729;

   and such power shall expire on the date of the next Annual General Meeting of the Company or 15 months after the date of the passing of this resolution (whichever 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 by this resolution had not expired.

7. That the Company be and is generally and unconditionally authorised to make market purchases (as defined in Section 163 (3) of the Act) of ordinary shares of 10 pence each in the capital of the Company ("ordinary shares") provided that:

NOTICE OF ANNUAL GENERAL MEETING

continued

(i) the maximum aggregate number of ordinary shares authorised to be purchased is 500,000;

(ii) the minimum price which may be paid for such shares is 10 pence per share;

(iii) the maximum price (exclusive of expenses) which may be paid for such shares is not more than 5 per cent. above the average of the middle market quotations as derived from the stock exchange daily official list for the five business days immediately preceding the day on which the purchase is contracted to take place;

(iv) the authority conferred shall expire at the conclusion of the next Annual General Meeting of the Company or 15 months after the passing of this resolution (whichever is the earlier); and

(v) the Company may make a contract to purchase its own shares under the authority conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority, and may make a purchase of its own shares in pursuance of any such contract.

By Order of the Board

Richard Pollard

Company Secretary

3 May 2001

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 Capita IRG plc, Proxy Department, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU 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 (Saturdays 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 The Grosvenor House Hotel, Park Lane, London W1A 3AA on 12 June 2001 at 10.30 am and at any adjournment of such meeting.

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

Resolution	For	Against
1 To receive the directors' report and the financial statements		
2 To approve the payment of a final dividend of 3p per ordinary share		
3 To re-elect Mr J-J Murray as a director		
4 To re-elect Mr M. Gailer as a director		
5 To re-appoint PricewaterhouseCoopers as auditors		
6 To empower the directors to allot shares for cash		
7 To empower the company to purchase its own shares		

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 notarially certified copy of such power or authority, with the Company's registrars, Capita IRG plc, Proxy Department, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU 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

1st Fold

Capita IRG plc
Proxy Department
Bourne House
34 Beckenham Road
BECKENHAM
Kent
BR3 4TU

2nd Fold