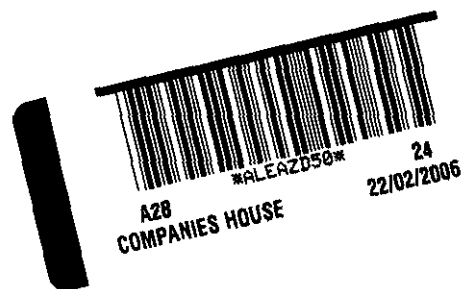


**JOHNSON SECURITY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2005**



**JOHNSON SECURITY LIMITED**  
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**JOHNSON SECURITY LIMITED**  
**COMPANY INFORMATION**

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Directors R J Johnson (appointed 27/09/05)  
K B Johnson  
J Ventris-Field  
S Wang  
Q Li  
V Donaldson

Secretary P Harwood (appointed 8/9/04)

Company Number 934256

Registered office Orchard Industrial Estate  
Toddington  
Cheltenham  
Gloucestershire  
GL54 5EB

Auditors UHY Hacker Young  
9 -11 Vittoria Street  
Birmingham  
West Midlands  
B1 3ND

Business address Orchard Industrial Estate  
Toddington  
Cheltenham  
Gloucestershire  
GL54 5EB

Bankers Barclays Bank plc  
128 High Street  
Cheltenham  
Gloucestershire  
GL50 1EL

**1) Financial statements**

The directors present their report and financial statements for the year ended 30 June 2005.

**2) Directors responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**3) Principal activities and review of the business**

The principal activity of the company continues to be the design manufacture and maintenance of armoured security vehicles and other equipment for the cash in transit industry.

The company continues to have a good order book, which is expected to lead to a further increase in turnover for the coming year. Unaudited management accounts show the company continues to trade profitably.

The company is forecast to generate an increased operating profit for the current financial year. The loan from Four Dimension Johnson Security UK Ltd is expected to continue to remain in place.

The Directors continue to be of the opinion that prospects are improving.

The company has established a new technology department to innovate and create new products and provide a design centre for customers, it is actively pursuing new markets for its existing products, and developing a new portfolio of products for sale to existing and new customers.

The directors also expect the company to benefit from profitable trading relationships with Four Dimensions Johnson Security Co Ltd in China.

**4) Trading results**

Gross profit for the year was £4,164,222 (2004: £2,753,429).

The profit for the year before taxation amounted to £546,153. After crediting taxation of £10,538 the profit for the year was £556,691, the directors propose this profit to be transferred to reserves.

**5) Dividends**

The directors do not recommend the payment of a dividend for the year ended 30 June 2005.

**6) Research and development**

The company has continued its activity in the field of research and development to enable it to keep up to date with modern technology and to meet its customers' requirements.

**7) Directors and their interests**

The following directors have held office since 1 July 2004.

R J Johnson	(Appointed 27 September 2005)
K B Johnson	
J Ventris-Field	
C T Dernie	(Resigned 31 August 2004)
S Wang	
T G Wang	(Resigned 17 September 2004)
Q Li	
K N Hitchcock	(Resigned 30 September 2004)
V J Donaldson	

The directors' interests in the shares of the company at the 30 June 2005 and 1 July 2004 were as stated below:

	Ordinary of £1 each	
	30 June 2005	1 July 2004
R J Johnson	-	-
K B Johnson	-	-
J Ventris-Field	-	-
S Wang	-	-
Q Li	-	-
V J Donaldson	-	-

## 7) Directors and their interests (continued)

	A Ordinary of £1 each	
	30 June 2005	1 July 2004
J Ventris-Field	-	-
C T Dernie	-	-
S Wang	-	-

On behalf of the board

  
.....

**V J Donaldson**  
Director

16 February 2006

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHNSON SECURITY LIMITED**

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We have audited the financial statements of Johnson Security Limited on pages 5 to 18 for the year ended 30 June 2005. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out herein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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 the directors and auditors**

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**UHY Hacker Young**  
**Registered Auditor**  
**9-11 Vittoria Street**  
**Birmingham**  
**B1 3ND**

**16 February 2006**

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2005**

	Notes	2005 £	2004 £
<b>Turnover</b>	2	14,222,860	9,617,039
Cost of sales		<u>(10,058,638)</u>	<u>(6,863,610)</u>
<b>Gross profit</b>		4,164,222	2,753,429
Administrative expenses		<u>(3,541,533)</u>	<u>(3,362,844)</u>
<b>Operating profit/(loss)</b>	3	622,689	(609,415)
Interest payable and similar charges	4	<u>(76,536)</u>	<u>(269,039)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		546,153	(878,454)
Tax on profit/(loss) on ordinary activities	5	10,538	(23,518)
<b>Profit/(loss) on ordinary activities after taxation</b>		<u>556,691</u>	<u>(854,936)</u>
Dividends		-	-
<b>Retained profit/(loss) for the year</b>	14	<u>556,691</u>	<u>(854,936)</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations. There are recognised gains in the current year relating to the revaluation of land and buildings, other than those recorded in the profit and loss account.



**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2005**


	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Profit/(loss) for the financial year</b>	556,691	(854,936)
Unrealised surplus on revaluation of properties	-	209,784
Sale of land and buildings	838,323	-
<b>Total recognised gains and losses relating to the year</b>	<u><u>1,395,014</u></u>	<u><u>(645,152)</u></u>

**JOHNSON SECURITY LIMITED**  
**BALANCE SHEET AS AT 30 JUNE 2005**

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	Notes	£	2005 £	£	2004 £
<b>Fixed assets</b>					
Tangible assets	6		925,413		4,013,427
Investments	7		<u>302,954</u>		<u>302,954</u>
			1,228,367		4,316,381
<b>Current assets</b>					
Stocks	8	1,493,161		1,144,194	
Debtors	9	2,394,557		1,763,871	
Cash at bank and in hand		<u>3,094</u>		<u>643</u>	
		3,890,812		2,908,708	
<b>Creditors: amounts falling due within one year</b>	10	<u>(3,515,053)</u>		<u>(4,598,988)</u>	
<b>Net current assets/(liabilities)</b>			<u>375,759</u>		<u>(1,690,280)</u>
<b>Total assets less current liabilities</b>			1,604,126		2,626,101
<b>Creditors: amount falling due after more than one year</b>	11		(1,030,581)		(2,609,247)
			<u>573,545</u>		<u>16,854</u>
<b>Capital and reserves</b>					
Called up share capital	13		309,978		309,978
Share premium account			197,563		197,563
Revaluation reserve	14		-		838,323
Capital redemption reserve			230,937		230,937
Profit and loss account	14		<u>(164,933)</u>		<u>(1,559,947)</u>
<b>Shareholders' funds - equity interests</b>	15		<u>573,545</u>		<u>16,854</u>

The financial statements were approved by the Board on 16 February 2006

  
 .....  
 V J Donaldson  
 Director

**JOHNSON SECURITY LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005**

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	Note	£	2005 £	2004 £
<b>Net cash inflow/(outflow) from operating activities</b>	22		429,799	(17,666)
Returns on investments and servicing of finance				
Interest paid		<u>(76,536)</u>	<u>(269,039)</u>	
<b>Net cash outflow for returns on investments and servicing of finance</b>			(76,536)	(269,039)
Taxation received			165,126	-
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible fixed assets		(134,192)	-	-
Receipts from sales of motor vehicles		23,690	-	-
Receipts from sales of land and buildings		<u>2,750,000</u>	<u>14,000</u>	
<b>Net cash inflow from capital expenditure and financial investment</b>			2,639,498	14,000
<b>Equity dividends paid</b>			<u>(3,000)</u>	<u>(9,250)</u>
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>			3,154,887	(281,955)
<b>Financing</b>				
New loan from holding company		-	933,000	
Repayment of long term bank loan		(1,540,279)	(98,437)	
Repayment of other short term loans		(65,005)	(67,105)	
Repayment of hire purchase contracts		<u>(125,684)</u>	<u>(134,554)</u>	
<b>Net cash (outflow)/inflow from financing</b>			(1,730,968)	632,904
<b>Increase in cash in the year</b>	23		<u><u>1,423,919</u></u>	<u><u>350,949</u></u>

**1 Accounting policies****a Accounting convention**

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand and which is due for renewal on 30 August 2006. The nature of the company's business is such that there can be considerable unpredictable variation in the timing of cash inflows. The directors consider that the company will continue to operate within the facility currently agreed and that the sales order level forecast will be achieved. The holding company has also given its assurance of continued financial support. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis, which is dependant on the continued support of the holding company, directors, bankers and other creditors. The directors are not aware of any circumstances which would cause this support to be withdrawn.

**b Compliance with accounting standards**

The financial statements are prepared in accordance with applicable accounting standards.

**c Turnover**

Turnover represents the amounts excluding value added tax receivable during the year for goods and services applied.

**d Research and development**

Expenditure on research is written off in the year which it is incurred.

Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

**e Tangible fixed assets and depreciation**

Depreciation is calculated to write off the cost or valuation less estimated value of tangible assets over their estimated useful lives at the following rates:

Land and buildings Leasehold	over period of lease
Plant and Machinery	10% - 33.3% of cost per annum
Motor vehicles	25% of cost per annum

**f Leasing and hire purchase commitments**

Assets acquired under hire purchase and finance leases are recorded in the balance sheet as tangible fixed assets at their equivalent capital value. The corresponding liability is included under creditors due within or after one year. The interest element is charged to profit and loss account and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

**g Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

**1 Accounting policies (continued)****h Stock and work in progress**

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is represented by direct materials and labour together with attributable amounts of fixed and variable overheads incurred in bringing each product to its present location and condition. Net realisable value is estimated selling price less further costs expected to be incurred to completion and disposal.

**i Pensions**

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**j Deferred taxation**

Deferred tax is provided in full in respect of taxation deferred by timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision has been made for permanent differences. The deferred tax balance has not been discounted.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

**2 Turnover**

Geographical market

	<b>Turnover</b>	
	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
United Kingdom	13,825,854	9,142,829
Other European Countries	397,006	474,210
	<u>14,222,860</u>	<u>9,617,039</u>

**3 Operating profit**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss) is stated after charging:		
Depreciation of tangible assets	507,267	586,276
Research and development	124,412	97,787
Operating lease rentals	298,366	77,234
Auditors' remuneration	13,650	13,000
Remuneration of auditors for non-audit work	<u>9,691</u>	<u>-</u>

**4 Interest payable**

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
On bank loans and overdrafts	21,713	109,818
On other loans wholly repayable within 5 years	13,297	95,499
Hire purchase interest	11,956	19,088
On overdue tax	26,995	37,724
Other interest	<u>2,575</u>	<u>6,910</u>
	<u>76,536</u>	<u>269,039</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

5 Taxation	2005	2004
<b>Domestic current year tax</b>	<b>£</b>	<b>£</b>
U.K corporation tax	-	(23,469)
Adjustment for prior years	-	(49)
<b>Current tax charge</b>	<b>-</b>	<b>(23,518)</b>
<b>Deferred tax</b>		
Accelerated capital allowances	49,157	-
Unutilised losses	(59,695)	-
	<u>(10,538)</u>	<u>(23,518)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19%. The actual tax charge for the year is lower than the standard rate for the reasons set out in the following reconciliation.

<b>Factors affecting the tax charge for the year</b>	<b>£</b>	<b>£</b>
Profit/(loss) on ordinary activities before taxation	<u>546,153</u>	<u>674,748</u>
Profit/(loss) on ordinary activities before taxation multiplied by the company's rate of UK corporation tax of 19% (2004 19%)	<u>103,770</u>	<u>(166,906)</u>
Effects of:	<b>£</b>	<b>£</b>
Non deductible expenses	16,340	13,559
Research and development enhanced allowance	(11,819)	(9,290)
Prior year timing differences	<u>(118,829)</u>	<u>139,119</u>
	<u>(114,308)</u>	<u>143,388</u>
<b>Current tax charge</b>	<u>(10,538)</u>	<u>(23,518)</u>

## 6 Tangible fixed assets

	Land & buildings Freehold £	Land & buildings Leasehold £	Plant & Machinery £	Motor Vehicles £	Total £
<b>Cost or valuation</b>					
At 1 July 2004	2,709,784	274,156	3,412,908	426,355	6,823,203
Additions	-	-	98,569	35,623	134,192
Disposals	(2,709,784)	-	-	(137,094)	(2,846,878)
At 30 June 2005	<u>-</u>	<u>274,156</u>	<u>3,511,477</u>	<u>324,884</u>	<u>4,110,517</u>
<b>Depreciation</b>					
At 1 July 2004	-	248,765	2,229,117	331,894	2,809,776
Charge for the year	-	22,145	422,963	62,159	507,267
On disposals	-	-	-	(131,939)	(131,939)
At 30 June 2005	<u>-</u>	<u>270,910</u>	<u>2,652,080</u>	<u>262,114</u>	<u>3,185,104</u>
<b>Net book value</b>					
At 30 June 2005	<u>-</u>	<u>3,246</u>	<u>859,397</u>	<u>62,770</u>	<u>925,413</u>
At 30 June 2004	<u>2,709,784</u>	<u>25,391</u>	<u>1,183,791</u>	<u>94,461</u>	<u>4,013,427</u>

**6 Tangible fixed assets (cont'd)**

Comparable historical cost for the land and buildings included at valuation:

	£
<b>Cost</b>	
At 1 July 2004	<u>2,009,952</u>
<b>Depreciation based on cost</b>	
At 1 July 2004	-
Charge for the year	<u>-</u>
At 30 June 2005	<u>-</u>
<b>Net book value</b>	
At 30 June 2005	<u>-</u>
At 30 June 2004	<u>2,009,952</u>

The freehold land and buildings were valued at an open market for existing use basis at £2,500,000 by Donaldsons, Chartered Surveyors as at 12 June 2003. On 30 June 2004 the Directors revalued the land and buildings to £2,709,784 based on the expected sales proceeds. On 30 September 2004 the company sold the land and buildings and entered into a sale and lease back arrangement for their future use.

Included within plant and machinery are computer consultancy costs with a net book value of £128,540 (2004: £295,681) relating to modifications to the computer systems. The directors are of the opinion that in accordance with FRS11 Impairment of Fixed Assets and Goodwill that the future cash flows generated from the software will be equal to or in excess of the carrying value.

Included below are assets held under hire purchase contracts which are as follows:

	Plant & Machinery £	Motor Vehicles £	Total £
<b>Net book values</b>			
At 30 June 2005	<u>98,773</u>	<u>13,257</u>	<u>112,030</u>
At 30 June 2004	<u>311,548</u>	<u>85,905</u>	<u>397,453</u>
<b>Depreciation charge for the year</b>			
30 June 2005	<u>31,939</u>	<u>9,358</u>	<u>41,297</u>
30 June 2004	<u>75,055</u>	<u>54,362</u>	<u>129,417</u>

## 7 Fixed asset investments

	Unlisted invest'ts £	Shares in group undertak'gs £	Total £
Cost or valuation At 30 June 2004 and 30 June 2005	<u>302,953</u>	<u>1</u>	<u>302,954</u>

### Unlisted investments

The unlisted investment relates to the company's 25% interest in a joint venture based in China, Beijing Four Dimensions Johnson Security Co Limited. The summarised balance sheet for the joint venture as at 31 December 2003 and 2004 is as follows:

	31 December 2004 £	31 December 2003 £
<b>Fixed assets</b>		
- Intangible	1,965,719	2,039,484
- Tangible	2,036,935	1,980,490
<b>Stocks</b>	653,671	594,259
<b>Current assets</b>	2,079,029	733,376
<b>Current liabilities</b>	<u>(2,493,758)</u>	<u>(2,261,699)</u>
	<u>4,241,596</u>	<u>3,085,910</u>
<b>Capital and reserves</b>	<u>4,241,596</u>	<u>3,085,910</u>

The above figures have been taken from the joint venture's audited accounts for the year ended 31 December 2003 and 2004 and restated into UK sterling using the exchange rate prevailing at the balance sheet date. These accounts were prepared by a professional firm of accountants which are subject to government scrutiny.

### Group undertakings

The company holds more than 20% of the share capital of the following company:

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
Transafe Europe Limited	Great Britain	Ordinary	60

The aggregate amount of capital and reserves and the results of the undertaking for the last relevant financial year were as follows.

	Capital and reserves £	Profit for the year £
Transafe Europe Limited	<u>196</u>	<u>-</u>



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

The total capital and reserves of the company and the profit for the year as stated above relate to the last financial statements of Transafe Europe Limited which have been prepared up to 30 November 2004. The results have not been consolidated as the effect would have been immaterial.

Johnson Security Europe Cz, s.r.o                      Czech Republic                      Ordinary                      100

Johnson Security Europe Cz, s.r.o was incorporated on 21 August 2002 with an authorised and issued share capital of £4,204. No accounts are available and the company is expected to be wound up during 2006. The directors are of the opinion that the results will not be material to the group.

<b>8 Stocks and work in progress</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	546,146	520,986
Work in progress	947,015	623,208
	<u>1,493,161</u>	<u>1,144,194</u>
<b>9 Debtors</b>	<b>£</b>	<b>£</b>
Trade debtors	2,025,166	1,499,031
Corporation tax	23,519	188,645
Other debtors	33,626	22,983
Prepayments and accrued income	301,708	53,212
Deferred tax asset (See note 12 below)	10,538	-
	<u>2,394,557</u>	<u>1,763,871</u>
<b>10 Creditors: amounts falling due within one year</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	94,110	1,580,583
Payments received on account	1,146,564	409,597
Trade creditors	1,122,820	1,012,529
Net obligations under hire purchase contracts	38,387	125,684
Other taxes and social security costs	506,089	867,247
Other creditors	313,229	346,090
Accruals and deferred income	205,912	166,316
Proposed dividend	87,942	90,942
	<u>3,515,053</u>	<u>4,598,988</u>
The bank loans and overdrafts are secured as stated in note 11.		
<b>11 Creditors: amounts falling due after more than one year</b>	<b>£</b>	<b>£</b>
Bank loans	-	1,540,279
Amount due to holding company	1,000,000	1,000,000
Net obligations under hire purchase contracts	30,581	68,968
	<u>1,030,581</u>	<u>2,609,247</u>
<b>Analysis of bank loans</b>	<b>£</b>	<b>£</b>
Not wholly repayable within five years by instalments:	-	1,605,284
Included in current liabilities	-	(65,005)
	<u>-</u>	<u>1,540,279</u>
<b>Bank loan maturity analysis</b>	<b>£</b>	<b>£</b>
In more than one year but not more than two years	-	70,018
In more than two years but not more than five years	-	244,157
In more than five years	-	1,226,104

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

A loan of £1,000,000 was made by the holding company Four Dimension Johnson Security UK Limited on 8 April 2004. This loan is unsecured and interest free with no fixed terms of repayment. The loan cannot be repaid until all loans outstanding have been repaid to the company's bankers.

The bank overdraft facility of £1 million pounds is secured by a fixed and floating charge over the assets of the company, a cross guarantee with Four Dimension Johnson Security UK limited and personal guarantees on life policies provided by the directors R J Johnson and K B Johnson.

	£	£
Net obligations under hire purchase contracts		
Repayable within one year	38,387	125,684
Repayable between two and five years	30,581	68,968
	<u>68,968</u>	<u>194,652</u>

**12 Deferred tax**

	2005	2004
	£	£
Balance at 1 July 2004	-	-
Profit and loss account	(10,538)	-
Balance at 30 June 2005	<u>(10,538)</u>	<u>-</u>

Deferred taxation provided in the financial statements is as follows:

	£	£
Accelerated capital allowances	49,157	-
Tax losses available	(59,695)	-
	<u>(10,538)</u>	<u>-</u>

**13 Share capital**

Authorised	£	£
272,478 Ordinary of £1 each	272,478	272,478
195,833 A Ordinary of £1 each	195,833	195,833
181,250 B Ordinary of £1 each	181,250	181,250
	<u>649,561</u>	<u>649,561</u>

Allotted, called up and fully paid	£	£
272,478 Ordinary of £1 each	272,478	272,478
37,500 A Ordinary of £1 each	37,500	37,500
	<u>309,978</u>	<u>309,978</u>

**14 Statement of movement on reserves**

	Revaluation Reserve	Profit & Loss Account
	£	£
Balance at 1 July 2004	838,323	(1,559,947)
Revaluation on Land and Buildings	(838,323)	838,323
Retained profit for the year	-	556,691
Balance at 30 June 2005	<u>-</u>	<u>(164,933)</u>

# 15 Reconciliation of movements in shareholders funds

	£	£
Profit for the financial year	556,691	(854,936)
Dividends	-	-
	<u>556,691</u>	<u>(854,936)</u>
Other recognised gains and losses	-	209,784
Net addition/(reduction) to shareholder funds	<u>556,691</u>	<u>(645,152)</u>
Opening shareholders funds	16,854	662,006
Closing shareholders funds	<u>573,545</u>	<u>16,854</u>

# 16 Financial commitments

At 30 June 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2005	2004	2005	2004
	£	£	£	£
Expiry date:				
Within one year	349,500	-	15,824	15,824
Between two and five years	1,398,000	-	7,912	15,824
More than five years	<u>4,545,792</u>	<u>74,500</u>	<u>-</u>	<u>7,912</u>

On 30 September 2004 the company sold its freehold land and buildings and entered into a 20 year lease back agreement at an annual rental of £275,000.

# 17 Directors' emoluments

	2005	2004
	£	£
Emoluments for qualifying services	<u>333,871</u>	<u>455,425</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

	£	£
Emoluments for qualifying services	82,270	98,992
Company pension contributions to money purchase schemes	<u>4,218</u>	<u>4,608</u>

The company paid a total of £11,101 (2004 : £22,141) during the year by way of contributions to a money purchase pension scheme on behalf of 4 directors (2004: 7 directors).

# 18 Transactions with directors

The following directors had interest free loans during the year in respect of staff purchases. The balance outstanding (which were also the maximum amounts outstanding during the year) at 30 June 2005 are as follows:

	£	£
R J Johnson	1,264	427
J V Field	<u>-</u>	<u>3,000</u>

**19 Employees****Number of employees**

The average monthly number of employees (including directors) during the year

	2005	2004
	£	£
Production	89	96
Administration	69	71
	<u>158</u>	<u>167</u>

**Employment costs**

	£	£
Wages and salaries	4,505,681	3,929,355
Social security costs	371,807	382,776
Other pension costs - defined contribution scheme	64,985	90,687
	<u>4,942,473</u>	<u>4,402,818</u>

**20 Contingent liability**

The company has entered into a cross guarantee securing the bank loans and overdrafts where applicable of Four Dimension Johnson Security UK Limited.

**21 Holding company and ultimate controlling party**

The company is a wholly owned subsidiary of Four Dimension Johnson Security UK Limited, a company incorporated in the United Kingdom.

**22 Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities**

	2005	2004
	£	£
Operating profit/(loss)	622,689	(609,415)
Depreciation of tangible assets	507,267	586,276
(Profit)/loss on disposal of tangible assets	(58,751)	6,678
(Increase)/decrease in stocks	(348,967)	400,063
(Increase)/decrease in debtors	(785,274)	153,892
Increase/(decrease) in creditors within one year	492,835	(555,160)
<b>Net cash inflow/(outflow) from operating activities</b>	<u>429,799</u>	<u>(17,666)</u>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

23 Analysis of net debt	1st July 2004 £	Cash flow £	Other non- cash changes £	30 June 2005 £
Net cash:				
Cash at bank and in hand	643	2,450	-	3,093
Bank overdraft	(1,515,579)	1,421,469	-	(94,110)
	<u>(1,514,936)</u>	<u>1,423,919</u>	<u>-</u>	<u>(91,017)</u>
Debt:				
Hire purchase agreements	(194,652)	125,684		(68,968)
Debts falling due within one year	(65,005)	65,005		-
Debts falling due after one year	(2,540,279)	1,540,279		(1,000,000)
	<u>(2,799,936)</u>	<u>1,730,968</u>	<u>-</u>	<u>(1,068,968)</u>
Net debt:	<u>(4,314,872)</u>	<u>3,154,887</u>	<u>-</u>	<u>(1,159,985)</u>

## 24 Reconciliation of net cash flow to movement in net debt

	2005 £	2004 £
Increase in cash in the year	1,423,919	350,949
Cash inflow/(outflow) from the decrease/(increase) in debt and hire purchase agreements	1,730,968	(699,904)
Change in net debt resulting from cash flows	<u>3,154,887</u>	<u>(348,955)</u>
Hire purchase agreements	-	(61,522)
<b>Movement in net debt in the year</b>	<u>3,154,887</u>	<u>(410,477)</u>
Opening net debt	(4,314,872)	(3,904,395)
<b>Closing net debt</b>	<u>(1,159,985)</u>	<u>(4,314,872)</u>

## 25 Pension Commitments

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company. The pension costs charge represents contributions payable by the company to the schemes and amounted to £64,985 (2004:£90,687)

## 26 Related Party Transactions

During the year the company reimbursed trading expenses incurred by Johnson Security Europe Cz s.r.o, a wholly owned subsidiary based in the Czech Republic, of £65,476 (2004: £144,333). There were no amounts outstanding at the year end.