

London Securities Plc

ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2001



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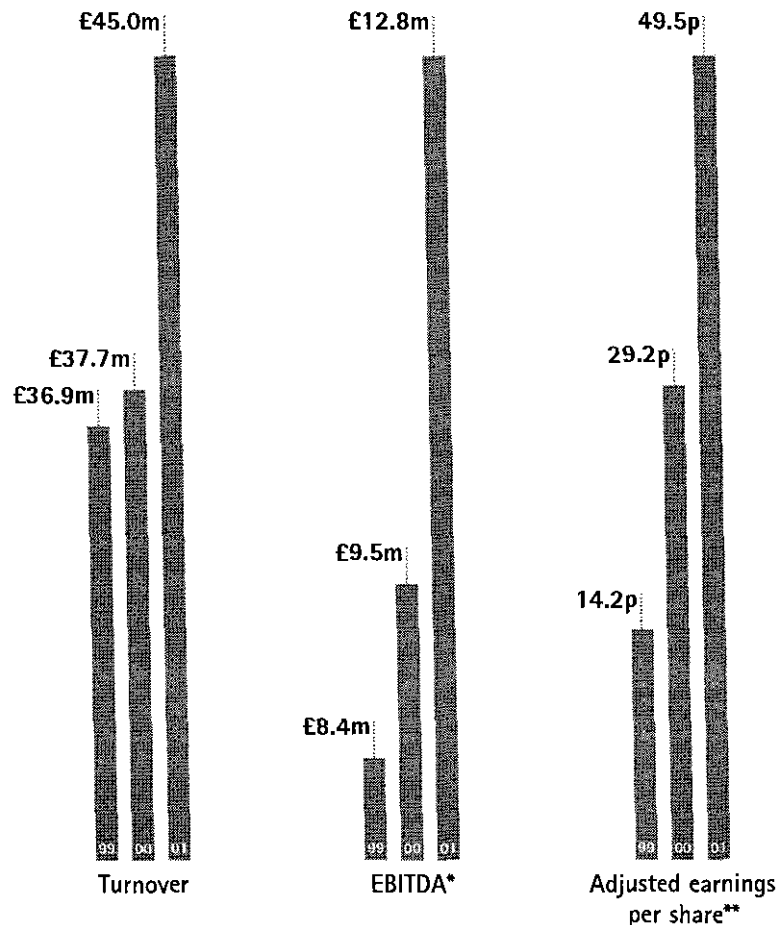
Corporate Statement

London Securities is a leader in Europe's fire security industry. Each year we protect and serve over 250,000 customers through our local presence in the UK, Holland, Belgium, Switzerland and Austria.

Our services and products are commercialised through well and long established brands of Nu-Swift, Ansul, Total, Importex Premier and Master. The unique styling of our products makes them immediately recognisable to both the industry and customers alike.

We aim to achieve the highest levels of service and product quality through constant training of our employees to the most stringent servicing standards and the development of the highest performance rated fire products. These activities are performed whilst considering the preservation of the environment.

From the largest blue chip companies, to governments, to the private individual our customers know that our name stands for integrity of service by the best trained and qualified professionals with quality products that have achieved the highest performance ratings.



*Earnings before interest, taxation, depreciation and amortisation
 **Earnings per share after eliminating the effect of amortisation of goodwill and profit on disposal of property investment companies

Chairman's Statement

It gives me great pleasure to be able to report that our Group has achieved excellent results in the 2001 financial year. Financial highlights include:

- **Turnover increased by 19% to £45.0 million**
- **Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 34% to £12.8 million**
- **Adjusted earnings per share increased by 70% to 49.5p**
- **Net gearing reduced from 40.7% at 31 December 2000 to 20.7%**
- **Dividend increased by 83% from 3p to 5.5p**

Trading Review

The above financial highlights confirm the success of the business review performed during our budgeting process as outlined in last year's Annual Report.

Corporate initiatives applied throughout the Group, together with improvements specific to individual operations, have contributed towards this excellent improvement.

The newly designed foam extinguisher has proved extremely popular with customers in all countries and has contributed greatly to increased sales. A concentrated effort to focus on ancillary sales has significantly improved revenue.

The Group's Nu-Swift UK operations have shown improved profits benefiting from investment in prior years in rental activities. Costs have been stringently controlled with inefficiencies being reduced.

In Belgium, retraining and reorganisation of the sales and service teams has increased profits as has the increased focus on the development of new product lines.

Dutch operations have benefited from improved management which has led to a better service being offered to customers which has increased sales. In addition, sales have benefited from increased customer awareness of the importance of fire protection following the serious fire that occurred in Voldendam on New Year's Eve last year.

Profits in Austria and Switzerland are marginally improved from 2000 due to the strengthening of the management team.



The newly designed foam extinguisher has proved extremely popular with customers in all countries and has contributed greatly to increased sales.

Future Prospects

The outlook for 2002 is optimistic.

On the service side, our objective is to provide a greater range of fire protection services including improvements to the fire training, fire alarms and risk assessment services currently offered.

In addition to organic growth, it remains a principal aim of the Company to grow through acquisition. Acquisitions are being sought throughout Europe and the Group will invest at the upper end of the price spectrum where an adequate return is envisaged.

The Group is actively trying to obtain ISO 14001, the new environmental standard accreditation, as evidence of our long-term commitment to the environment.

Management and Staff

2001 was a year in which the staff excelled and, on your behalf, I would like to express thanks and appreciation for their contribution.

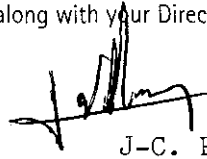
Dividend

A final dividend of 4p (2000: 3p) per share is proposed, payable on 14 June 2002 to shareholders on the register on 17 May 2002. An interim dividend of 1.5p per share (2000: nil) was paid in November 2001, making a total dividend for the year of 5.5p (2000: 3p) per share.

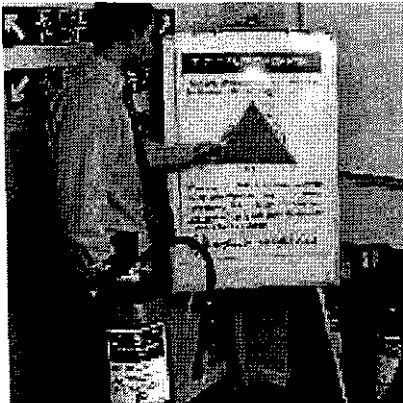
Annual General Meeting

The Annual General Meeting will be held at the Grosvenor House Hotel, Park Lane, London W1 on 30 May 2002. You will find enclosed 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



J.-C. Pillois
Director



Financial Review

Financial Highlights

	2001 £'000	2000 £'000	1999 £'000
Turnover	45,005	37,729	36,902*
Earnings before interest, tax, depreciation, and amortisation (EBITDA)	12,839	9,545	8,446*
Profit on ordinary activities before taxation	7,729	3,864	3,006
Dividend per share	5.5p	3p	2p

* From Proforma Profit and Loss Account of combined Nu-Swift and Ansul groups included in 2000 Annual Report and Accounts.

Profit and Loss Account

2001 proved to be an excellent year of organic growth for the Group. Turnover increased by 19% with EBITDA increasing to £12.8 million, an increase of 34%. EBITDA as a percentage of turnover was 28.5% (2000: 25.3%), underlining the fact that the impressive turnover growth was not achieved by reducing margins or profitability.

Net interest payable is much reduced from 2000 as the Group benefitted from lower debt levels and a reduction in lending rates.

Balance Sheet

The Balance Sheet has been strengthened by the repayment of £3.4 million of debt and an increase in net worth to £43.8 million. Stocks and trade debtors have increased reflecting higher trading levels. Trade debtors represent 56 days sales (2000: 58 days) and stocks represent 155 days cost of sales (2000: 173 days). Net debt levels have reduced from £16.5 million to £9.1 million reducing gearing to 20.7%.

Cash Flow

The Group has remained extremely good at generating cash in 2001. Increased trading levels have given rise to increases in the absolute value of stocks and debtors. Despite this, the cash flow from operating activities has risen by 49.4% to £11.8 million. Cash at the bank has increased by £4.0 million and £3.4 million of bank debt has been repaid.



Taxation

Excluding goodwill charges, which in the main are not tax deductible, the Group's overall effective tax rate is 30.9%.

The Group has negligible taxation losses carried forward and should expect to pay similar levels of taxation going forward.

Treasury Management and Policy

The Board considers foreign currency translation exposure and interest rates to be the only potential treasury risks. Treasury policies and guidelines are authorised and reviewed by the Board. The Group's policy is to hedge its international assets with respect to foreign currency balance sheet translation exposure. Consequently 62% of the Group's debt is denominated in foreign currencies, which also proportionately matches foreign currency interest and capital payments. The Group does not hedge against foreign currency transaction exposure.

There has been no change during the year, or since the year end, to the financial risks faced by the Group or to the Group's approach to the management of those risks.

Interest Rate Risk

The majority of the Group's borrowings are subject to floating rate debt aligned to LIBOR. Interest rate caps were taken out in 2000 to provide interest rate cover for 60% of the Group's debt. The Directors consider that in the current economic climate the level of risk does not warrant the relatively high level of costs that would be incurred taking out further financial derivatives to cover interest rate risk.

J-C Pillois
Finance Director



Cash flow from operating activities has risen by 49% to £11.8 million. Cash at the bank has increased by £4.0 million and £3.4 million of debt has been repaid.

Directors and Advisers

Jacques Gaston Murray (82)

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 extinguisher 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. J. G. Murray has a business interest in Andrews Sykes Group plc ("Andrews Sykes"), a separately listed UK company, owning approximately 70% of the issued share capital.

Jean-Jacques Murray (35)

Executive Director

Jean-Jacques is the son of Jacques Gaston Murray. His prime responsibility is the control and strategic direction of the Group. He is a Non-Executive Director of Andrews Sykes.

Jean-Christophe Pillois (45)

Finance Director

He trained as the equivalent of a chartered accountant with Price Waterhouse in France and joined the Nu-Swift Group in December 1983. His role incorporates responsibility for the finance activities of the Group. J-C Pillois is also interim Finance Director of Andrews Sykes.

Emmanuel Sebag (33)

Operations Director

He acts as Jacques Gaston Murray's assistant and is responsible for the Fire Group's operations and for identifying and negotiating acquisitions for the Group. E. Sebag is a Non-Executive Director of Andrews Sykes.

Henry Shouler (64)

Senior Independent Non-Executive Director

H. 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 (66)

Independent Non-Executive Director

He is a Non-Executive Director of Andrews Sykes and a number of private companies.

Secretary and Registered Office

Richard Husband

Wistons Lane

Elland

West Yorkshire HX5 9DS

Registered Number

53417

Registered Auditors

Price WaterhouseCoopers

Benson House

33 Wellington Street

Leeds LS1 4JP

Registrars

AFG plc

Bourne House

34 Beckenham Road

Beckenham

Kent BR3 4TU

Bankers

Hoyts TSB Bank plc

Artisan Bank plc

Solicitors

Walker Bown

Kings Court

12 King Street

Leeds LS1 2HL

Stephens & Johnson

Clements House

14/18 Gresham Street

London EC2V 7JE

Stockbrokers

Tencher & Greenwood

Beaufort House

15 St. Botolph Street

London EC3A 7QR

Nominated Advisers

Crest & Young

P O Box 61

Cloth Hall Court

14 King Street

Leeds LS1 2JN

Report of the Directors

The Directors present their report and the audited financial statements for the year ended 31 December 2001.

Principal Activities

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

Results and Dividends

The profit after taxation for the year ended 31 December 2001 amounted to £4,524,000 (2000: £3,256,000). A final dividend of 4p per ordinary share is proposed, payable on 14 June 2002 to shareholders on the register at 17 May 2002.

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 Director:

J. G. Murray, J-J. Murray, J-C. Pillois, E. Sebag

Non-Executive Directors

M. Gailer, H. Shouler

H. Shouler and J-C. Pillois 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 2001 had any disclosable interest in the share capital of the Company or any subsidiary undertaking.

	Ordinary shares of 10p each		
	At 24 April 2002	At 31 December 2001	At 1 January 2001
J. G. Murray	14,218,614	14,206,614	13,882,994

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

Substantial Shareholdings

At 23 April 2002, the Company had been notified of the following interest of 3% or more in the share capital of the Company:

	Number of shares	Percentage of share capital
EOI Fire SARL	11,602,320	80.09
Tribjun Corporation N.V.	1,814,174	12.52
Easton Holding s.a.	492,000	3.40

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

Report of the Directors

Andrews Sykes

The Companies Act requires disclosure of Directors' interests in any corporate body in the same group. As J. G. Murray controls in excess of 50% of Andrews Sykes, the following disclosure is required.

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

	Ordinary shares of 10p each		
	At 24 April 2002	At 31 December 2001	At 1 January 2001
J. G. Murray	51,191,257	51,315,257	48,280,600
J-J. Murray	270,000	245,000	2,096,277
J-C. Pillois	1,038,580	1,038,580	413,580
E. Sebag	17,560	17,560	17,560
M. Gailer	20,000	20,000	20,000

The following options to subscribe for ordinary shares in Andrews Sykes were held at 29 December 2001:

	Number of ordinary shares		Period of exercise	Exercise price pence
	At 29 December 2001	At 30 December 2000		
J-C. Pillois	—	625,000	8 Dec 1995 to 8 Dec 2001	22.4
	—	500,000	1 Jan 2000 to 31 Dec 2006	98.6
	—	73,707	7 Aug 2001 to 6 Aug 2008	194.0
	373,707	—	1 Nov 2004 to 31 Oct 2011	89.5
	500,000	—	1 June 2003 to 31 May 2010	89.5
E. Sebag	—	500,000	1 Jan 2000 to 31 Dec 2006	98.6
	—	25,862	7 Aug 2001 to 6 Aug 2008	194.0
	325,862	—	1 Nov 2004 to 21 Oct 2011	89.5
	500,000	—	1 June 2003 to 31 May 2010	89.5
J. G. Murray	—	1,900,000	1 June 2001 to 31 May 2008	250.0
	1,900,000	—	1 Nov 2004 to 31 Oct 2011	89.5

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. The Group is currently working towards the objective of obtaining ISO 14001 accreditation.

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 2001 Group average creditor days was 45 days (2000: 45 days).

The Company has no trade creditors.

Donations

The Company and Group made no political donations during the year (2000: £nil) and charitable donations of £4,000 (2000: £3,500).

Purchase of Own Shares

During the year the Company purchased 58,500 of its own ordinary shares of 10p each for cancellation for a consideration of £337,503. This represented 0.4% of the issued ordinary share capital at that time. As at 1 January 2002 there remained outstanding general authority for the Directors to purchase a further 490,000 10p ordinary shares.

The special business to be proposed at the 2002 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 £72,436, being 5% 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.

Contracts of Significance

Details of any contracts of significance are included in the Remuneration Report.

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.

Annual General Meeting

The notice of the Annual General Meeting is set out on pages 35 and 36 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. Pollard
Company Secretary
Wistons Lane
Elland
West Yorkshire HX5 9DS



30 May 2001

Corporate Governance

The Listing Rules applicable to the Company contain the Principles of Good Governance and Code of Best Practice ("the Combined Code").

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.

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 80% owned by EOI Fire SARL ("EOI"), which is itself controlled by the Chairman of the Company, 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.

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 H. Shouler, M. Gailer and J-J. Murray. The committee is chaired by H. 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 15.

The audit committee currently comprises H. Shouler, M. Gailer, J-J. Murray and J-C. Pillois. H. Shouler and M. Gailer are independent of management and EOI. The committee is chaired by H. 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 ongoing monitoring of risks.

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

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.

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 only in accordance with the ICAEW's guidance "Internal Control and Financial Reporting" (the Rutteman guidance), and to report the non-compliance with "Internal Control: Guidance for Directors on the Combined Code" (the Turnbull guidance).

Corporate Governance

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.
- 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.

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, the absence of a nomination committee enabling a formal procedure for the appointment of new Directors, having only two Non-Executive Directors, 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.

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 2001 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. Pollard
Company Secretary
24 April 2002



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 H. Shouler, M. Gailer and J-J. Murray, the majority being Non-Executive Directors of the Company who are independent of management. The committee is chaired by H. 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 2001 is set out below:

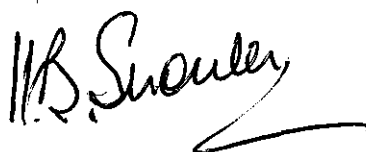
	Salary £	Directors' fees £	Benefits in kind £	Total 2001 £	Total 2000 £
Executive					
J. G. Murray	—	—	—	—	—
J-C. Pillois	—	64,000	—	64,000	92,730
E. Sebag	100,000	—	11,957	111,957	108,434
J-J. Murray	—	—	—	—	—
Non-Executive					
H. Shouler	—	20,000	—	20,000	20,000
M. Gailer	—	19,000	—	19,000	19,000
	100,000	103,000	11,957	214,957	240,164

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 £1,170,000 (2000: £900,000) for the year ended 31 December 2001 as per the Services Agreement.

None of the Directors participate in Group pension arrangements.

On behalf of the Board

H. Shouler
Chairman of the Remuneration Committee
24 April 2002



Independent Auditors Report to the members of London Securities Plc

We have audited the financial statements on pages 18 to 34 (including the Directors' remuneration disclosures set out on page 15) which have been prepared under the historical cost convention and the accounting policies set out on pages 23 and 24.

Respective Responsibilities of Directors and Auditors

The Directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of Directors' responsibilities on page 14.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards issued by the Auditing Practices Board and the Listing Rules of the Financial Services Authority.

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 1985. 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.

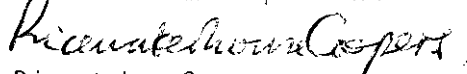
Basis of Audit Opinion

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 of the Group at 31 December 2001 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Leeds
24 April 2002

Consolidated Profit and Loss Account

for the year ended 31 December 2001

	Notes	Year ended 31 December 2001 £'000's	Year ended 31 December 2000 £'000's
Turnover	2	45,005	37,729
Cost of sales		(6,756)	(5,518)
Gross profit		38,249	32,211
Distribution costs		(17,357)	(15,782)
Administrative expenses		(12,348)	(11,097)
Operating profit		8,544	5,332
EBITDA**		12,839	9,545
Depreciation	11	(1,637)	(1,573)
Amortisation of goodwill	10	(2,658)	(2,640)
Operating profit		8,544	5,332
Income from fixed asset investments		93	96
Net interest payable	4	(983)	(1,508)
Exchange gain/(loss) on foreign currency		75	(56)
Profit on ordinary activities before taxation	5	7,729	3,864
Taxation	6	(3,205)	(608)
Profit on ordinary activities after taxation		4,524	3,256
Dividends	7	(797)	(435)
Retained profit	21	3,727	2,821
Basic earnings per ordinary share	9	31.2p	22.3p
Adjusted earnings per ordinary share	9	49.5p	29.2p
Dividend per ordinary share	7	5.5p	3.0p

All of the above results arose from continuing operations.

**Earnings Before Interest, Taxation, Depreciation and Amortisation

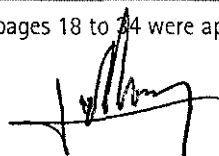
Consolidated Balance Sheet

as at 31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Intangible assets	10	47,351	50,101
Tangible assets	11	6,068	5,838
Investments	12	70	70
		53,489	56,009
Current assets			
Stocks	13	2,882	2,620
Debtors	14	9,457	9,672
Cash at bank and in hand		7,292	3,310
		19,631	15,602
Creditors: amounts falling due within one year			
Finance debt	15	(3,090)	(3,126)
Other creditors	16	(11,731)	(10,218)
		(14,821)	(13,344)
Net current assets		4,810	2,258
Total assets less current liabilities		58,299	58,267
Creditors: amounts falling due after more than one year			
Finance debt	15	(12,848)	(16,225)
Other creditors	17	—	(146)
		(12,848)	(16,371)
Provisions for liabilities and charges	18	(1,657)	(1,421)
Net assets		43,794	40,475
Capital and reserves			
Called up share capital	20	1,449	1,455
Share premium	21	27,476	27,476
Capital redemption reserve	21	115	109
Merger reserve	21	2,033	2,033
Profit and loss account	21	12,721	9,402
Total equity shareholders' funds		43,794	40,475

The financial statements on pages 18 to 24 were approved by the Board of Directors on 24 April 2002 and were signed on its behalf by:

J. G. Murray
Chairman



J.-C. Pillois
Director

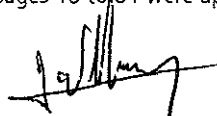
Company Balance Sheet

as at 31 December 2001

	Notes	2001 £'000	2000 £'000
Fixed assets			
Tangible assets	11	574	—
Investments	12	47,260	45,286
		47,834	45,286
Current assets			
Debtors	14	318	141
Cash at bank and in hand		55	30
		373	171
Creditors: amounts falling due within one year	16	(14,701)	(10,643)
Net current liabilities		(14,328)	(10,472)
Net assets		33,506	34,814
Capital and reserves			
Called up share capital	20	1,449	1,455
Share premium account	21	27,476	27,476
Capital redemption reserve	21	115	109
Profit and loss account	21	4,466	5,774
Total equity shareholders' funds		33,506	34,814

The financial statements on pages 18 to 34 were approved by the Board of Directors on 24 April 2002 and were signed on its behalf by:

J. G. Murray
Chairman



J.-C. Pillois
Director

Consolidated Cash Flow Statement

for the year ended 31 December 2001

	Notes	Year ended 31 December 2001 £'000	Year ended 31 December 2000 £'000
Net cash inflow from operating activities	22	11,803	7,900
Return on investments and servicing of finance			
Interest received		366	114
Interest paid		(1,227)	(1,486)
Dividends received		93	96
Net cash outflow from return on investments and servicing of finance		(768)	(1,276)
Taxation			
Corporation tax paid		(612)	(1,845)
Capital expenditure			
Payments to acquire intangible fixed assets	10	(66)	–
Payments to acquire tangible fixed assets	11	(2,160)	(1,776)
Receipts from sales of tangible fixed assets		212	258
Net cash outflow for capital expenditure		(2,014)	(1,518)
Acquisitions and disposals			
Payments to acquire subsidiary undertakings		–	(307)
Equity dividends paid to shareholders		(652)	(102)
Net cash inflow before use of liquid resources and financing		7,757	2,852
Financing			
Purchase of own shares	21	(338)	(214)
New long-term loans		–	184
Repayment of long-term loans		(3,437)	(3,145)
Net cash outflow from financing		(3,775)	(3,175)
Increase/(decrease) in cash and equivalents	23	3,982	(323)

Statement of Total Recognised Gains and Losses

for the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Profit for the financial year		4,524	3,256
Currency translation differences on foreign currency net investments	21	(70)	189
Total recognised gains and losses		4,454	3,445

Reconciliation of Movements in Group Equity Shareholders' Funds

for the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Profit for the financial year		4,524	3,256
Dividends	7	(797)	(435)
		3,727	2,821
Purchase of own shares	21	(338)	(214)
Currency translation differences on foreign currency net investments	21	(70)	189
Net addition to Group equity shareholders' funds		3,319	2,796
Opening Group equity shareholders' funds		40,475	37,679
Closing Group equity shareholders' funds		43,794	40,475

Reconciliation of Movements in Company Equity Shareholders' Funds

for the year ended 31 December 2001

	Notes	2001 £'000	2000 £'000
Loss for the financial year		(173)	(3)
Dividends	7	(797)	(435)
		(970)	(438)
Purchase of own shares	21	(338)	(214)
Net reduction in Company equity shareholder's funds		(1,308)	(652)
Opening Company equity shareholder's funds		34,814	35,466
Closing Company equity shareholder's funds		33,506	34,814

Notes to the Financial Statements

for the year ended 31 December 2001

1. Principal Accounting Policies

Basic Accounting

The financial statements have been prepared in accordance with the historical cost convention modified by the revaluation of freehold and long leasehold land and buildings, and in accordance with applicable Accounting Standards. A summary of the more important accounting policies is set out below.

FRS 18 "Accounting Policies" has been adopted during 2001 and required a full review of all the Group's accounting policies and estimation techniques. This review was conducted in accordance with FRS 18 which requires that, where a choice of treatment is available, the "most appropriate" accounting policies and estimation techniques should be used. The implementation of FRS 18 did not result in any changes in accounting policies or estimation techniques.

Basic of Consolidation

The Group financial statements incorporate the financial statements of the parent company and its subsidiaries made up to 31 December 2001.

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.

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 United Kingdom companies are translated into sterling at the rates of exchange ruling at the Balance Sheet date. The Profit and Loss Accounts of overseas subsidiaries 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.

Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost or internal production costs, 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 annual rates are as follows:

Freehold buildings	2-6%
Plant, machinery and motor vehicles	10-33%
Fixtures, fittings and equipment	10%
Aircraft	5%

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 net of returns and value added tax.

Revenue Recognition

The Group derives its revenue from three major sources – outright sale of fire fighting equipment, servicing of this equipment and providing fire fighting equipment under rental contracts. The revenue recognition policies for each of these sources is as follows:

- revenue from the outright sale of equipment is recognised upon delivery to a customer;
- revenue from the servicing of equipment is recognised when the service has been performed; and
- revenue from the equipment leased to customers under an operating lease is recognised over the term of the lease on a pro-rata basis.

Notes to the Financial Statements

for the year ended 31 December 2001

1. Principal Accounting Policies (continued)

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.

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.

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 geographically as follows:

	2001 £'000	2000 £'000
United Kingdom	12,419	11,539
Belgium	15,712	13,212
Holland	11,409	7,919
Austria	2,990	2,580
Switzerland	2,475	2,479
	45,005	37,729

The Directors consider that the Group's activities constitute both one class of business and, given the relative characteristics of each country in which the Group operates, one geographical market.

3 Employees and Directors

	2001 £'000	2000 £'000
Staff costs, including Directors' emoluments		
Wages and salaries	16,396	15,155
Social security costs	2,851	2,573
Other pensions costs (see note 24)	221	214
	19,468	17,942

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

	2001 Number	2000 Number
By geographical area		
United Kingdom	204	211
Rest of Europe	440	433
	644	644

Directors' Emoluments

	2001 £'000	2000 £'000
Aggregate emoluments	215	240

Detailed disclosures of Directors' individual remunerations are given on page 15.

4 Net Interest Payable

	2001 £'000	2000 £'000
Interest payable:		
Bank loans, overdrafts and other loans repayable within five years	1,227	1,500
Amortisation of finance arrangement costs	89	89
Cost of interest rate capping	33	33
	1,349	1,622
Interest receivable	(366)	(114)
	983	1,508

5 Profit on Ordinary Activities before Taxation

This is stated after charging:

	2001 £'000	2000 £'000
Staff costs including Directors' emoluments	19,468	17,942
Depreciation on tangible fixed assets	1,637	1,573
Amortisation on intangible fixed assets	2,658	2,640
Hire charges under operating leases:		
Plant and machinery	146	132
Other	47	38
Auditors' remuneration for:		
Audit (Company: £11,000; 2000: £10,000)	111	114
Other services to the Company and its United Kingdom subsidiaries	60	45

6 Tax on Profit on Ordinary Activities

	2001 £'000	2000 £'000
Based on profit for the year:		
United Kingdom corporation tax at 30% (2000: 30%)	870	420
Overseas tax	2,341	1,593
Deferred tax	82	224
ACT written off	—	4
	3,293	2,241
Overprovision in respect of prior years		
United Kingdom Corporation Tax	(23)	—
Overseas Tax	(65)	(1,633)
	3,205	608

In 2001 the tax charge is higher than normal due to the general disallowance of the goodwill amortisation charge.

7 Dividends

	2001 £'000	2000 £'000
Equity dividend paid of 5.5p (2000: 3p) per ordinary share	797	435

Notes to the Financial Statements

for the year ended 31 December 2001

8 Loss 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 loss for the financial year dealt within the financial statements of the parent company is a loss of £970,000 (2000: £438,000).

9 Earnings per Share

The calculation of basic earnings per ordinary share is based on the profit on ordinary activities after taxation of £4,524,000 (2000: £3,256,000) and on 14,504,217 (2000: 14,579,007) 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 14,504,217 (2000: 14,579,007) ordinary shares in issue prior to 31 December 2001 and on adjusted earnings which comprise:

	2001		2000	
	£'000	pence	£'000	pence
Profit on ordinary activities after taxation	4,524	31.2	3,256	22.3
Eliminate effect of:				
Exceptional tax credit in respect of prior years	—	—	(1,633)	(11.2)
Amortisation of goodwill	2,658	18.3	2,640	18.1
Adjusted profits on ordinary activities after taxation	7,182	49.5	4,263	29.2

10 Intangible Fixed Assets

Group	Goodwill £'000
Cost	
At 1 January 2001	52,741
Additions	66
Exchange differences	(158)
At 31 December 2001	52,649
Amortisation	
At 1 January 2001	2,640
Charge for the year	2,658
At 31 December 2001	5,298
Net book amount at 31 December 2001	47,351
Net book amount at 31 December 2000	50,101

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

The Group has made a number of additions during the year, none of which the Directors consider to be material in respect of either the consideration paid, the net assets acquired or the contributions to turnover and profit in the period post acquisition.

11 Tangible Fixed Assets

Group	Freehold land and buildings £'000	Plant and machinery £'000	Motor vehicles and aircraft £'000	Fixtures, fittings and equipment £'000	Total £'000
Cost or valuation					
At 1 January 2001	5,211	11,223	3,550	2,138	22,122
Additions	9	517	1,461	173	2,160
Disposals	—	(368)	(663)	(51)	(1,082)
Exchange adjustment	(107)	(249)	(54)	(39)	(449)
At 31 December 2001	5,113	11,123	4,294	2,221	22,751
Depreciation					
At 1 January 2001	2,696	10,346	1,501	1,741	16,284
Disposals	—	(334)	(493)	(43)	(870)
Charge for the year	117	498	842	180	1,637
Exchange adjustment	(70)	(239)	(24)	(35)	(368)
At 31 December 2001	2,743	10,271	1,826	1,843	16,683
Net book amount at 31 December 2001	2,370	852	2,468	378	6,068
Net book amount at 31 December 2000	2,515	877	2,049	397	5,838

Freehold land and buildings as at 31 December 2001 have been included on an historical cost basis.

Plant and machinery includes fire extinguishers leased to customers under operating lease contracts with a cost of £6,311,000 (2000: £6,333,000) and a net book value of £482,000 (2000: £466,000).

Company	Motor vehicles and aircraft £'000	Total £'000
Cost		
At 1 January 2001	—	—
Additions	574	574
At 31 December 2001	574	574

12 Investments

Group	Shares in Unlisted Companies £'000
Cost	
At 1 January 2001 and at 31 December 2001	70

Company	Shares in subsidiary undertakings £'000	Long-term loans to subsidiary undertakings £'000	Total £'000
Cost			
At 1 January 2001	4,816	40,470	45,286
Additions	—	1,974	1,974
At 31 December 2001	4,816	42,444	47,260
At 31 December 2000	4,816	40,470	45,286

A schedule of Group undertakings, all of which are wholly owned subsidiary undertakings, is included at note 26.

Notes to the Financial Statements

for the year ended 31 December 2001

13 Stocks

	Group	
	2001 £'000	2000 £'000
Raw materials and consumables	1,296	1,062
Work in progress	131	133
Finished goods	1,455	1,425
	2,882	2,620

14 Debtors

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Trade debtors	8,077	7,080	—	—
Amounts owed by related undertakings	112	103	91	90
Other debtors	489	300	8	10
Prepayments and accrued income	285	383	52	1
Taxation recoverable	494	1,806	104	—
Group relief receivable	—	—	63	40
	9,457	9,672	318	141

15 Finance Debt

	Group	
	2001 £'000	2000 £'000
Bank loans and overdrafts (secured on the assets of certain Group undertakings)	16,358	19,795
Unamortised finance arrangement costs	(420)	(444)
	15,938	19,351
Repayable by instalments as follows:		
Over five years	—	3,456
Between two and five years	9,758	9,692
Between one and two years	3,090	3,077
	12,848	16,225
Within one year on demand	3,090	3,126
	15,938	19,351

Interest rates on the loans in existence during the year averaged 6.2% (2000: 7.0%) per annum.

Bank loans and overdrafts are stated net of unamortised finance arrangement costs of £420,000 (2000: £444,000) of which £336,000 (2000: £367,000) is to be amortised after more than one year.

16 Creditors: Amounts Falling Due within One Year

	Group		Company	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Trade creditors	851	1,093	—	—
Amounts owed to subsidiary undertakings	—	—	13,962	10,063
Amounts owed to related undertakings	439	381	—	—
Other creditors	2,253	2,263	77	77
Corporation tax	2,377	855	—	—
Other taxation and social security	2,595	2,657	—	—
Accruals	921	859	82	68
Deferred income	1,715	1,675	—	—
Proposed dividend	580	435	580	435
	11,731	10,218	14,701	10,643

17 Creditors: Amounts Falling Due after More Than One Year

Creditors falling due after more than one year in 2000 comprises other taxation and social security.

18 Provisions for Liabilities and Charges

Group	At 1 January 2001 £'000	Utilised £'000	Currency movement £'000	Profit and loss account £'000	At 31 December 2001 £'000
Pensions	1,176	(8)	(7)	176	1,337
Deferred taxation (below)	245	—	(7)	82	320
	1,421	(8)	(14)	258	1,657

Group	Amount provided		Amount unprovided	
	2001 £'000	2000 £'000	2001 £'000	2000 £'000
Deferred taxation				
The provided and unprovided deferred taxation liability/(asset) comprises:				
Short-term timing difference Europe	319	245	—	—
Accelerated capital allowances	—	—	(198)	(159)
Short-term timing difference United Kingdom	1	—	(193)	(170)
Capital losses	—	—	(25)	(16)
Capital gains on revaluation	—	—	105	105
Deferred taxation	320	245	(311)	(240)

Notes to the Financial Statements

for the year ended 31 December 2001

19 Financial Instruments

Short-term debtors and creditors have been excluded from all of the following disclosures as permitted under FRS 13 "Derivatives and other financial instrument disclosures".

Interest Rate Risk Profile on Floating Liabilities

	Floating rate financial liabilities 2001 £'000	Weighted average interest rate percentage 2001	Floating rate financial liabilities 2000 £'000	Weighted average interest rate percentage 2000
Currency				
Sterling	6,177	6.8%	7,315	7.7%
Euro	10,181	5.9%	12,480	6.6%
	16,358	6.2%	19,795	7.0%

In January 2000 the Group entered into interest rate caps for a period of three years on sterling borrowings of £4.8 million and Euro borrowings of Euro 13.4 million (£8.43 million equivalent) at interest rates of 8% and 6% respectively excluding bank's margin of 1.75%. The borrowing covered by the caps reduces in proportion to the loans outstanding at capital repayment dates. 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.

The Group does not trade in Financial instruments.

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 and pension balances.

Floating rate financial liabilities bear interest at rates based on interest rate fixings at 31 December 2001 including the bank's interest margin where appropriate. The Group did not have any fixed rate financial liabilities during the year.

Interest Rate Risk Profile of Financial Assets

Cash at bank and in hand

	2001 £'000	2000 £'000
Currency		
Sterling	1,078	904
Swiss Franc	936	595
Euro	5,278	1,811
At 31 December	7,292	3,310

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 2001 is analysed at note 15.

Borrowing Facilities

The Group had an undrawn committed borrowing facility available at 31 December 2001 of £2.3 million (2000: £2.3 million).

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 Exposure/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

	2001 Number	2001 £'000	2000 Number	2000 £'000
Authorised:				
Ordinary shares of 10p each	20,000,000	2,000	20,000,000	2,000
Allotted:				
Ordinary shares of 10p each	14,487,316	1,449	14,545,816	1,455

The Company purchased 58,500 of its own ordinary shares of 10p each during the year for a consideration of £337,503.

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 2001	27,476	109	2,033	9,402
Exchange adjustments	—	—	—	(70)
Purchase of own shares and maintenance of capital	—	6	—	(338)
Retained profit for the year	—	—	—	3,727
At 31 December 2001	27,476	115	2,033	12,721

Company	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000
At 1 January 2001	27,476	109	5,774
Purchase of own shares and maintenance of capital	—	6	(338)
Retained loss for the year	—	—	(970)
At 31 December 2001	27,476	115	4,466

22 Cash Flow from Operating Activities

Group	2001 £'000	2000 £'000
Reconciliation of operating profit to net cash inflow from operating activities:		
Operating profit	8,544	5,332
Amortisation of goodwill	2,658	2,640
Depreciation	1,637	1,573
Exchange differences	230	103
Increase in debtors	(1,195)	(581)
Increase/(decrease) in creditors and provisions	191	(1,001)
Increase in stocks	(262)	(166)
Cash flow from operating activities	11,803	7,900

Notes to the Financial Statements

for the year ended 31 December 2001

23 Reconciliation of Movement in Net Debt

	At 1 January 2001 £'000	Cash flow £'000	At 31 December 2001 £'000
Cash in hand and at bank	3,310	3,982	7,292
Debt due within one year	(3,203)	29	(3,174)
Debt due after one year	(16,592)	3,408	(13,184)
Total	(16,485)	7,419	(9,066)

24 Pensions

The Group operates a number of pension schemes. Details of the major schemes are set out below.

The Group has continued to account for pensions in accordance with SSAP 24 'Accounting for pension costs' and the disclosures given in (a) are those required by that standard. FRS 17 'Retirement benefits' was issued in November 2000. Accounting under FRS 17 is not mandatory for the Group until the year ended 31 December 2003 but transitional disclosures are required from 31 December 2001. These disclosures, to the extent not given in (a), are set out in (b).

(a) The Nu-Swift Limited Group operates a funded defined benefit pension scheme, for which the majority of the United Kingdom 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 as 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 annum, that salary increases would average 8% per annum and that present and future pensions would increase at the rate of 5% per annum.

The most recent actuarial valuation showed that the market value of the scheme's assets was £7,396,000 and that the actuarial value of those assets represented 113% 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 the 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 scheme is determined by an independent qualified actuary.

Provisions of £990,000 (2000: £987,000) and £347,000 (2000: £189,000) are included in provisions for liabilities and charges representing the excess of the accumulated pension cost over the amount funded of the Nu-Swift Limited Group and the Ansul Group pension schemes respectively.

(b) In respect of the Nu-Swift Limited Group scheme, the valuation used for FRS 17 in order to assess the liabilities of the scheme is based on an actuarial valuation at 31 December 2001. The scheme assets are stated at their market value at 31 December 2001.

The financial assumptions used to calculate liabilities of the Nu-Swift Limited Group scheme under FRS 17 are:

Valuation method	Projected unit
Discount rate	6.0%
Inflation rate	2.5%
Salary increase rate	4.25%
Increases for pensions in payment	2.25%
Revaluation of deferred pensions	2.5%

24 Pensions (continued)

The assets in the Nu-Swift Limited Group scheme and the expected rates of return were:

	Long-term return expected at 31 December 2001	Value at 31 December 2001 £'000
Equities	7%	5,642
Bonds	5%	1,037
Cash	5%	54
		6,733
Present value of scheme liabilities		(6,803)
Deficit in the scheme		(70)
Related deferred tax asset		21
Net pension deficit		(49)

In respect of the Ansul Group scheme, the valuation used for FRS 17 in order to assess the liabilities of the scheme is based on an actuarial valuation at 31 December 2001. The scheme assets are stated at their market value at 31 December 2001.

The financial assumptions used to calculate liabilities of the Ansul Group scheme under FRS 17 are:

Valuation method	Projected unit
Discount rate	5.75%
Inflation rate	2.0%
Salary increase rate	2.0%
Increases for pensions in payment	0.0%
Revaluation of deferred pensions	0.0%

The assets in the Ansul Group scheme and the expected rate of return were:

	Long-term return expected at 31 December 2001	Value at 31 December 2001 £'000
Assets with guaranteed interest with insurer	3.25% – 4.75%	639
Present value of scheme liabilities		(933)
Deficit in the scheme		(294)
Related deferred tax asset		100
Net pension deficit		(194)

If the above amounts had been recognised in the financial statements, the Group's net assets and profit and loss reserve at 31 December 2001 would be as follows:

	£'000
Net assets including pension provisions under SSAP 24	43,794
Pension provisions under SSAP 24	1,054
Pension deficits under FRS 17	(243)
Net assets including pension deficits under FRS 17	44,605
	£'000
Profit and loss reserve including pension provisions under SSAP 24	12,721
Pension provisions under SSAP 24	1,054
Pension deficits under FRS 17	(243)
Profit and loss reserve including pension deficits under FRS 17	13,532

Notes to the Financial Statements

for the year ended 31 December 2001

25 Operating Lease Rental Commitments on Land and Buildings

	Group	
	2001 £'000	2000 £'000
Annual commitments for leases expiring		
Between two and five years inclusive	190	—
Over five years	40	39
	230	39

26 Group Undertakings

The following material subsidiary undertakings are all wholly owned:

	Activity	Country of registration or incorporation and operation
Fire Protection Holdings Limited	Sub-holding	England
Ansul s.a.	Fire protection	Belgium
All-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.

27 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% holding in London Securities Plc. The Directors regard J.G. Murray as the ultimate controlling party through his controlling interest in EOI Fire SARL.

28 Related Party Transactions

During the year the Group has incurred costs amounting to £1,170,000 (2000: £900,000) 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 from and to related undertakings are with companies controlled by 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.

The Company incurred €44,814 of expenditure on behalf of J.G. Murray during the year which has subsequently been reimbursed.

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 30 May 2002 at 11.00 am for the following purposes:

To consider the following resolutions as ordinary resolutions:

1. To receive and consider the financial statements for the year ended 31 December 2001 and the reports of the Directors and auditors for that period.
2. To approve the payment of a final dividend of 4p per ordinary share, such dividend to be payable on 14 June 2002 to the holders of such shares on the register of members on 17 May 2002.
3. To re-elect H. Shouler, who retires by rotation under article 23.2 of the Company's articles of association, as a Director.
4. To re-elect J-C. Pillois, who retires by rotation under article 23.2 of the Company's articles of association, as a Director.

To consider the following resolution, special notice having been received of the intention to propose the resolution as an ordinary resolution:

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 (the "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 the 2000 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 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 £72,436; 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 10p each in the capital of the Company ("ordinary shares") provided that:
 - (i) the maximum aggregate number of ordinary shares authorised to be purchased is 250,000 shares;
 - (ii) the minimum price which may be paid for such shares is 10p per share;
 - (iii) the maximum price (exclusive of expenses) which may be paid for such shares is not more than 5% above the average of the middle market quotations 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
Secretary
24 April 2002



Notice of Annual General Meeting

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 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.

London Securities Plc

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 30 May 2002
at 11.00 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 4p per ordinary share		
3. To re-elect H. Shouler as a director		
4. To re-elect J.C. Pillois 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.