London Security plc
Annual Report and Accounts 2015

Registered number 53417

A leader in Europe's fire security industry

London Security plc is a leader in Europe's fire security industry.

Each year we provide fire protection for over 218,000 customers through our local presence in the United Kingdom, Belgium, the Netherlands, Austria and Luxembourg.

Our services and products are commercialised through the well and long established brands of Nu-Swift, Ansul, Total, 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 continuing 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 and private individuals, **our customers know that our name stands for integrity of service** by the best trained and qualified individuals with quality products that have achieved the highest performance ratings.

In this report:

European group brands

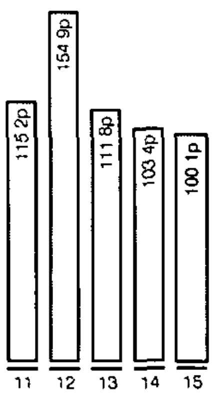
London Security plc continues to deliver industry-leading profit margins since acquiring the Ansul and Nu-Swift businesses. The challenges for the future are to continue to grow through acquisition and organically and to build upon our competitive advantage of being a complete fire protection solution provider.

European group brands

Financial highlights

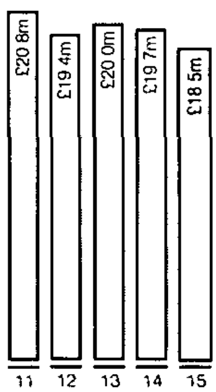
Earnings per share

100.1p



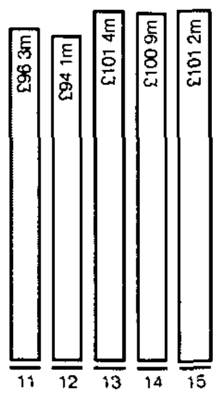
Operating profit

£18.5m



Revenue

£101.2m



Chairman's statement

"To retain our valued customers we need to strive to serve them at the highest possible level."

Financial highlights
Financial highlights of the audited results for the year ended 31 December 2015 compared with the year ended 31 December 2014 are as follows

- revenue of £101 2 million (2014 £100 9 million),
- operating profit before depreciation and amortisation of £23 2 million (2014 £23 9 million),
- operating profit of £18 5 million (2014 £19 7 million),
- profit after income tax of £12 3 million (2014 £12 7 million), and
- a dividend per share of £0 68 (2014 £0 62)

Trading review
The financial highlights illustrate that the Group's revenue increased by £0 3 million (0 3%) to £101 2 million However, these results are impacted by the movement in the Euro to Sterling average exchange rate, which has increased from 1 24 to 1 38 This movement in exchange rate had an adverse effect of £8 7 million on reported turnover If the 2015 results had been translated at 2014 rates, revenue would have been £109 9 million instead of £101 2 million (increase of 8 9% on prior year)

Operating profit decreased by £1 2 million (6 1%) to £18 5 million Adjusting for the change in the exchange rate on the same basis as above, operating profit would have been £20 4 million instead of £18 5 million (increase of 3 6%) This performance is reasonable and whilst the trading environment remains difficult we are hopeful of growth returning to our market A more detailed review of this year's performance is given in the Financial Review and the Strategic Report

Acquisitions
It remains a principal aim of the Group to grow through acquisition Acquisitions are being sought throughout Europe and the Group will invest at prices where an adequate return is envisaged by the Board In the year under review the Group has consolidated its presence, particularly in the Netherlands and the UK, with the acquisitions of service contracts from ten smaller well established businesses for integration into the Group's existing subsidiaries In addition, with the acquisition of DC Security in Belgium, the Group has entered the market for intruder alarms

Management and staff
2015 was a year in which the staff performed well and, on your behalf, I would like to express thanks and appreciation for their contribution The Group recognises that we can only achieve our aims with talented and dedicated colleagues who provide outstanding customer service in every area of the business

Dividends
A final dividend in respect of 2014 of £0 31 per ordinary share was paid to shareholders on 8 July 2015 An interim dividend in respect of 2015 of £0 37 per ordinary share was paid to shareholders on 30 October 2015 The Board is recommending the payment of a final dividend in respect of 2015 of £0 40 per ordinary share to be paid on 8 July 2016 to shareholders on the register on 10 June 2016 The shares will be marked ex-dividend on 9 June 2016

Future prospects
Quantitative easing, lower energy prices and loosening credit conditions are all enhancing the trading environment for our Group Our strong profitability and sustainable business model mean we are well placed to take advantage of this trend in 2016 For the future, customer care is becoming increasingly important in this ever competitive market To retain our valued customers we need to strive to serve them at the highest possible level

Annual General Meeting
The Annual General Meeting will be held at 10 Bruton Street, 5th Floor, London W1J 6PX on 22 June 2016 at 11 am 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 on the form Your Directors look forward to meeting you at that time

J G. Murray
Chairman
28 April 2016

JG MURRAY

Financial review

Consolidated Income Statement
The Group's revenue increased by £0 3 million (0 3%) to £101 2 million Operating profit decreased by £1 2 million (6 1%) to £18 5 million However, these results reflect the movement in the Euro to Sterling average exchange rate, which has increased from 1 24 to 1 38 If the 2015 results from the European subsidiaries had been translated at 2014 rates, revenue would have been £109 9 million instead of £101 2 million, which would represent an increase of 8 9% on prior year On the same basis operating profit would have been £20 4 million instead of £18 5 million, an increase of 3 6% compared to 2014 Comparing EBITDA (Earnings before interest, tax, depreciation and amortisation) to turnover, which eliminates the effect of the movement in exchange rates, the ratio has declined from 23 7% to 22 9% reflecting the pressure on prices in our market

The largest component behind the increase in revenue was £3 6 million generated by the full year effect of the Pyrotec businesses which were acquired in December 2014 Revenue included an increase of £1 9 million from the full year effect of our new Austrian subsidiary incorporated in the prior year, PMP Manus G m b H A further £1 3 million was generated by the acquisition in January 2015 of two new subsidiaries in the Netherlands The balance of growth came through smaller acquisitions and organic growth in our existing businesses The Group has entered the market for intruder alarms through the acquisition of DC Security, which reported turnover of £0 1 million in 2015 but would be expected to generate £0 6 million in a full year as part of the Group The market for fire protection is mature and highly competitive, as a result there is a downward pressure on prices which is eroding our margins We will continue to concentrate on the highest levels of customer service to mitigate this

As an acquisitive Group the effect of past business acquisitions can be seen in our amortisation charge This charge represents the declining value over time of customer contracts we have acquired over the last few years Overall depreciation and amortisation charged in deriving operating profit has increased by £0 5 million in 2015 compared to 2014 This increase is entirely attributed to the increase in the amortisation of service contracts It is a factor of the price we pay for service contracts and the length of time we expect to retain those customers within the Group

In summary:

- Results have been impacted by the movement in the Euro to Sterling average exchange rate
- The fire security market is experiencing increased competition and downward pressure on prices
- We will continue to concentrate on the highest levels of customer service to mitigate this
- The Board is optimistic for further success in 2016 as growth improves

Financial review continued

"The Group continues to demonstrate consistently profitable performance."

Consolidated Income Statement continued
Net finance costs have decreased from £0 6 million to £0 3 million This is mainly due to a revaluation of our derivative financial instruments A decrease in their value in 2014 resulted in a £0 3 million charge to finance income In 2015 this charge was replaced by a marginal increase in their value These financial instruments are the interest rate agreements the Group entered into to mitigate its interest rate risk on its bank borrowings

The Group's effective income tax rate of 32 2% of operating profit is expected to remain constant despite a reduction in corporation tax rates in the UK as most of the expense is incurred in overseas jurisdictions which are not affected by this reduction

Consolidated Statement of Financial Position
The Group continues to demonstrate consistently profitable performance and strong cash conversion This is illustrated by a well capitalised balance sheet with no net debt, a strong asset base and cash balances Borrowings have decreased from £15 5 million to £13 1 million

The movement can be analysed as follows

Opening borrowings	£15 5 million
Scheduled loan repayments	£(1 7) million
Amortisation of finance arrangement costs	£0 1 million
Exchange rate impact	£(0 8) million
Closing borrowings	£13 1 million

The Group's borrowings were refinanced in May 2013 with the Group's existing bankers, Lloyds Bank plc, and the Group had a new £19 7 million facility until 2018 Half of this loan will be repaid evenly over five years with the balance at maturity The multi-currency loan was denominated £6 million in Sterling and €16 million in Euros

The Group incurred £0 5 million in fees in arranging these loans which will be amortised over the life of the loans The bank loans in the financial statements are stated net of these finance arrangement fees

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

To fully address the foreign currency translation exposure the Group's borrowings which were refinanced in May 2013 are split between Euro and Sterling according to the forecast income streams This policy acts as a natural hedge as the effect of an adverse exchange movement on translation of foreign currency loans would be offset by a positive effect of translating income streams from Europe and vice versa

Regarding the interest risk, the Group has entered into interest rate agreements fixing LIBOR to 1 05% and EURIBOR to 0 84% plus a margin of 1 10% and 1 25% respectively to take advantage of the low market interest rates prevailing at the time The agreements took effect from May 2013 and remain in effect until the loans are repaid in 2018

Segmental reporting

The Directors have considered the requirements of IFRS 8 "Operating segments" Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") The CODM for the London Security Group has been identified as the Board as ultimately this function is responsible for the allocation of resources and assessing the performance of the Group's business units The management information on which the CODM makes its decisions has been reviewed to identify any reportable segments as defined by IFRS 8 The Directors have concluded that there is a single operating segment for which financial information is regularly reviewed by the CODM

The Group's companies in different European countries operate under similar economic and political conditions with no different significant risks associated with any particular area and no exchange control risks The Group's operations are managed on a pan-European basis and there are close operational relationships between subsidiary companies In addition the nature of products, services, production and distribution is consistent across the region Accordingly, the Directors have concluded that under IFRS 8 the Group operates in a single geographical and market segment

Key risks and uncertainties

The Group's key risks and uncertainties are discussed in the Strategic Report

Strategic report

Principal activities
London Security plc is an investment holding company and its Board co-ordinates the Group's activities The principal activities of the subsidiaries of the Group are the manufacture, sale and rental of fire protection equipment and the provision of associated maintenance services

Business model
The Group is a leader in Europe's fire security industry We provide fire protection through our local presence in the United Kingdom, Belgium, the Netherlands, Austria and Luxembourg

Our services and products are commercialised through the well and long-established brands such as Nu-Swift, Ansul, 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 continuing 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 The Group continues to build on its reputation for service excellence and quality to develop a "safety solutions" business with a well diversified and loyal customer base

Business review and results
The Consolidated Income Statement shows a profit attributable to equity shareholders of the Parent Company for the year ended 31 December 2015 of £12 3 million (2014 £12 7 million) The Group's results are discussed in detail in the Financial Review The Group paid dividends in the year of £8 3 million comprising a final dividend in respect of the year ended 31 December 2014 of £0 31 per ordinary share and an interim dividend of £0 37 per ordinary share in respect of the year ended 31 December 2015 The Board is recommending the payment of a final dividend in respect of the year ended 31 December 2015 of £0 40 per ordinary share The Group ended the year with net assets of £88 0 million (2014 £85 4 million)

Key performance indicators
Given the straightforward nature of the business, the Company's Directors are of the opinion that analysis of revenue, operating profit and earnings per share are the appropriate KPIs for an understanding of the development, performance and position of the business The analysis of these KPIs is included in the Chairman's Statement and the Financial Review

Principal risks and uncertainties
Increased competition, the current economic climate and industry changes are regarded as the main strategic risks These are mitigated by providing service levels recognised as being the best in the industry, together with a diverse base of operations throughout Europe

Growth through acquisition is an important strategy of the Group A potential risk is not identifying unsuitable acquisitions that fail to meet the investment case and would be disruptive to integrate into the Group This risk is mitigated by formal review by the investment committee prior to an offer being made Following acquisition the integration team implements the integration plan and monitors performance against that plan

Future developments
As a leading provider in our market with a well diversified and loyal customer base, the Board is cautiously optimistic for further success in 2016 as growth improves through the effects of quantitative easing, lower energy prices and loosening credit conditions At the same time the Group continues to carefully control its cost base to ensure satisfactory levels of profit can be achieved

Signed on behalf of the Board

J G Murray
Chairman
28 April 2016

JG MURRAY

Directors and Company advisers

Executive Directors

Independent Non-Executive Directors

Non-Executive Directors

Jacques Gaston Murray 96
Chairman

Mr Murray's 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 the majority shareholder in 1984 when Nu-Swift acquired Associated Fire Protection Limited, which owned General Incendie S A He has a business interest in, and is Chairman of, Andrews Sykes Group plc ("Andrews Sykes"), a separately AIM quoted UK company

Jean-Jacques Murray 49
Vice Chairman

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

Xavier Mignolet 51
Managing Director

Xavier Mignolet joined the Group in 1995 He is a Non-Executive Director of Andrews Sykes

Emmanuel Sebag 47
Executive Director

Emmanuel Sebag has responsibility for review and supervision of Group operations He is a Non-Executive Director of Andrews Sykes

Henry Shouler 78
Senior Independent Non-Executive Director

Henry Shouler is a Director of PKL Holdings plc He also has a number of other directorships in private companies

Michael Gailer 80
Independent Non-Executive Director

Michael Gailer is a Non-Executive Director of Andrews Sykes and a number of private companies

Jean-Pierre Murray 47
Non-Executive Director

Jean-Pierre Murray is the son of Jacques Gaston Murray He is a Non-Executive Director of Andrews Sykes and a number of private companies

Marie-Claire Leon 52
Non-Executive Director

Marie-Claire Leon has been responsible for managing various projects around the world with Jacques Gaston Murray She is a Non-Executive Director of Andrews Sykes

Company advisers
Company Secretary and registered office
Richard Pollard
Premier House
2 Jubilee Way
Elland
West Yorkshire HX5 9DY

Registered number
53417

Chartered accountants and statutory auditor
KPMG LLP
1 Sovereign Square
Sovereign Street
Leeds LS1 4DA

Registrars
Capita Asset Services
Northern House
Woodsome Park
Fenay Bridge
Huddersfield HD8 0LA

Bankers
Lloyds Banking Group plc

Stockbrokers and nominated advisers
WH Ireland Limited
24 Martin Lane
London EC4R 0DR

Report of the Directors

The Directors present their report and the audited Group and Parent Company financial statements for the year ended 31 December 2015 Future developments in the business and dividends paid and proposed are discussed in the Strategic Report The Group's financial risk management policy is discussed in the Financial Review

Directors
The Directors of the Parent Company who served during the whole of the year ended 31 December 2015, and up to the date of signing the Group and Parent Company financial statements, were

Executive Directors
J G Murray, J-J Murray, X Mignolet and E Sebag were Directors through the whole of the year ended 31 December 2015

Non-Executive Directors
M Gailer, M-C Leon, H Shouler and J-P Murray were Directors through the whole of the year ended 31 December 2015

J-J Murray, X Mignolet and M-C Leon retire by rotation and, being eligible, offer themselves for re-election at the Annual General Meeting

None of the Directors have a service contract with the Parent Company

Brief biographical details of the Directors are set out on page 7

Directors' interests
No Director in office at 31 December 2015 had any disclosable interest in the share capital of the Parent Company or any subsidiary undertaking

Substantial shareholdings
At 28 April 2016, the Parent Company had been notified of the following interests of 3% or more in its share capital

	Number of shares	Percentage of share capital
EOI Fire SARL	9,861,954	80 43%
Tristar Fire Corp	2,256,033	18 40%

Insofar as it is aware, the Parent Company has no institutional shareholders

Health, safety and the environment
The maintenance and improvement of working standards to safeguard the health and wellbeing of staff and customers alike is a continuing priority Health and Safety Officers are appointed at each Group location and they 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

Employment of disabled persons
The Group is committed to employment policies that follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status, and offers appropriate training and career development for disabled staff If members of staff become disabled the Group continues employment wherever possible and arranges retraining

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, which take into account factors such as numbers employed and location, and include newsletters and communication meetings

Payment to suppliers
The Parent Company and Group agree payment terms with all suppliers when they enter 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 2015 Group average creditor days were 51 days (2014 51 days) The Parent Company had no trade creditors at either year end

Donations

The Parent Company and the Group made no political donations during the year (2014 £Nil) and made charitable donations of £3,750 (2014 £3,750)

Purchase of own shares and authorities to issue shares

As at 25 April 2016 there remained outstanding general authority for the Directors to purchase a further 500,000 ordinary shares Resolution 9 is to be proposed at the Annual General Meeting to extend this authority until the 2017 Annual General Meeting

The special business to be proposed at the 2016 Annual General Meeting also includes, at resolution 8, 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 £6,130, being 5% of the Parent 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 The passing of that resolution is subject to resolution 7, an ordinary resolution, being approved to authorise the Directors to have the power to issue ordinary shares

Statement of disclosure of information to auditor

The Directors of the Parent Company at the date of this report confirm that

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- each Director has taken all steps he or she ought to have taken as a Director in order to make himself or herself aware of any audit information and to establish that the Parent Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418(2) of the Companies Act 2006

Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report, the Strategic Report the Report of the Directors and the Group and Parent Company financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with IFRS as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards and applicable law (FRS 102)

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period In preparing each of the Group and Parent Company financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- for the Group financial statements, state whether they have been prepared in accordance with IFRS as adopted by the EU,
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and the Parent Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Report of the Directors continued

Independent auditor

A resolution is to be proposed at the Annual General Meeting in accordance with Section 489 of the Companies Act 2006 for the re-appointment of KPMG LLP as auditor of the Parent Company and authorising the Directors to set its remuneration

Annual General Meeting

The Notice of the Annual General Meeting is set out on pages 49 to 51 and all shareholders are invited to attend in person if they wish or by proxy if they are unable to attend A form of proxy is enclosed for you to complete according to the instructions printed on it and send to the Parent Company's registrar All proxies must be received by the registrars by 11 am on 20 June 2016 Appointment of a proxy will not prevent you from attending and voting at the Meeting if you subsequently find that you are able to do so

By order of the Board

R. Pollard
Company Secretary
28 April 2016

Directors' remuneration report

The Parent 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 As the Parent Company is quoted on AIM, it is not required to make disclosures specified by the Remuneration Report Regulations 2002

Remuneration committee (unaudited)

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 or her own remuneration

Policy on Executive Directors' remuneration (unaudited)

It is the Parent 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 Parent Company and its position relative to other companies

Directors' remuneration (audited)

Directors' emoluments totalled £447,888 (2014 £466,103) This includes an amount paid to the highest paid Director of £199,652 (2014 £222,194)

In compliance with the amendment to AIM Rule 19 the following disclosure in respect of Directors' remuneration is made

	Emoluments and compensation including any cash or non cash benefits received	
	2015	2014
J G Murray	**£Nil**	£Nil
J-J Murray	**£165,236**	£160,909
X Mignolet	**£199,652**	£222,194
E Sebag	**£Nil**	£Nil
J-P Murray	**£20,000**	£20,000
M-C Leon	**£20,000**	£20,000
H Shouler	**£22,000**	£22,000
M Gailer	**£21,000**	£21,000

None of the Directors participate in Group pension arrangements The Company paid no contributions to any private pension schemes

The costs relating to the Head Office and other expenses of the Executive Directors are limited under a Services Agreement dated 10 December 1999 and reviewed annually The total costs amounted to £1,687,000 (2014 £1,874,000) for the year ended 31 December 2015 as per the Services Agreement

On behalf of the Board

H Shouler
Chairman of the remuneration committee
28 April 2016

Independent auditor's report
to the members of London Security plc

We have audited the financial statements of London Security plc for the year ended 31 December 2015 set out on pages 13 to 48 The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK Accounting Standards (FRS 102)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of Directors and Auditor
As explained more fully in the Directors' Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements
In our opinion

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's profit for the year then ended,
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the EU,
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Parent Company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

David Morritt

David Morritt (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 Sovereign Square
Sovereign Street
Leeds LS1 4DA
28 April 2016

Consolidated income statement
for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Revenue		**101,165**	100,876
Cost of sales		**(20,373)**	(18,638)
Gross profit		**80,792**	82,238
Distribution costs		**(37,304)**	(38,106)
Administrative expenses		**(25,010)**	(24,451)
Operating profit		**18,478**	19,681
EBITDA*		**23,191**	23,938
Depreciation and amortisation		**(4,713)**	(4,257)
Operating profit		**18,478**	19,681
Finance income		**179**	188
Finance costs		**(446)**	(832)
Finance costs – net	6	**(267)**	(644)
Profit before income tax	7	**18,211**	19,037
Income tax expense	8	**(5,942)**	(6,362)
Profit for the year attributable to equity shareholders of the Company		**12,269**	12,675
Earnings per share			
Basic and diluted	9	**100.1p**	103.4p

* Earnings before interest, tax, depreciation and amortisation

The notes on pages 17 to 40 are an integral part of these consolidated financial statements

The above results are all as a result of continuing operations

Consolidated statement of comprehensive income
for the year ended 31 December 2015

	Notes	2015 £000	2014 £000
Profit for the financial year		**12,269**	12,675
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
– currency translation differences on foreign currency net investments, net of tax		**(1,168)**	(1,955)
Items that will not be reclassified subsequently to profit or loss			
– actuarial (loss)/gain recognised in the Nu-Swift pension scheme	20	**(406)**	127
– movement on deferred tax relating to Nu-Swift pension scheme surplus	18	**142**	(518)
– actuarial gain/(loss) recognised in the Ansul pension scheme	20	**163**	(191)
– movement on deferred tax relating to Ansul pension scheme deficit	18	**(56)**	69
Other comprehensive loss for the year, net of tax		**(1,325)**	(2,468)
Total comprehensive income for the year		**10,944**	10,207

Consolidated statement of changes in equity
for the year ended 31 December 2015

	Share capital £ 000	Share premium £ 000	Capital redemption £ 000	Merger reserve £ 000	Other reserve £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2014	123	344	1	2,033	5,713	74,597	82,811
Total comprehensive income for the year							
Profit for the financial period	–	–	–	–	–	12,675	12,675
Other comprehensive income							
– exchange adjustments	–	–	–	–	(1,955)	–	(1,955)
– actuarial loss on pension schemes	–	–	–	–	–	(64)	(64)
– net movement on deferred tax relating to pension asset	–	–	–	–	–	(449)	(449)
Total comprehensive income for the year	–	–	–	–	(1,955)	12,162	10,207
Contributions by and distributions to owners of the Company							
– dividends	–	–	–	–	–	(7,602)	(7,602)
Total contributions by and distributions to owners of the Company	–	–	–	–	–	(7,602)	(7,602)
At 1 January 2015	123	344	1	2,033	3,758	79,157	85,416
Total comprehensive income for the year							
Profit for the financial period	–	–	–	–	–	12,269	12,269
Other comprehensive income							
– exchange adjustments	–	–	–	–	(1,168)	–	(1,168)
– actuarial loss on pension schemes	–	–	–	–	–	(243)	(243)
– net movement on deferred tax relating to pension asset	–	–	–	–	–	86	86
Total comprehensive income for the year	–	–	–	–	(1,168)	12,112	10,944
Contributions by and distributions to owners of the Company							
– dividends	–	–	–	–	–	(8,337)	(8,337)
Total contributions by and distributions to owners of the Company	–	–	–	–	–	(8,337)	(8,337)
At 31 December 2015	**123**	**344**	**1**	**2,033**	**2,590**	**82,932**	**88,023**

The merger reserve is not a distributable reserve The other reserve relates entirely to the effects of changes in foreign currency exchange rates

Consolidated statement of financial position
as at 31 December 2015

	Notes	2015 £000	2014 £000
Assets			
Non-current assets			
Property, plant and equipment	11	**9,789**	9,747
Intangible assets	12	**60,594**	61,400
Deferred tax asset	18	**690**	753
Retirement benefit surplus	20	**3,196**	3,283
		74,269	75,183
Current assets			
Inventories	14	**9,689**	9,494
Trade and other receivables	15	**19,901**	19,573
Cash and cash equivalents	16	**19,736**	20,978
		49,326	50,045
Total assets		**123,595**	125,228
Liabilities			
Current liabilities			
Trade and other payables	17	**(16,666)**	(18,232)
Income tax liabilities		**(1,335)**	(1,389)
Borrowings	19	**(1,679)**	(1,782)
Provision for liabilities and charges	21	**(35)**	—
		(19,715)	(21,403)
Non-current liabilities			
Trade and other payables	17	**(669)**	(739)
Borrowings	19	**(11,417)**	(13,678)
Derivative financial instruments	13	**(190)**	(227)
Deferred tax liabilities	18	**(1,696)**	(1,701)
Retirement benefit obligations	20	**(1,684)**	(1,843)
Provision for liabilities and charges	21	**(201)**	(221)
		(15,857)	(18,409)
Total liabilities		**(35,572)**	(39,812)
Net assets		**88,023**	85,416
Shareholders' equity			
Ordinary shares	22	**123**	123
Share premium	22	**344**	344
Capital redemption reserve	22	**1**	1
Merger reserve		**2,033**	2,033
Other reserves		**2,590**	3,758
Retained earnings		**82,932**	79,157
Total shareholders' equity		**88,023**	85,416

The financial statements on pages 13 to 40 were approved by the Board of Directors on 28 April 2016 and were signed on its behalf by

J.G. Murray
Chairman
28 April 2016

Consolidated statement of cash flow
for the year ended 31 December 2015

	Notes	2015 £ 000	2014 £ 000
Cash flows from operatng actvities			
Cash generated from operations	23	**20,215**	24,338
Interest paid		**(425)**	(472)
Income tax paid		**(5,889)**	(5,218)
Net cash generated from operating activities		**13,901**	18,648
Cash flows from investing activities			
Acquisition of subsidiary undertakings (net of cash acquired)	26	**(1,301)**	(2,164)
Purchases of property, plant and equipment		**(2,363)**	(2,304)
Proceeds from sale of property, plant and equipment		**236**	242
Purchases of intangible assets		**(974)**	(3,519)
Interest received		**27**	68
Net cash used in investing activities		**(4,375)**	(7,677)
Cash flows from financing activities			
Repayments of borrowings		**(1,663)**	(1,855)
Dividends paid to Company's shareholders		**(8,337)**	(7,602)
Net cash used in financing activities		**(10,000)**	(9,457)
Effects of exchange rates on cash and cash equivalents		**(768)**	(1,101)
Net (decrease)/increase in cash in the year		**(1,242)**	413
Cash and cash equivalents at the beginning of the year		**20,978**	20,565
Cash and cash equivalents at end of the year	16	**19,736**	20,978

Notes to the financial statements
for the year ended 31 December 2015

1 General information
London Security plc (the "Parent Company") is a leader in the European fire security industry, providing fire protection for our customers through a local presence in the UK, Belgium, the Netherlands, Austria and Luxembourg

The Parent Company is a public limited liability company incorporated and domiciled in England The registered office is Premier House, 2 Jubilee Way, Elland, West Yorkshire HX5 9DY

The Parent Company has its primary listing on AIM, part of the London Stock Exchange

2 Summary of significant accounting policies
The principal accounting policies applied in the preparation of these Group financial statements are set out below These policies have been consistently applied to all the years presented, unless otherwise stated

Basis of preparation
These Group financial statements have been prepared in accordance with IFRS as adopted by the EU, IFRIC interpretations and those parts of the Companies Act 2006 applicable to companies reporting under IFRS These Group financial statements have been prepared under the historical cost convention, as modified by accounting for derivative financial instruments at fair value through profit or loss

The Directors have prepared these financial statements on the fundamental assumption that the Group is a going concern and will continue to trade for at least 12 months following the date of approval of the financial statements In determining whether the Group's accounts should be prepared on a going concern basis the Directors have considered the factors likely to affect the future performance The Directors have reviewed trading and cash flow forecasts as part of the going concern assessment and based on this have the expectation that the Group has adequate resources to continue in operational existence for the foreseeable future

Accounting developments
(a) A number of new standards, amendments to standards and interpretations are effective for the year ended 31 December 2015 These are considered either not relevant or to have no material impact on the Group

(b) There are also a number of new standards, amendments to standards and interpretations that are mandatory for accounting periods beginning on or after 1 January 2016, but the Group has not adopted them early These are considered either not relevant or are not expected to have a material impact on the Group

Consolidation
Subsidiaries are entities which the Group has power over, exposure or rights to variable returns and an ability to use its power to effect those returns All subsidiaries share the same reporting date, being 31 December, and the same accounting policies as London Security plc

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange The costs directly attributable to the acquisition are expensed, with the exception of those relating to the costs to issue debt or equity securities, which are recognised in accordance with IAS 32 and IAS 39 Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred

On transition to IFRS, the Directors fixed the value of consolidated goodwill on the European subsidiaries at the rate in effect at the date of transition, as permitted under IFRS 1 Hence, the consolidated goodwill is presented at amortised cost less any provision for diminution in value

Notes to the financial statements continued
for the year ended 31 December 2015

2 Summary of significant accounting policies continued
Segment reporting
An operating segment is a group of assets and operations for which discrete financial information is available that is regularly reviewed by the CODM The Directors have concluded that there is a single operating segment as defined by IFRS 8, being the provision and maintenance of fire protection equipment in Europe Consequently, the results for the year and assets and liabilities relate to the one operating segment and one geographical area

Foreign currency translation
(a) Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency") The Group financial statements are presented in Sterling, which is the Parent Company's functional and presentation currency

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement

(c) Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows

(i) assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position,

(ii) income and expenses for each Income Statement are translated at average exchange rates, and

(iii) all resulting exchange differences are recognised as a separate component of equity and are reported within the Statement of Comprehensive Income

In accordance with IFRS 1, the translation reserve has been set at £Nil at the date of transition to IFRS

On consolidation, exchange differences arising from the translation of the net investment in foreign operations and of borrowings and other currency instruments designated as hedges of such investments are taken to shareholders' equity When a foreign operation is sold, exchange differences that were recorded in equity are recognised in the Income Statement as part of the gain or loss on sale

Property, plant and equipment
Property is carried at deemed cost at the date of transition to IFRS based on the previous UK GAAP valuations Plant and equipment held at the date of transition and subsequent additions to property, plant and equipment are stated at purchase cost including directly attributable costs, less accumulated depreciation

Subsequent costs are recognised when it is probable that future economic benefits associated with the items will flow to the Group and the costs of the item can be measured reliably

Freehold land is not depreciated Depreciation on all other assets is calculated using the straight line method to allocate their cost less residual value over their estimated useful lives, as follows

Freehold buildings	2%–6%
Plant, machinery and extinguisher rental units	10%–33%
Motor vehicles and share in aircraft	5%–33%
Fixtures, fittings and equipment	10%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each Statement of Financial Position date

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount These are included in the Income Statement

2 Summary of significant accounting policies continued

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets acquired Goodwill on acquisition of subsidiaries is included in "intangible assets" Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount The recoverable amount is the higher of an asset's fair value less costs to sell and value in use For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows

Impairment losses on goodwill are not reversed Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold

(b) Approval costs

Approval costs are the expenses incurred in meeting the regulatory requirements measuring the fire rating of our products Approval costs are shown at historical cost, have a finite useful life and are carried at cost less accumulated amortisation Amortisation is calculated using the straight line method to allocate their cost over their estimated useful lives (ten to twenty years)

(c) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software These costs are amortised over their estimated useful lives (three to five years) using the straight line method

(d) Service contracts

Acquired service contracts are capitalised on the basis of the costs incurred to acquire Amortisation is calculated using the straight line method to allocate the cost of the contracts over their estimated useful lives (five to ten years) based on information available to the Directors on average attrition rates

Derivative financial instruments and hedging activities

Derivative financial instruments are initially measured at cost and are remeasured at fair value at the Statement of Financial Position date with any valuation adjustment being reflected in the Income Statement The fair value at the Balance Sheet date is calculated based on observable interest rates (level 2 inputs)

Inventories

Inventories are stated at the lower of cost and net realisable value Cost is determined using the first-in, first-out method The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses Provision is made for obsolete, slow moving or defective items where appropriate

Trade receivables

Trade receivables are recognised initially at fair value and subsequently adjusted for any provision for impairment A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate The amount of the provision is recognised in the Income Statement within administrative expenses

Cash and cash equivalents

Cash and cash equivalents are included in the Statement of Financial Position at cost Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less, less bank overdrafts where there is a legal right of offset Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position

Share capital

Ordinary shares are classified as equity

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

Where the Parent Company purchases its own shares, the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the Parent Company's equity holders until the shares are cancelled

Notes to the financial statements continued
for the year ended 31 December 2015

2 Summary of significant accounting policies continued
Trade payables
Trade payables are recognised at fair value

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred Borrowings are subsequently stated at amortised cost

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date

Current and deferred income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the Statement of Financial Position date in the countries where the Company's subsidiaries operate and generate taxable income Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred income tax is provided in full, using the net assets approach, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the Statement of Financial Position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised

Employee benefits
Pension obligations
Group companies operate various pension schemes The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations The Group has both defined benefit and defined contribution plans A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods A defined benefit plan is a post-employment benefit plan other than a defined contribution plan Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation

The liability and surplus recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the Statement of Financial Position date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains or losses and past service costs The defined benefit obligation is calculated triennially by independent actuaries using the projected unit credit method The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability

The interest cost and the expected return on the assets are shown within finance cost and finance income respectively within the Consolidated Income Statement Actuarial gains and losses are recognised immediately in the Consolidated Statement of Comprehensive Income Net defined benefit pension scheme deficit and surplus are presented separately on the Statement of Financial Position within non-current liabilities and non-current assets respectively before tax relief The attributable deferred tax asset and liability is included within deferred tax and is subject to the recognition criteria as set out in the accounting policy on deferred taxation

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis The Group has no further payment obligations once the contributions have been paid The contributions are recognised as an employee benefit expense when they are due

Provisions
Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated Provisions are not recognised for future operating losses

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability

2 Summary of significant accounting policies continued

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities Revenue is shown net of value-added tax, estimated returns, rebates and discounts and after eliminated sales within the Group Revenue is recognised as follows

(a) Outright sale of equipment
Revenue from the outright sale of equipment is recognised upon delivery to the customer

(b) Service
Revenue from the servicing of equipment is recognised when the service has been performed

(c) Maintenance
Revenue from the provision of maintenance services is recognised over the term of the maintenance contract on a pro rata basis with the unexpired portion held in deferred income

(d) Equipment leases
Revenue from the equipment leased to customers under an operating lease is recognised over the term of the lease, typically five years, on a pro rata basis All contracts are cancellable

(e) Long-term installation
Revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments As soon as the outcome of the contract can be estimated reliably, contract revenue is recognised in the Income Statement in proportion to the stage of completion of the contract Contract expenses are recognised as incurred unless they create an asset related to future contract activity An expected loss on a contract is recognised immediately in the Income Statement

Cost of sales

Cost of sales includes direct material costs Other direct costs, largely direct labour, of £36 2 million (2014 £36 9 million) are included within distribution costs

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the period of the lease

Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the Group's financial statements when paid in the case of interim dividends or in the period in which the dividends are approved by the Parent Company's shareholders in the case of final dividends

3 Financial risk management

Financial risk factors

The Board considers the Group has exposure to the following risks foreign exchange risk, interest rate risk and capital risk Risk management is carried out under treasury policies and guidelines authorised and reviewed by the Board of Directors This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital The Board has also considered the Group's exposure to credit risk and liquidity risk The Group's trade receivables consist of a large number of customers spread across diverse industries and geographical locations The Group does not have any significant credit risk exposure to any single customer As a result the Board has concluded that the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk In view of the significant level of cash reserves held by the Group, the Board has concluded that it has minimal exposure to liquidity risk

Notes to the financial statements continued
for the year ended 31 December 2015

3 Financial risk management continued
Financial risk factors continued
(a) Foreign exchange risk
The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies

The Group's exposure to foreign currency risk is as follows This is based on the carrying amount for monetary financial instruments except derivatives when it is based on notional amounts

31 December 2015	Sterling £ 000	Euro £ 000	Total £ 000
Cash and cash equivalents	**6,162**	**13,574**	**19,736**
Trade and other receivables	**4,373**	**15,528**	**19,901**
Bank loans	**(4,441)**	**(8,655)**	**(13,096)**
Trade and other payables	**(4,379)**	**(12,287)**	**(16,666)**
Income tax liabilities	**(169)**	**(1,166)**	**(1,335)**
Balance sheet exposure	**1,546**	**6,994**	**8,540**

31 December 2014	Sterling £ 000	Euro £ 000	Total £ 000
Cash and cash equivalents	6,265	14,713	20,978
Trade and other receivables	4,802	14,771	19,573
Bank loans	(5,015)	(10,445)	(15,460)
Trade and other payables	(4,401)	(13,831)	(18,232)
Income tax liabilities	(193)	(1,196)	(1,389)
Balance sheet exposure	1,458	4,012	5,470

A 5% weakening of the Euro against Sterling at 31 December 2015 would have decreased equity and profit or loss by £342,000 (2014 decrease £178,000) This calculation assumes that the change occurred at the Statement of Financial Position date and had been applied to risk exposures existing at that date A 5% strengthening of the Euro against Sterling at 31 December 2015 would have had the equal but opposite effect, on the basis that all other variables remain constant

(b) Interest rate risk
The Group's interest rate risk arises from long-term borrowings These borrowings were issued at variable rates based on EURIBOR and LIBOR and did expose the Group to cash flow interest rate risk

The Group manages its cash flow interest rate risk by entering into fixed interest rate agreements The effect of these agreements is to fix the Group's exposure to EURIBOR to 0 84% and LIBOR to 1 05% The agreements took effect from May 2013 and provide interest rate cover until the loans are repaid in May 2018

(c) Capital risk
The Group's objective in managing capital is to maintain a strong capital base to support current operations and planned growth and to provide for an appropriate level of dividend payment to shareholders

The Group is not subject to external regulatory capital requirements

Total capital	2015 £ 000	2014 £ 000
Total borrowings	**13,096**	15,460
Less cash and cash equivalents	**(19,736)**	(20,978)
Net funds	**(6,640)**	(5,518)
Total equity	**88,023**	85,416
Total capital	**81,383**	79,898

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

The Group makes estimates and assumptions concerning the future The resulting accounting estimates will, by definition, seldom equal the related actual results The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are discussed below

(a) Carrying value of goodwill

The Group tests annually whether the carrying value of goodwill has suffered any impairment, in accordance with its accounting policy The recoverable amounts of cash-generating units have been determined based on value-in-use calculations

The value-in-use calculations have used pre-tax cash flow projections based on the budget for the year ending 31 December 2016 and are extrapolated using an estimated growth rate of 1% reflecting the mature nature of the market in which the Group operates The cash flows are then discounted The value-in-use calculations did not indicate impairment in any goodwill If the discount rate had been 5% higher there would still have been no impairment in any goodwill

(b) Pension scheme assumptions and mortality tables

The carrying value of the defined benefit pension scheme is valued using actuarial valuations These valuations are based on assumptions including the selection of the most appropriate mortality table for the profile of the members in the scheme and the financial assumptions concerning discount rates and inflation All these are estimates of future events and are therefore uncertain The choices are based on advice received from the scheme's actuaries which are checked from time to time with benchmark surveys The effect of varying these assumptions is discussed in the relevant pension note

(c) Useful economic lives of intangible assets

Amortisation of intangible assets is charged to the Income Statement on a straight line basis over the estimated useful economic life of each asset which in some cases is in excess of the contracted life The Directors have made judgements based on the evidence in the market and historical evidence on attrition rates when determining the useful economic lives of intangible assets and based on the legal rights on the contracts being renewable

(d) Provisions for doubtful debtors

Trade receivables are stated in the Statement of Financial Position at their nominal value less any appropriate provisions for irrecoverable amounts In determining the need for a provision, judgement is required in estimating the likely levels of recovery In exercising this judgement, consideration is given to the overall economic environment as well as specific indicators that the recovery of the balance may be in doubt

5 Employee benefit expense

	2015 £ 000	2014 £ 000
Wages and salaries	**33,941**	34,535
Social security costs	**7,081**	7,254
Other pensions costs (note 20)	**1,253**	1,313
	42,275	43,102
Number of employees	**1,061**	1,015

Directors' remuneration is reported within audited sections of the Directors' Remuneration Report on page 11 under the heading "Directors' remuneration (audited)"

The average monthly number of persons employed by the Group (including Directors) during the year was as follows

	2015 Number	2014 Number
Production	**48**	48
Administration and management	**1,013**	967
Total	**1,061**	1,015

Notes to the financial statements continued
for the year ended 31 December 2015

6 Finance income and costs

	2015 £'000	2014 £'000
Finance income		
Bank interest receivable	(35)	(68)
Expected return on pension scheme assets (note 20)	(115)	(120)
Fair value of derivative financial instruments	(29)	–
Total finance income	(179)	(188)
Finance costs		
Bank loans, overdrafts and other loans repayable within five years	328	374
Amortisation of loan arrangement fees	97	97
Fair value of derivative financial instruments	–	320
Interest on pension scheme liabilities (note 20)	21	41
Total finance costs	446	832
Net finance costs	267	644

7 Profit before income tax
Profit before income tax is stated after charging/(crediting)

	2015 £'000	2014 £'000
Depreciation of property, plant and equipment	2,027	2,043
Amortisation of intangible fixed assets	2,686	2,214
Profit on disposal of plant and equipment	(11)	(51)
Hire charges under operating leases		
– land and buildings	802	665
– other	1,020	1,108

Services provided by the Group's external auditor and network firms
During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditor as detailed below

	2015 £'000	2014 £'000
Audit services		
Fees payable to the Parent Company's auditor for the audit of the Group's annual accounts	18	18
Fees payable to the Parent Company's auditor and its network firms for other services		
– the audit of the Parent Company's subsidiaries pursuant to legislation	176	167
Other services relating to		
– compliance services	7	8
– advisory services	5	–
	206	193

8 Income tax expense

	2015 £ 000	2014 £ 000
United Kingdom		
Corporation tax	**311**	268
Adjustment in respect of prior periods	**—**	(22)
	311	246
Foreign tax		
Corporation taxes	**5,488**	5,996
Total current tax	**5,799**	6,242
Deferred tax		
Original and reversal of timing differences representing		
– United Kingdom tax	**137**	185
– foreign tax	**6**	(65)
Total deferred tax (note 18)	**143**	120
Total tax charge	**5,942**	6,362

The tax for the year is higher (2014 higher) than the standard rate of corporation tax in the United Kingdom of 20 25% (2014 21 50%) The differences are explained below

	2015 £'000	2014 £ 000
Profit on ordinary activities before taxation	**18,211**	19,037
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 20 25% (2014 21 50%)	**3,688**	4,093
Effects of		
– expenses not deductible for tax purposes	**201**	113
– overseas tax in excess of UK standard	**2,053**	2,178
– prior year over provision	**—**	(22)
Total tax charge	**5,942**	6,362

A reduction in the UK's main rate of corporation tax from 20% to 18% (effective from 1 April 2020) was substantively enacted on 26 October 2015 However, the Group expects to pay similar levels of taxation going forward as most of the expense is incurred in overseas jurisdictions which are not affected by these reductions

9 Earnings per share

The calculation of basic earnings per ordinary share ("EPS") is based on the profit on ordinary activities after taxation of £12,269,000 (2014 £12,675,000) and on 12,261,477 (2014 12,261,477) ordinary shares, being the weighted average number of ordinary shares in issue during the year

For diluted EPS, the weighted average number of shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares There was no difference in the weighted average number of shares used for the calculation of basic and diluted earnings per share as there are no potentially dilutive shares outstanding

	2015		2014	
	£ 000	Pence	£ 000	Pence
Profit on ordinary activities after taxation	**12,269**	**100 1**	12,675	103 4

Notes to the financial statements continued
for the year ended 31 December 2015

10 Dividends per share

	2015 £ 000	2014 £ 000
Equity – ordinary shares		
Final paid £0 31 (2014 £0 31) per share	**3,801**	3,801
Interim paid £0 37 (2014 £0 31) per share	**4,536**	3,801
	8,337	7,602

The Board is recommending the payment of a final dividend in respect of the year ended 31 December 2015 of £0 40 per ordinary share (2014 £0 31)

11 Property, plant and equipment

	Freehold land and buildings £ 000	Plant and machinery £ 000	Extinguisher rental units £ 000	Motor vehicles and share in aircraft £ 000	Fixtures fittings and equipment £ 000	Total £ 000
Cost						
At 1 January 2014	9,482	3,245	10,049	7,879	3,912	34 567
Additions	52	88	262	1,577	324	2,303
On acquisitions of subsidiary undertakings	9	8	–	115	5	137
Disposals	–	(4)	(90)	(1,125)	(97)	(1,316)
Exchange adjustment	(426)	(197)	(694)	(490)	(230)	(2,037)
At 1 January 2015	9,117	3,140	9,527	7,956	3,914	33,654
Additions	17	187	234	1,613	312	2,363
On acquisitions of subsidiary undertakings	–	7	–	100	13	120
Disposals	–	(9)	(73)	(954)	(20)	(1,056)
Exchange adjustment	(275)	(133)	(478)	(157)	(48)	(1,091)
At 31 December 2015	**8,859**	**3,192**	**9,210**	**8,558**	**4,171**	**33,990**
Accumulated depreciation						
At 1 January 2014	5,262	2,606	9,447	4,090	3,189	24,594
Disposals	–	(4)	(77)	(946)	(98)	(1,125)
Charge for the year	156	131	255	1,238	263	2,043
Exchange adjustment	(338)	(170)	(657)	(248)	(192)	(1,605)
At 1 January 2015	5,080	2,563	8,968	4,134	3,162	23,907
Disposals	–	(7)	(63)	(749)	(12)	(831)
Charge for the year	133	122	230	1,253	289	2,027
Exchange adjustment	(233)	(116)	(452)	(69)	(32)	(902)
At 31 December 2015	**4,980**	**2,562**	**8,683**	**4,569**	**3,407**	**24,201**
Net book amount						
At 31 December 2015	**3,879**	**630**	**527**	**3,989**	**764**	**9,789**
At 31 December 2014	4,037	577	559	3,822	752	9,747
At 31 December 2013	4,220	639	602	3,789	723	9,973

Depreciation and profit/loss on disposal have been charged to the Income Statement through administrative expenses
Freehold land is not depreciated

12 Intangible assets

	Goodwill £ 000	Service contracts £ 000	Software £ 000	Approval costs £ 000	Total £ 000
Cost					
At 1 January 2014	63,326	16,679	1,122	1,866	82,993
Additions	430	2,884	161	124	3,599
On acquisitions of subsidiary undertakings	928	1,734	—	—	2,662
Disposals	—	—	(181)	(69)	(250)
Exchange differences	(1,562)	(891)	(74)	(132)	(2,659)
At 1 January 2015	63,122	20,406	1,028	1,789	86,345
Additions	—	785	139	49	973
On acquisitions of subsidiary undertakings	233	1,264	—	—	1,497
Exchange differences	(1,008)	(666)	(48)	(91)	(1,813)
At 31 December 2015	**62,347**	**21,789**	**1,119**	**1,747**	**87,002**
Accumulated amortisation					
At 1 January 2014	15,706	7,120	565	1,277	24,668
Disposals	—	—	(143)	—	(143)
Charge for the year	—	1,972	126	116	2,214
Exchange differences	(1,366)	(296)	(37)	(95)	(1,794)
At 1 January 2015	14,340	8,796	511	1,298	24,945
Charge for the year	—	2,402	167	117	2,686
Exchange differences	(921)	(220)	(17)	(65)	(1,223)
At 31 December 2015	**13,419**	**10,978**	**661**	**1,350**	**26,408**
Net book amount					
At 31 December 2015	**48,928**	**10,811**	**458**	**397**	**60,594**
At 31 December 2014	48,782	11,610	517	491	61,400
At 31 December 2013	47,620	9,559	557	589	58,325

Amortisation has been charged to the Income Statement through administrative expenses Additions are discussed in further detail in note 26

Impairment tests for goodwill and service contracts

The recoverable amount of goodwill and service contracts is determined based on value-in-use calculations for each cash-generating unit ("CGU") The value-in-use calculations have used pre-tax cash flow projections based on the budget for the year ending 31 December 2016 Subsequent cash flows are extrapolated using an estimated growth rate of 1% reflecting the mature nature of the market in which the Group operates The cash flows have then been discounted using a pre-tax rate of between 7 0% and 10 0% The value-in-use calculations did not indicate impairment in any goodwill or service contracts If the discount rate had been 5% higher there would still have been no impairment in any goodwill The value of goodwill is split into five CGUs to assess indicators of impairment Of the total goodwill £38,451,000 relates to Ansul Group companies, £8,770,000 relates to the integrated UK companies, £1,009,000 relates to the Pyrotec companies and the balance relates to the remaining CGUs which are individually considered insignificant

Notes to the financial statements continued
for the year ended 31 December 2015

13 Derivative financial instruments

	2015 Assets £ 000	2015 Liabilities £ 000	2014 Assets £ 000	2014 Liabilities £ 000
Interest rate agreements	–	**190**	–	227

The Group has entered into interest rate agreements fixing LIBOR to 1 05% and EURIBOR to 0 84% The agreements took effect from May 2013 and remain in effect until the loans are repaid in 2018 The liability represents the forecast increase in interest payable as a result of these agreements over the remaining life of the loans at the year end The fair value at the year end is calculated based on observable interest rates

14 Inventories

	2015 £ 000	2014 £ 000
Raw materials and consumables	**4,528**	4,514
Work in progress	**341**	277
Finished goods	**4,820**	4,703
	9,689	9,494

No (2014 £Nil) previous inventory write downs have been reversed

15 Trade and other receivables

	2015 £ 000	2014 £ 000
Amounts falling due within one year		
Trade receivables	**19,298**	18,999
Less provision for impairment of receivables	**(1,487)**	(1,446)
Trade receivables – net	**17,811**	17,553
Amounts owed by related undertakings	**31**	30
Other receivables	**491**	670
Prepayments and accrued income	**1,322**	1,111
Taxation recoverable	**246**	209
	19,901	19,573

Amounts owed by related undertakings do not attract interest and no security is held in respect of these balances

As of 31 December 2015, trade receivables of £10,635,000 (2014 £11,153,000) were fully performing

As of 31 December 2015, trade receivables of £5,242,000 (2014 £4,499,000) were past due but not impaired These relate to a number of independent customers for whom there is no recent history of default The ageing analysis of these trade receivables is as follows

	2015 £ 000	2014 £ 000
Up to three months	**4,821**	3,888
Three to six months	**421**	611
	5,242	4,499

15 Trade and other receıvables contınued

As of 31 December 2015, trade receıvables of £3,410,000 (2014 £3,342,000) were ımpaıred and provıded for The amount of the provısıon was £1,487,000 (2014 £1,446,000) It was assessed that a portıon of the receıvables ıs expected to be recovered The ageıng of these receıvables ıs as follows

	2015 £ 000	2014 £ 000
Up to three months	**1,041**	1,131
Three to sıx months	**906**	843
Sıx months or greater	**1,463**	1,368
	3,410	3,342

The carryıng amounts of the Group's trade and other receıvables are denomınated ın the followıng currencıes

	2015 £ 000	2014 £ 000
Sterlıng	**4,373**	4,802
Euro	**15,528**	14,771
Total	**19,901**	19,573

These are detaıled as Sterlıng equıvalent

Movements ın the Group provısıon for ımpaıred trade receıvables are as follows

	2015 £ 000	2014 £ 000
At 1 January	**1,446**	1,378
Provısıon for receıvables' ımpaırment	**701**	739
Receıvables wrıtten off ın the year as uncollectable	**(194)**	(222)
Unused amounts reversed	**(466)**	(449)
At 31 December	**1,487**	1,446

The creatıon and release of the provısıon for ımpaıred receıvables has been ıncluded ın admınıstratıve expenses ın the Income Statement Amounts charged to the allowance account are generally wrıtten off when there ıs no expectatıon of recoverıng addıtıonal cash The other classes wıthın trade and other receıvables do not contaın ımpaıred assets The maxımum exposure to credıt rısk at the reportıng date ıs the carryıng value of each class of receıvable mentıoned above

The carryıng value of trade and other receıvables approxımates to faır value

The Group does not hold any collateral as securıty

16 Cash and cash equivalents

	2015 £ 000	2014 £ 000
Cash at bank and ın hand	**19,736**	20,978

The carryıng value of cash at bank and ın hand represents ıts faır value due to ıts short maturıty

Notes to the financial statements continued
for the year ended 31 December 2015

17 Trade and other payables

	2015 £ 000	2014 £ 000
Current		
Trade payables	**2,866**	2,629
Other payables	**2,498**	2,845
Other taxation and social security	**7,527**	7,973
Accruals	**1,379**	2,282
Deferred income	**2,396**	2,503
	16,666	18,232

	2015 £'000	2014 £ 000
Non-current (one to two years)		
Other payables	**669**	739

18 Deferred income tax

	Amount (provided)/recognised		Amount (unprovided)/unrecognised	
	2015 £'000	2014 £ 000	2015 £ 000	2014 £ 000
Deferred tax asset				
Pension deficit	**573**	626	**–**	–
Decelerated capital allowances	**117**	127	**–**	–
Unrecoverable losses	**–**	–	**1,028**	1,142
	690	753	**1,028**	1,142
Deferred tax liabilities				
Pension surplus	**(1,119)**	(1,149)	**–**	–
Short-term timing differences	**(577)**	(552)	**–**	–
	(1,696)	(1,701)	**–**	–
Net deferred tax (liability)/asset	**(1,006)**	(948)	**1,028**	1,142

	£ 000
At 1 January 2015	(948)
Exchange differences	(1)
Amount charged to the Consolidated Income Statement (note 8)	(143)
Amount credited to the Consolidated Statement of Comprehensive Income	86
At 31 December 2015	**(1,006)**

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences will reverse, based on tax rates and laws substantively enacted at the Statement of Financial Position date, applicable to the jurisdiction in which the asset/liability is recognised

19 Borrowings

	2015 £ 000	2014 £ 000
Non-current (more than one year but less than five years)		
Bank borrowings		
– in one to two years	**1,679**	1,782
– between two and five years	**9,738**	11,896
	11,417	13,678
Current (one year or less or on demand)		
Bank borrowings	**1,679**	1,782
Total borrowings	**13,096**	15,460

Interest rates (including the bank's margin) on the bank loans in existence during the year averaged 2 72% (2014 2 65%) per annum Bank loans are stated net of unamortised finance arrangement costs of £227,000 (2014 £325,000), of which £130,000 (2014 £227,000) is to be amortised after more than one year

The table below analyses the Group's financial liabilities including interest which will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date The amounts disclosed in the table are the contractual undiscounted cash flows which have been calculated using spot rates at the relevant balance sheet date

Financial maturity analysis	2015 £'000	2014 £ 000
Bank borrowings		
– within one year	**2,043**	2,198
– in one to two years	**2,005**	2,158
– between two and five years	**9,871**	12,370
	13,919	16,726

The estimated fair value of the interest rate agreement has been included in the Statement of Financial Position as disclosed in note 13

The borrowings are secured by fixed and floating charges on the assets of the Group

The carrying amounts of the Group's borrowings, all of which are floating rate financial liabilities, are denominated in the following currencies

	Total 2015 £ 000	Weighted average interest rate 2015	Total 2014 £ 000	Weighted average interest rate 2014
Currency				
Sterling	**4,500**	**2 54%**	5,015	2 62%
Euro	**8,596**	**2 82%**	10,445	2 67%
	13,096	**2 72%**	15,460	2 65%

Borrowing facilities

In May 2013 the Group entered into a new £19 7 million facility until 2018 Half of this loan will be repaid evenly over five years with the balance at maturity The multi-currency loan was denominated £6 million in Sterling and €16 million in Euros

Notes to the financial statements continued
for the year ended 31 December 2015

20 Retirement benefit obligations
The Group operates a number of pension schemes Details of the major schemes are set out below

Nu-Swift International Pension Scheme
Nu-Swift International Limited operates a funded defined benefit pension scheme, which was closed to new entrants with effect from 1 December 2002 and to further accrual on 30 June 2007, providing benefits based on final pensionable earnings The assets of the scheme are held separately from those of the Group, being invested with Legal and General Investment Management The total pension cost of the Group is determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method The most recent actuarial valuation as at 31 December 2014 showed that the market value of the scheme's assets was £15,061,000 and that the actuarial value of those assets represented 107% of the benefits that had accrued to members The results of this valuation have been projected to 31 December 2015 and then recalculated using the assumptions set out below which result in a net surplus position of £3,196,000 (2014 £3,283,000) The scheme's assets are stated at their market value at 31 December 2015

At 31 December 2015 the scheme had a net defined benefit surplus calculated in accordance with IAS 19 using the assumptions set out of £3,196,000 (2014 net defined benefit surplus £3,283,000) The surplus is recognised as it is confirmed that the Group does have an unconditional right to a refund of surplus contributions once all pensions have been applied and the scheme winds up On this basis no liability for minimum funding requirements has been recognised

The Group paid contributions to the scheme amounting to £204,000 (2014 £612,000) over the year These payments were in respect of the recovery plan put in place following the completion of the 2011 valuation No further contributions were payable with effect from 1 May 2015

The financial assumptions used to calculate the liabilities of the scheme under IAS 19 are

	2015	2014	2013
Discount rate	**3 60%**	3 40%	4 40%
Inflation rate	**2 00–3 00%**	2 10–3 10%	2 50–3 50%
Salary increase rate	**n/a**	n/a	n/a
Increases for pensions in payment	**2 90%**	3 00%	3 40%
Revaluation of deferred pensions	**2 00%**	2 10%	2 50%

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each territory The average life expectancy in years of a pensioner retiring at age 65 at the Statement of Financial Position date is as follows

	2015	2014
Male	**22 1**	21 3
Female	**24 1**	23 7

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the Statement of Financial Position date, is as follows

	2015	2014
Male	**23 4**	22 6
Female	**25 6**	25 2

The assets in the scheme were

	Value at 31 December 2015 £000	Percentage of scheme assets 2015	Value at 31 December 2014 £000	Percentage of scheme assets 2014
Equities	**4,375**	**29 5%**	4,238	28 17%
Bonds	**10,442**	**70 3%**	10,478	69 65%
Cash	**36**	**0 2%**	328	2 18%
	14,853		15,044	
Present value of the scheme's liabilities	**(11,657)**		(11,761)	
Surplus in the Nu-Swift Scheme recognised in the Statement of Financial Position	**3,196**		3,283	
Related deferred tax liability	**(1,119)**		(1,149)	

20 Retirement benefit obligations continued

Analysis of the amount recognised in the Income Statement

	2015 £'000	2014 £'000
Interest credit	**(115)**	(120)
Total operating credit	**(115)**	(120)

Movement in the defined benefit obligation over the year

	2015 £'000	2014 £'000
Start of the year	**(11,761)**	(10,416)
Interest cost	**(392)**	(446)
Actuarial gain/(loss) arising from changes in financial assumptions	**369**	(1,263)
Actuarial losses arising from changes in demographic assumptions	**(359)**	(180)
Benefits paid	**486**	544
End of the year	**(11,657)**	(11,761)

Movement in the fair value of the plan assets over the year

	2015 £'000	2014 £'000
Start of the year	**15,044**	12,840
Interest income	**507**	566
Return on assets (excluding amount included in net interest expense)	**(416)**	1,570
Employer contributions	**204**	612
Benefits paid	**(486)**	(544)
End of the year	**14,853**	15,044

Analysis of the amount recognised in the Consolidated Statement of Comprehensive Income

	2015 £'000	2014 £'000
Actual return less expected return on pension scheme assets	**(406)**	127
(Loss)/gain recognised in the Consolidated Statement of Comprehensive Income	**(406)**	127

Sensitivity of the liability value to changes in the principal assumptions

Prior to the effect of deferred tax, the impact of a 0.1% decrease in the inflation rate would be to increase the pension surplus by £35,000, an increase of 0.1% in the inflation rate would decrease the surplus by £42,000. The impact of a 0.1% increase in the discount rate would be to increase the pension surplus by £157,000, a decrease of 0.1% in the discount rate would decrease the surplus by £160,000.

Ansul Pension Scheme

Ansul S.A. operates a number of funded pension schemes, the majority of which are prescribed by the Belgian state. Included within these is 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 Delta Lloyd Life. The total pension cost of the Ansul Group scheme is determined by an independent qualified actuary. The most recent valuation was at 31 December 2013. The scheme's assets are stated at their market value at 31 December 2015.

Expected contributions to retirement benefit obligations for the year ending 31 December 2016 are £106,000. There are no minimum contribution requirements for this scheme.

Notes to the financial statements continued
for the year ended 31 December 2015

20 Retirement benefit obligations continued
Ansul Pension Scheme continued
The financial assumptions used to calculate liabilities of the schemes under IAS 19 are

	2015	2014	2013
Discount rate	**2 25%**	1 85%	3 25%
Inflation rate	**2 00%**	2 00%	2 00%
Salary increase rate	**1 00%**	1 00%	1 00%

Assumptions regarding future mortality experience are set based on advice, published statistics and experience in each territory
The average life expectancy in years of a pensioner retiring at age 65 at the Statement of Financial Position date is as follows

	2015	2014
Male	**21 9**	21 9
Female	**25 3**	25 3

The average life expectancy in years of a pensioner retiring at age 65, 20 years after the Statement of Financial Position date, is as follows

	2015	2014
Male	**22 0**	22 0
Female	**25 4**	25 4

The assets in the scheme were

	Value at 31 December 2015 £ 000	Percentage of scheme assets 2015	Value at 31 December 2014 £ 000	Percentage of scheme assets 2014
Assets with guaranteed interest with insurer	**1,245**	**100%**	1,305	100%
Present value of the schemes' liabilities	**(2,929)**		(3,148)	
Deficit in the Ansul Scheme recognised in the Statement of Financial Position	**(1,684)**		(1,843)	
Related deferred tax asset	**573**		626	

Analysis of the amount recognised in the Income Statement

	2015 £ 000	2014 £ 000
Current service charge	**195**	191
Interest charge	**21**	41
Total operating charge	**216**	232

Movement in the defined benefit obligation over the year

	2015 £ 000	2014 £ 000
Start of the year	**(3,148)**	(2,916)
Current service cost	**(195)**	(191)
Interest cost	**(45)**	(82)
Actuarial gain/(loss) arising from changes in financial assumptions	**212**	(1,236)
Actuarial losses arising from changes in demographic assumptions	**(167)**	–
Other experience items	**104**	1,008
Benefits paid	**149**	50
Exchange movement	**161**	219
End of the year	**(2,929)**	(3,148)

20 Retirement benefit obligations continued

Movement in the fair value of the plan assets over the year

	2015 £ 000	2014 £ 000
Start of the year	**1,305**	1,238
Return on assets	**24**	41
Actuarial gain	**14**	13
Employer contributions	**118**	132
Benefits paid	**(149)**	(26)
Exchange movements	**(67)**	(93)
End of the year	**1,245**	1,305

Analysis of the amount recognised in the Consolidated Statement of Comprehensive Income

	2015 £ 000	2014 £ 000
Actual return less expected return on pension scheme assets	**163**	(191)
Actuarial loss recognised in the Consolidated Statement of Comprehensive Income	**163**	(191)

Sensitivity of the liability value to changes in the principal assumptions

Prior to the effect of deferred tax, the impact of a 0 1% increase in the inflation rate would be to increase the pension deficit by £28,000, a decrease of 0 1% in the inflation rate would decrease the deficit by £25,000 The impact of a 0 1% increase in the discount rate would be to decrease the pension deficit by £35,000, a decrease of 0 1% in the discount rate would increase the deficit by £40,000

UK Stakeholder Scheme

The contributions paid by the Group to the defined contribution stakeholder pension schemes in operation within the UK amounted to £285,000 in the year ended 31 December 2015 (2014 £233,000)

Total pension costs charged to the Income Statement for all schemes in which the Group participates amounted to £1,253,000 for the year ended 31 December 2015 (2014 £1,312,636) and were wholly recognised in administrative expenses

21 Provisions for liabilities and charges

	Current	Non-current		
	Environmental provision £ 000	Rectification provision £ 000	Environmental provision £ 000	Total £ 000
At 1 January 2015	—	4	217	221
Movement in the year	35	—	(35)	—
Amount provided in the year	—	—	15	15
Provision at 31 December 2015	**35**	**4**	**197**	**236**

The rectification provision relates to after sales costs The environmental provision relates to costs associated with soil contamination The cost of the decontamination is expected to be spread over a number of years and the provision is based on quotes received from contractors

Notes to the financial statements continued
for the year ended 31 December 2015

22 Called up share capital

	2015 Number	2015 £'000	2014 Number	2014 £'000
Authorised				
Ordinary shares of 1p each	**67,539,188**	**675**	67,539,188	675
Allotted, called up and fully paid				
Ordinary shares of 1p each	**12,261,477**	**123**	12,261,477	123

There are no outstanding options at 31 December 2015

The mid-market price of the Company's shares at 31 December 2015 was £21 00 and the range during the year was £21 00 to £23 35

Share premium account

	£'000
At 1 January 2015 and **31 December 2015**	**344**

Capital redemption reserve

	£'000
At 1 January 2015 and **31 December 2015**	**1**

The capital redemption reserve has arisen following the purchase of own shares

23 Reconciliation of operating profit to cash generated from operations

	2015 £'000	2014 £'000
Operating profit	**18,478**	19,681
Depreciation of property, plant and equipment	**2,027**	2,043
Amortisation of intangible assets	**2,686**	2,214
Profit on disposal of property, plant and equipment	**(11)**	(51)
Loss on disposal of intangible assets	**–**	107
Exchange differences	**(415)**	(586)
Difference between pension charge and cash contributions	**(128)**	(553)
(Increase)/decrease in trade and other receivables	**(37)**	1,631
(Decrease)/increase in trade and other payables	**(2,270)**	176
Increase in provisions	**15**	217
Increase in inventories	**(130)**	(541)
Cash generated from operations	**20,215**	24,338

Disposal of assets

	2015 £'000	2014 £'000
Net book value	**225**	191
Profit on disposal of property, plant and equipment	**11**	51
Proceeds	**236**	242

24 Reconcilıatıon of movement ın net funds/(debt)

	At 1 January 2015 £ 000	Cash flow £ 000	Non cash ıtems £ 000	At 31 December 2015 £ 000
Cash ın hand and at bank	20,978	(474)	(768)	**19,736**
Debt due wıthın one year	(1,782)	—	103	**(1,679)**
Debt due after one year	(13,678)	1,663	598	**(11,417)**
Total	5,518	1,189	(67)	**6,640**

Reconcılıatıon of decrease ın cash to movement ın net (funds)/debt

	2015 £ 000	2014 £ 000
(Decrease)/ıncrease ın cash	**(474)**	1,514
Decrease ın debt	**1,663**	1,855
Change ın net debt from cash flows	**1,189**	3 369
Non-cash changes	**(67)**	(277)
Net debt at 1 January	**5,518**	2,426
Net funds at 31 December	**6,640**	5,518

Non-cash changes relate to foreıgn exchange movements, amortısatıon of finance arrangement costs and the movement between current and non-current debt ın the year

25 Commıtments and contıngent lıabılıtıes

The Group leases varıous propertıes and vehıcles under non-cancellable operatıng lease agreements The lease agreements are between one and five years and the majorıty of lease agreements are renewable at the end of the lease perıod at market rates

The lease expendıture charged to the Income Statement durıng the year ıs dısclosed ın note 7

The future aggregate mınımum lease payments under non-cancellable operatıng leases are as follows

	Property		Plant machınery and equıpment	
	2015 £ 000	2014 £ 000	2015 £ 000	2014 £ 000
Wıthın one year	**732**	830	**722**	952
Between two and five years ınclusıve	**492**	720	**682**	726
	1,224	1,550	**1,404**	1,678

The Group had no contıngent lıabılıtıes, no other financıal commıtments and no capıtal commıtments at 31 December 2015 (2014 £Nıl)

Notes to the financial statements continued
for the year ended 31 December 2015

26 Acquisitions

On 1 January 2015 the Group purchased the entire issued share capital of Braho Brandpreventie B V and Record Brandbeveiliging B V, companies incorporated in and which operate in the Netherlands On 13 October 2015 the Group purchased the entire share capital of DC Security B V B A, a company incorporated in and which operates in Belgium As these acquisitions are individually considered immaterial to the Group the disclosure of the book and provisional fair values of net assets acquired are given in aggregate as follows

	Book and provisional fair values £ 000
Property, plant and equipment	120
Goodwill	29
Service contracts	1,264
Inventories	65
Receivables	253
Cash and cash equivalents	202
Payables	(394)
Fair value of net assets acquired	1,539
Goodwill	204
Total consideration	1,743
Cash and cash equivalents acquired	(202)
Net consideration	1,541

Satisfied by

	Provisional consideration £ 000
Cash	1,301
Deferred consideration	240
	1,541

The revenue and net profit of Braho Brandpreventie since the acquisition date included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2015 were £463,000 and £91,000 respectively These results include a full year as the acquisition was effective on 1 January 2015

The revenue and net profit of Record Brandbeveiliging since the acquisition date included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2015 were £849,000 and £43,000 respectively These results include a full year as the acquisition was effective on 1 January 2015

The revenue and net profit of DC Security since the acquisition date included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2015 were £144,000 and £15,000 respectively On a pro rata basis the revenue and profit would have been expected to be £576,000 and £84,000 had the acquisition taken place on 1 January 2015

In addition, the Group acquired contracts from a number of companies and businesses for a total consideration of £785,000 The Directors considered that the consideration equated to the fair value of the contracts acquired and have recognised an intangible asset accordingly The Group monitors contract retention rates for any indication of impairment

Due to the integration of these companies and businesses acquired during the year into the existing businesses and operations, the Directors are unable to determine the contribution of the acquisitions to the revenue and net profit of the Group for the year ended 31 December 2015 nor are they able to determine what the impact on revenues and profit of the Group for the year ended 31 December 2015 would have been had the acquisitions taken place on 1 January 2015

27 Group undertakings

The subsidiary undertakings of the Parent Company, in which the Group wholly owns the entire issued and voting ordinary share capital, are as follows

	Activity	Country of registration or incorporation and operation
Alarm Masters S A	Fire protection	Belgium
All-Protec N V	Fire protection	Belgium
A L P I sarl	Fire protection	Luxembourg
Ansul B V	Fire protection	The Netherlands
Ansul Solutions B V	Fire protection	The Netherlands
Ansul S A	Fire protection	Belgium
Ansul Belgium S A	Fire protection	Belgium
ASCO Extinguishers Company Limited	Fire protection	Scotland and England
Braco B V B A	Fire protection	Belgium
Blesberger G m b H	Fire protection	Austria
Braho Brandpreventie B V	Fire protection	The Netherlands
DC Security B V B A	Intruder alarms	Belgium
Dimex Technics S A	Fire protection	Belgium
Fire Protection Holdings Limited	Sub-holding	England
GC Fire Protection Limited	Fire protection	England
GFA Premier Limited	Fire protection	England
Hoyles Limited	Sub-holding	England
Hoyles Fire & Safety Limited	Fire protection	England
Importex S A	Fire protection	Belgium
Le Chimiste Sprl	Fire protection	Belgium
Luke & Rutland Limited	Fire protection	England
L W Safety Limited	Fire protection	England
NL Brandbeveiliging B V	Fire protection	The Netherlands
Noris Feuerschutzgerate G m b H	Fire protection	Austria
Nu-Swift (Engineering) Limited	Fire protection	England
Nu-Swift Brandbeveiliging B V	Fire protection	The Netherlands
Nu-Swift International Limited	Fire protection	England
LS UK Fire Group Limited	Sub-holding	England
PMP Manus G m b H	Fire protection	Austria
Prevent Brandbeveiliging B V	Fire protection	The Netherlands
Pyrotec Fire Detection Limited	Fire protection	England
Pyrotec Fire Protection Limited	Fire protection	England
Record Brandbeveiliging B V	Fire protection	The Netherlands
Security Alarm Service Company Sprl	Fire protection	Belgium
Somati FIE N V	Fire protection	Belgium
Total Fire-Stop G m b H	Fire protection	Austria
Tunbridge Wells Fire Protection Limited	Fire protection	England
TVF (UK) Limited	Fire protection	England

Notes to the financial statements continued
for the year ended 31 December 2015

27 Group undertakings continued
With the exception of the Parent Company's 100% interest in Fire Protection Holdings Limited, the shares in the remaining Group undertakings are held by subsidiary undertakings

In order to comply with the Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 the Group is no longer able to take advantage of Section 410 of the Companies Act 2006 to disclose only its principal subsidiaries in the financial statements Additional wholly owned subsidiaries, all of which are dormant are

Assured Fire Protection & Safety Limited, C & T Fire Limited, FDSA Fire Protection Limited, LS Fire Group Limited, Phoenix Fire & Safety Limited, Professional Fire Protection Limited, United Fire Alarms Limited, 1st Quote Fire Limited, Cowley Fire Limited, BWH Manufacturing Limited, Fire Reliant Limited, General Fire Appliance Co Limited, Green Cross Limited, L & P Fire Safety Equipment Limited, LS Fire Group Limited, MK Fire Limited, Premier Fire Limited, Nu-Swift Limited, Swift-N-Sure (Fire Appliances) Limited, Thames Valley Fire Protection Limited, Triangle Fire Limited, TVF Alarms Limited, TVF Systems Services Limited, Ulysses Fire Services Limited, United Fire Alarms Limited and Wilts Fire Limited

All of these entities have been included within the consolidation

28 Ultimate parent undertaking and controlling party
The Parent Company regards EOI Fire SARL, a company registered in Luxembourg, as its ultimate parent undertaking through its 80% interest in London Security plc The Directors regard the Eden and Ariane Trustee companies as the ultimate controlling parties through their controlling interest in EOI Fire SARL and Tristar Fire Corp

29 Related party transactions
During the year the Group incurred costs amounting to £1,687,000 (2014 £1,874,000) in respect of the Executive Directors including the Head Office and other expenses under the Services Agreement referred to in the Directors' Remuneration Report

The Group recharged and was reimbursed £210,000 (2014 £210,000) in relation to the Service Agreement by Andrews Sykes

The balance disclosed in note 15 as being due from related undertakings is with EFS Property Holdings Ltd , a company controlled by J G Murray The amount outstanding at the year end relates entirely to transactions in the year

The Group made sales to Andrews Sykes in relation to fire protection in the year of £9,171 (2014 £10,180)

The Group made sales to fire companies in Switzerland controlled by J G Murray in the year of £310,352 (2014 £430,354)

The Group incurred £221,000 (2014 £188,000) of expenditure on behalf of J G Murray during the year This was reimbursed in the year

30 Post balance sheet events
Subsequent to the year end the Group has completed the acquisition of further service contracts for a total of £1,042,000 (2014 £1,278,427)

Parent Company balance sheet
as at 31 December 2015

	Notes	2015 £ 000	2014 £ 000
Fixed assets			
Tangible assets	2	**306**	356
Investments	3	**49,804**	49,804
		50,110	50,160
Current assets			
Debtors	4	**11,984**	14,560
Cash at bank and in hand		**1,799**	1,307
		13,783	15,867
Creditors amounts falling due within one year			
Finance debt	5	**(575)**	(575)
Creditors	6	**(8,846)**	(9,978)
		(9,421)	(10,553)
Net current assets		**4,362**	5,314
Total assets less current liabilities		**54,472**	55,474
Creditors amounts falling due after more than one year			
Finance debt	5	**(3,866)**	(4,440)
Derivative financial instruments	8	**(6)**	(5)
		(3,872)	(4,445)
Net assets		**50,600**	51,029
Capital and reserves			
Called up share capital	9	**123**	123
Share premium account		**344**	344
Capital redemption reserve fund		**1**	1
Profit and loss account		**50,132**	50,561
Equity shareholders' funds		**50,600**	51,029

The registered number of the Company is 53417

The notes on pages 43 to 48 are an integral part of these financial statements

The financial statements on pages 41 to 48 were approved by the Board of Directors on 28 April 2016 and were signed on its behalf by

JJ MURRAY

J.G Murray
Chairman
28 April 2016

Statement of changes in equity
for the year ended 31 December 2015

	Share capital £ 000	Share premium £ 000	Capital redemption £ 000	Profit and loss account £ 000	Total £ 000
At 1 January 2014	123	344	1	49,333	49,801
Effect of change in accounting policy (note 13)	–	–	–	109	109
Balance at 1 January 2014 restated	–	–	–	49,442	49,910
Total comprehensive income for the year					
Profit for the financial period	–	–	–	8,721	8,721
Contributions by and distributions to owners of the Company					
- dividends	–	–	–	(7,602)	(7,602)
At 1 January 2015	123	344	1	50,561	51,029
Total comprehensive income for the year					
Profit for the financial period	–	–	–	7,908	7,908
Contributions by and distributions to owners of the Company					
- dividends	–	–	–	(8,337)	(8,337)
At 31 December 2015	**123**	**344**	**1**	**50,132**	**50,600**

Notes to the Parent Company financial statements
for the year ended 31 December 2015

1 Principal accounting policies
Basis of accounting
London Security plc is a company limited by shares and incorporated and domiciled in the UK

These financial statements were prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") The presentation currency of these financial statements is Sterling

An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 13

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures

- reconciliation of the number of shares outstanding from the beginning to end of the period,
- Statement of Cash Flow and related notes, and
- key management personnel compensation

As the consolidated financial statements of London Security plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures

- certain disclosures required by FRS 102 26 "Share based payments", and,
- the disclosures required by FRS 102 11 "Basic financial instruments" and FRS 102 12 "Other financial instrument issues" in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1

These Parent Company financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the UK The Directors have prepared these financial statements on the fundamental assumption that the Company is a going concern and will continue to trade for at least 12 months following the date of approval of the financial statements In determining whether the Company's accounts should be prepared on a going concern basis the Directors have considered the factors likely to affect the future performance The Directors have reviewed trading and cash flow forecasts as part of the going concern assessment and based on this have the expectation that the Company has adequate resources to continue in operational existence for the foreseeable future

A summary of the more important accounting policies, which have been consistently applied, is set out below

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 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

Share in aircraft 5%

Fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable Any impairment in value is charged to the profit and loss account

Investments
Investments in subsidiary undertakings and unlisted investments are included at cost unless, in the opinion of the Directors, an impairment has occurred, in which case the deficiency is provided for and charged in the Parent Company's profit and loss account

Deferred tax
Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense

Deferred tax provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax Goodwill is adjusted by the amount of such deferred tax

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits

Notes to the parent company financial statements continued
for the year ended 31 December 2015

1 Principal accounting policies continued

Finance arrangement costs and interest rate caps

Costs of arranging bank loans and interest rate caps are treated as a deduction from the loan liability and are amortised over the lives of the relevant loans

Derivative financial instruments

Derivative financial instruments are recognised at fair value The gain or loss on remeasurement to fair value is recognised immediately in profit or loss

Dividend distribution

Dividend distribution to the Parent Company's shareholders is recognised as a liability in the financial statements when paid, in the case of interim dividends, or in the period in which the dividends are approved by the Parent Company's shareholders, in the case of final dividends

2 Tangible assets

	Share in aircraft £ 000
Cost	
At 1 January and **31 December 2015**	**1,019**
Depreciation	
At 1 January 2015	663
Charge for the year	50
At 31 December 2015	**713**
Net book amount	
At 31 December 2015	**306**
At 31 December 2014	356

3 Investments

	Shares in subsidiary undertakings £ 000
Cost	
At 1 January and **31 December 2015**	**49,804**

The Directors believe that the carrying value of the investments is supported by their underlying net assets

A full list of subsidiary undertakings is provided in note 27 of the Group accounts

4 Debtors

	2015 £ 000	2014 £ 000
Amounts falling due within one year		
Amounts owed by subsidiary undertakings	**11,567**	14,069
Taxation recoverable	**417**	491
	11,984	14,560

Amounts owed by subsidiary undertakings are unsecured, interest free and have no fixed date of repayment and are repayable on demand

5 Fınance debt

	2015 £'000	2014 £ 000
Non-current (amounts fallıng due ın more than one year)		
Bank borrowıngs		
– ın one to two years	**575**	575
– between two and five years	**3,291**	3,865
	3,866	4,440
Current (amounts fallıng due wıthın one year or on demand)		
Bank borrowıngs	**575**	575
Total borrowıngs	**4,441**	5,015

Interest rates (ıncludıng the bank's margın) on the bank loans ın exıstence durıng the year averaged 2 5% (2014 2 6%) per annum Bank loans are stated net of unamortısed finance arrangement costs of £59,000 (2014 £85,000), of whıch £34,000 (2014 £60,000) ıs to be amortısed after more than one year

The Dırectors consıder that the faır values of the bank loans are not materıally dıfferent from theır book values

The carryıng amounts of the Company's borrowıngs, all of whıch are floatıng rate financıal lıabılıtıes, are denomınated ın the followıng currencıes

	Total 2015 £ 000	Weıghted average interest rate 2015	Total 2014 £ 000	Weıghted average ınterest rate 2014
Currency				
Sterlıng	**4,441**	**2 5%**	5,015	2 6%
	4,441	**2 5%**	5,015	2 6%

6 Credıtors amounts fallıng due wıthın one year

	2015 £ 000	2014 £ 000
Amounts owed to subsıdıary undertakıngs	**8,598**	9,751
Other credıtors	**93**	92
Accruals	**155**	135
	8,846	9,978

Amounts due to subsıdıary undertakıngs are unsecured, ınterest free and repayable on demand

Notes to the parent company financial statements continued
for the year ended 31 December 2015

7 Deferred tax
The deferred tax asset comprises

	Amount recognised		Amount unrecognised	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Losses	—	—	(1,028)	(1,142)
Deferred tax asset	—	—	(1,028)	(1,142)

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences will reverse, based on tax rates and laws substantively enacted at the Balance Sheet date, being a rate of 18%

8 Derivative financial instruments

	2015		2014	
	Assets £'000	Liabilities £'000	Assets £'000	Liabilities £'000
Interest rate agreements	—	6	—	5

The Company has entered into an interest rate agreements fixing LIBOR to 1 05% The agreements took effect from May 2013 and remain in effect until the loans are repaid in 2018 The liability represents the forecast increase in interest payable as a result of these agreements over the remaining life of the loans at the year end The fair value at the year end is calculated based on observable interest rates

9 Called up share capital

	2015 Number	2015 £'000	2014 Number	2014 £'000
Authorised				
Ordinary shares of 1p each	67,539,188	675	67,539,188	675
Allotted, called up and fully paid				
Ordinary shares of 1p each	12,261,477	123	12,261,477	123

There were no outstanding options at 31 December 2015

The mid-market price of the Company's shares at 31 December 2015 was £21 00 and the range during the year was £21 00 to £23 35

The Parent Company had no employees during the year (2014 Nil)

The remuneration paid to the Parent Company auditor in respect of the audit of the Group and Parent Company financial statements for the year ended 31 December 2015 is set out in note 7 to the Group financial statements

The Board is recommending the payment of a final dividend in respect of the year ended 31 December 2015 of £0 40 per ordinary share (2014 £0 31)

10 Commitments and contingent liabilities
The Parent Company had no financial or other commitments at 31 December 2015 (2014 £Nil)

The Parent Company was party to a cross guarantee under which it guaranteed the borrowings of certain of its subsidiary undertakings At 31 December 2015 this guarantee amounted to £8,824,000 (2014 £10,543,000) No loss is expected to arise from this guarantee

11 Ultimate parent undertaking and controlling party
The Parent Company regards EOI Fire SARL, a company registered in Luxembourg, as its ultimate parent undertaking through its 80% interest in London Security plc The Directors regard the Eden and Ariane Trustee companies as the ultimate controlling parties through their controlling interest in EOI Fire SARL and Tristar Fire Corp

12 Related party transactions

During the year the Company incurred costs amounting to £877,000 (2014 £863,000) in respect of the Executive Directors, including the Head Office and other expenses under the Services Agreement referred to in the Directors' Remuneration Report

The Company recharged and was reimbursed £210,000 (2014 £210,000) in relation to the Service Agreement by Andrews Sykes

The Company incurred £221,000 (2014 £188,000) of expenditure on behalf of J G Murray during the year This was reimbursed in the year

The Company has taken advantage of the exemption available under FRS 102 "Related party disclosures" from disclosing transactions between related parties within the London Security plc group of companies

13 Explanation of transition to FRS 102 from old UK GAAP

As stated above, these are the Company's first financial statements prepared in accordance with FRS 102

The accounting policies set out in notes 1 to 12 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting UK GAAP An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables

Reconciliation of equity

		1 January 2014			31 December 2014		
	Notes	UK GAAP £ 000	Effect of transition to FRS 102 £ 000	FRS 102 £ 000	UK GAAP £ 000	Effect of transition to FRS 102 £ 000	FRS 102 £ 000
Fixed assets							
Tangible fixed assets		408		408	356		356
Investments		58,756		58,756	49,804		49,804
Derivative financial instruments	a	—	109	109	—		—
		59,164	109	59,273	50,160		50,160
Current assets							
Debtors		7,293		7,293	14,560		14,560
Cash at bank and in hand		1,321		1,321	1,307		1,307
		8,614		8,614	15,867		15,867
Creditors amounts due within one year		(12,962)		(12,962)	(10,553)		(10,553)
Net current (liabilities)/assets		(4,348)		(4,348)	5,314		5,314
Creditors amounts falling due after more than one year	b	(5,015)		(5,015)	(4,440)	(5)	(4,445)
Net assets		49,801	109	49,910	51,034	(5)	51,029
Capital and reserves							
Called up share capital		123		123	123		123
Share premium account		344		344	344		344
Capital redemption reserve fund		1		1	1		1
Profit and loss account		49,333	109	49,442	50,566	(5)	50,561
Shareholders' equity		49,801	109	49,910	51,034	(5)	51,029

a) Recognition of fair value of interest rate swaps Assets recognised at 1 January 2014
b) Recognition of fair value of interest rate swaps Liability recognised at 31 December 2014

Notes to the parent company financial statements continued
for the year ended 31 December 2015

13 Explanation of transition to FRS 102 from old UK GAAP continued
Reconciliation of profit and loss account and equity from old UK GAAP to FRS 102

	Profit for the year ended 31 December 2014 £ 000	Equity as at 31 December 2014 £ 000	Equity as at 1 January 2014 £ 000
Amount under old UK GAAP	8,835	51,034	49,801
Recognition of financial derivative	—	(5)	109
Change in fair value of financial derivative	(114)	—	—
Amount under FRS 102	8,721	51,029	49,910

Notice of Annual General Meeting

NOTICE IS GIVEN THAT the Annual General Meeting of London Security plc (the "Company") will be held at 10 Bruton Street, 5th Floor, London W1J 6PX on 22 June 2016 at 11 am for the following purposes

You will be asked to consider the following resolutions as ordinary resolutions

1 To receive the financial statements for the year ended 31 December 2015 and the Reports of the Directors and auditor and the Directors' Remuneration Report for that period

2 To re-elect J-J Murray as a Director, who retires by rotation under article 23 2 of the Company's articles of association

3 To re-elect X Mignolet as a Director, who retires by rotation under article 23 2 of the Company's articles of association

4 To re-elect M-C Leon as a Director, who retires by rotation under article 23 2 of the Company's articles of association

5 To declare a final dividend in respect of 2015 of £0 40 per ordinary share

6 That KPMG LLP be re-appointed as auditor of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting at which accounts are laid before the Company and that its remuneration be fixed by the Directors

7 That the Directors be generally and unconditionally authorised in accordance with Section 549 of the Companies Act 2006 (the "Act") to exercise all the powers of the Company to allot relevant securities (as defined in Section 550 of the Act) up to an aggregate nominal value equal to the whole of the authorised but unissued share capital of the Company immediately following the passing of this resolution provided that such authority shall (unless and to the extent previously revoked, varied or renewed by the Company in general meeting) expire at the conclusion of five years from the date this resolution is passed provided that such authority shall allow the Company to make an offer or enter into an agreement which would or might require relevant securities to be allotted after the expiry of such authority and the Directors may allot relevant securities in pursuance of any such offer or agreement as if the authority conferred by this resolution had not expired

You will be asked to consider the following resolutions as special resolutions

8 That, subject to the passing of resolution 7 above, the Directors be and are empowered pursuant to Section 570 of the Act to allot equity securities (within the meaning of Section 564 of the Act) of the Company for cash pursuant to the authority conferred by resolution 7 above as if Section 561 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 £6,131 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 is the earlier) but so that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant to such an offer or agreement as if the power conferred by this resolution had not expired

Notice of Annual General Meeting continued

9 That the Company be and is generally and unconditionally authorised for the purposes of Section 701 of the Act to make one or more market purchases (as defined in Section 701(2) of the Act) on the London Stock Exchange of ordinary shares of 1 pence each in the capital of the Company ("ordinary shares") provided that

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

(ii) the minimum price which may be paid for such shares is 1 pence 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 Company's ordinary shares derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase of the ordinary shares 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

R Pollard
Company Secretary
28 April 2016

Registered office
Premier House
2 Jubilee Way
Elland
West Yorkshire HX5 9DY

Notes

1 If you are a member of the Company you are entitled to appoint one or more proxies to attend, speak and vote at the Meeting and you should have received a form of proxy with the Notice of Meeting You can appoint a proxy using the procedures set out in these notes and the notes in the form of proxy

2 A proxy does not need to be a member of the Company but must attend the Meeting to represent you Details of how to appoint the Chairman of the Meeting or another person as your proxy using the form of proxy are set out in the notes to the form of proxy

3 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares You may not appoint more than one proxy to exercise rights attached to any one share To appoint more than one proxy, fill out a copy of the accompanying form of proxy for each proxy Multiple proxy appointments should be returned in the same envelope

4 A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting

Appointment of proxy using hard copy proxy form

5 The notes to the form of proxy explain how to direct your proxy how to vote on each resolution or withhold their vote To appoint a proxy using the form of proxy, the form must be

(a) completed and signed,

(b) sent or delivered to Capita Asset Services, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, and

(c) received by Capita Asset Services no later than 48 hours before the time of the Meeting

In the case of a member which is a company, the form of proxy must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company Any power of attorney or any other authority under which the form of proxy is signed (or a duly certified copy) of such power or authority must be included with the form of proxy

Notes continued

Appointment of proxy by joint members

6 In the case of appointment of a proxy by joint shareholders, 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

Changing proxy instructions

7 To change your proxy instructions, simply submit a new proxy appointment using the methods set out above Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions, any amended proxy appointment received after the relevant cut-off time will be disregarded

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence

Termination of proxy appointments

8 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice

The revocation notice must be received by Capita Asset Services no later than 48 hours before the Meeting

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid

Appointment of a proxy does not preclude you from attending the Meeting and voting in person If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated

Issued shares and total voting rights

9 As at 11 am on 28 April 2016, the Company's issued share capital comprised 12,261,477 shares of 1 pence each Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 11 am on 28 April 2016 was 12,261,477

Documents on display

10 The register of Directors' interests will be available for inspection at the registered office of the Company from 25 April 2016 until the time of the Meeting and for at least 15 minutes prior to the Meeting and during the Meeting

Communication

11 Except as provided above, members who have general queries about the Meeting should use the following method of communication (no other methods of communication will be accepted)

(a) calling 01422 372852,

(b) you may not use any electronic address provided either

(i) in this Notice of Annual General Meeting, or

(ii) any related documents (including the form of proxy),

to communicate with the Company

Group companies

United Kingdom
Asco Extinguishers Company Limited
Unit 1 1
Festival Court
Brand Place
Glasgow G51 1DR

Tel 0141 427 1144
Fax 0141 427 6644
Email customer service@ asco uk com
Website www asco uk com

GC Fire Protection Limited
Premier House
Jubilee Way
Elland
West Yorkshire HX5 9DY

Tel 0208 391 7310
Fax 01422 314 311
Email customer service@ gcfireprotection co uk
Website www gcfireprotection co uk

GFA Premier Limited
Premier House
Jubilee Way
Elland
West Yorkshire HX5 9DY

Tel 01422 377 521
Fax 01422 377 524
Email customer service@ gfapremier co uk

Hoyles Fire & Safety Limited
Premier House
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Tunbridge Wells Fire Protection Limited
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