

JOHNSON SECURITY LIMITED
FINANCIAL STATEMENTS
FOR THE 18 MONTH PERIOD ENDED
1 JULY 2005
TO
31 DECEMBER 2006

TUESDAY



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JOHNSON SECURITY LIMITED
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JOHNSON SECURITY LIMITED
COMPANY INFORMATION

Directors	R J Johnson K B Johnson J Ventris-Field S Wang Q Li V Donaldson M Usen (appointed 1 July 2006) G Wheldon (appointed 1 July 2006)
Secretary	P Harwood
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 18 month period from 1 July 2005 to 31 December 2006

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, with a further increase in turnover expected in the coming year

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

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

The technology department continues to pursue new markets for existing products, and development of a diversified portfolio of products continues

The trading relationship with Beijing Four Dimension Johnson Security System Limited, continues to provide a benefit to the company

4) Trading results

Gross profit for the 18 month period was £5,091,306 (2005 £4,164,222)

The profit for the period before taxation amounted to £54,619 After crediting taxation of £82,642 the profit for the year was £137,261, the directors propose this profit to be transferred to reserves

5) Dividends

The directors do not recommend the payment of a dividend for the period ended 31 December 2006

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 2005

R J Johnson

K B Johnson

J Ventris-Field

S Wang


Q Li

V J Donaldson

M Usen (appointed 1 July 2006)

G Wheldon (appointed 1 July 2006)

On behalf of the board



.....
V J Donaldson
Director

29 May 2007

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF JOHNSON SECURITY LIMITED

We have audited the financial statements of Johnson Security Limited for the period ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors Responsibilities on page 1.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements. In addition, we report to you 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 International Standards on Auditing (UK and Ireland) 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:

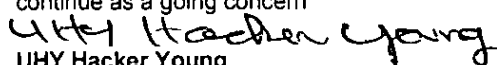
the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of the profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985,

the information given in the directors' report is consistent with the financial statements.

Emphasis of matter - Going Concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in the financial statements concerning the company's ability to continue as a going concern. The company incurred a net profit of £137,261 during the period ended 31 December 2006 and, as of that date, the company's current assets exceeded its current liabilities by £629,195. This working capital requirement is not large and these conditions, along with other matters as set forth in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result from a failure to continue as a going concern.



UHY Hacker Young

Registered Auditors

9-11 Vittoria Street

Birmingham

B1 3ND

29 May 2007

PROFIT AND LOSS ACCOUNT FOR 18 MONTH PERIOD ENDED 31 DECEMBER 2006

	Notes	18 Months 2006 £	12 Months 2005 £
Turnover	2	17,211,598	14,222,860
Cost of sales		<u>12,120,292</u>	<u>(10,058,638)</u>
Gross profit		5,091,306	4,164,222
Administrative expenses		<u>4,937,926</u>	<u>(3,541,533)</u>
Operating profit	3	153,380	622,689
Interest payable and similar charges	4	<u>(98,761)</u>	<u>(76,536)</u>
Profit on ordinary activities before taxation		54,619	546,153
Tax on ordinary activities	5	82,642	10,538
Profit on ordinary activities after taxation		<u>137,261</u>	<u>556,691</u>
Dividends		-	-
Retained profit for the year	16	<u><u>137,261</u></u>	<u><u>556,691</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations. There are recognised gains in the prior 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 18 MONTH PERIOD
ENDED 31 DECEMBER 2006**

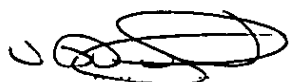
	2006	2005
	£	£
Profit for the financial year	137,261	556,691
Sale of land and buildings	-	838,323
Total recognised gains and losses relating to the period/year	<u>137,261</u>	<u>1,395,014</u>

JOHNSON SECURITY LIMITED
BALANCE SHEET AS AT 31 DECEMBER 2006

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	Notes	£	2006 £	£	2005 £
Fixed assets					
Intangible assets	6		270,000		-
Tangible assets	7		503,243		925,413
Investments	8		311,358		302,954
			<u>1,084,601</u>		<u>1,228,367</u>
Current assets					
Stocks	9	1,779,752		1,493,161	
Debtors amount falling due within one year	10	3,843,750		2,257,057	
Debtors amount falling due after more than one year	11	137,500		137,500	
Cash at bank and in hand		1,517		3,094	
		<u>5,762,519</u>		<u>3,890,812</u>	
Creditors amounts falling due within one year	12	<u>(5,133,324)</u>		<u>(3,515,053)</u>	
Net current assets			<u>629,195</u>		<u>375,759</u>
Total assets less current liabilities			1,713,796		1,604,126
Creditors amount falling due after more than one year	13		(1,002,990)		(1,030,581)
			<u>710,806</u>		<u>573,545</u>
Capital and reserves					
Called up share capital	15		309,978		309,978
Share premium account			197,563		197,563
Capital redemption reserve			230,937		230,937
Profit and loss account	16		(27,672)		(164,933)
Shareholders' funds - equity interests	17		<u>710,806</u>		<u>573,545</u>

The financial statements were approved by the Board on 29 May 2007



V J Donaldson
Director

CASH FLOW STATEMENT FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2006

	Note	£	2006 £	£	2005 £
Net cash (outflow)/inflow from operating activities	23		(208,890)		429,799
Returns on investments and servicing of finance					
Interest paid		(98,761)		(76,536)	
Net cash outflow for returns on investments and servicing of finance			(98,761)		(76,536)
Taxation received			-		165,126
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(133,829)		(134,192)	
Receipts from sales of motor vehicles		12,468		23,690	
Receipts from sales of land and buildings		-		2,750,000	
Payments to acquire intangible fixed assets		(270,000)		-	
Payments to acquire financial investments		(8,403)		-	
Net cash (outflow)/ inflow from capital expenditure and financial investment			(399,764)		2,639,498
Equity dividends paid			-		(3,000)
Net cash (outflow)/inflow before management of liquid resources and financing			(707,415)		3,154,887
Financing					
Repayment of long term bank loan		-		(1,540,279)	
Repayment of other short term loans		-		(65,005)	
Repayment of hire purchase contracts		(48,878)		(125,684)	
Net cash outflow from financing			(48,878)		(1,730,968)
(Decrease)/increase in cash in the year	24		(756,293)		1,423,919

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 June 2007. The nature of the company's business is such that there can be considerable unpredictable variation in the timing of cash inflows which can result in the company operating very close to its overdraft limit. 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:

Leasehold land and buildings	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

	Turnover	
	18 Months 2006	12 Months 2005
	£	£
United Kingdom	16,666,833	13,825,854
Countries within the EEC	519,818	397,006
Countries outside the EEC	24,947	-
	<u>17,211,598</u>	<u>14,222,860</u>

3 Operating profit

	2006	2005
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	554,968	507,267
Research and development	-	124,412
Operating lease rentals	681,804	298,366
Auditors' remuneration	19,600	13,650
Remuneration of auditors for non-audit work	<u>2,530</u>	<u>9,691</u>

4 Interest payable

	2006	2005
	£	£
On bank loans and overdrafts	83,952	21,713
On other loans wholly repayable within 5 years	-	13,297
Hire purchase interest	5,284	11,956
On overdue tax	9,525	26,995
Other interest	-	2,575
	<u>98,761</u>	<u>76,536</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE 18 MONTH PERIOD ENDED 31 DECEMBER 2006

5 Taxation	2006	2005
Domestic current year tax	£	£
U K corporation tax	(16,124)	-
Adjustment for prior years	-	-
Current tax credit	(16,124)	-
 Deferred tax		
Accelerated capital allowances	(66,518)	49,157
Unutilised losses	-	(59,695)
	(82,642)	(10,538)

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

Factors affecting the tax charge for the period	£	£
Profit on ordinary activities before taxation	54,619	546,153
 Profit on ordinary activities before taxation multiplied by the company's rate of UK corporation tax of 19% (2005 19%)	10,378	103,770
 Effects of	£	£
Non deductible expenses	1,716	16,340
Research and development enhanced allowance	(93,074)	(11,819)
Other timing differences	(1,662)	(118,829)
	(93,020)	(114,308)
 Current tax credit	(82,642)	(10,538)

6 Intangible fixed assets

Research and development	£
 Cost	
At 1 July 2005	-
Additions	270,000
At 31 December 2006	270,000
 Amortisation	
At 1 July 2005	-
Charge for the period	-
At 31 December 2006	-
 Net book value	
At 31 December 2006	270,000
At 30 June 2005	-

Research and development expenditure has been incurred on a revolutionary product Transafe. The directors are confident that this product is technically feasible and commercially viable and in accordance with SSAP13 Accounting for Research and Development have capitalised the expenditure. Commercial exploitation of the product is expected during 2007 when amortisation of the expenditure incurred will commence.

7 Tangible fixed assets

	Leasehold Land & Buildings £	Plant & Machinery £	Motor Vehicles £	Total £
Cost or valuation				
At 1 July 2005	274,156	3,511,477	324,884	4,110,517
Additions	55,001	73,328	5,500	133,829
Disposals	-	-	(76,761)	(76,761)
At 31 December 2006	<u>329,157</u>	<u>3,584,805</u>	<u>253,623</u>	<u>4,167,585</u>
Depreciation				
At 1 July 2005	270,910	2,652,080	262,114	3,185,104
Charge for the year	12,414	499,118	43,436	554,968
On disposals	-	-	(75,730)	(75,730)
At 31 December 2006	<u>283,324</u>	<u>3,151,198</u>	<u>229,820</u>	<u>3,664,342</u>
Net book value				
At 31 December 2006	<u>45,833</u>	<u>433,607</u>	<u>23,803</u>	<u>503,243</u>
At 30 June 2005	<u>3,246</u>	<u>859,397</u>	<u>62,770</u>	<u>925,413</u>

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

	Plant & Machinery £	Motor Vehicles £	Total £
Net book values			
At 31 December 2006	<u>5,069</u>	<u>-</u>	<u>5,069</u>
At 30 June 2005	<u>98,773</u>	<u>13,257</u>	<u>112,030</u>
Depreciation charge for the year			
31 December 2006	<u>30,377</u>	<u>-</u>	<u>30,377</u>
30 June 2005	<u>31,939</u>	<u>9,358</u>	<u>41,297</u>

8 Fixed asset investments

	Unlisted invest'ts £	Shares in group undertak'gs £	Total £
Cost or valuation			
At 1 July 2005	302,953	1	302,954
Additions	8,404	-	8,404
At 31 December 2006	<u>311,357</u>	<u>1</u>	<u>311,358</u>

Unlisted investments

The unlisted investments relate to the Company's 25% interest in a joint venture based in China, Beijing Four Dimension Johnson Security System Limited and 35% interest in a joint venture based in Russia, Johnson Security Russia Limited

Beijing Four Dimension Johnson Security System Limited

The summarised balance sheets at 31 December 2004 and 2005 are as follows

	31 December 2005 £	31 December 2004 £
Fixed assets		
- Intangible	1,303,020	1,965,719
- Tangible	2,197,846	2,036,935
Stocks	1,039,550	653,671
Current assets	4,781,835	2,079,029
Current liabilities	(4,404,872)	(2,493,758)
	<u>4,917,379</u>	<u>4,241,596</u>
Capital and reserves	<u>4,917,379</u>	<u>4,241,596</u>

The above figures have been taken from the joint venture's audited accounts for the year ended 31 December 2004 and 2005 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.

Johnson Security Russia Limited

Johnson Security Russia Limited was incorporated on 27 April 2005 with an authorised and issued share capital of £28,986. No accounts are available although the directors have confirmed the company was dormant throughout the period to 31 December 2006.

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	%
Subsidiary undertakings			
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>

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 2005. 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 2007. The directors are of the opinion that the results will not be material to the group.

9 Stocks and work in progress	2006	2005
	£	£
Raw materials and consumables	761,041	546,146
Work in progress	1,018,711	947,015
	<u>1,779,752</u>	<u>1,493,161</u>
10 Debtors amounts falling due within one year	£	£
Trade debtors	3,647,581	2,025,166
Corporation tax	39,643	23,519
Other debtors	26,298	33,626
Prepayments and accrued income	53,172	164,208
Deferred tax asset (See note 14 below)	77,056	10,538
	<u>3,843,750</u>	<u>2,257,057</u>
11 Debtors: amounts falling due after more than one year	£	£
Rent deposit	<u>137,500</u>	<u>137,500</u>

On 30 September 2004 the company paid a rent deposit of £137,500 as security for future payment of rent on units 17 to 20 to the landlord. This deposit is repayable after more than 1 year and is repayable on the earlier of either the

- end of the term of the lease on 30 September 2024,
- date on which the tenant assigns the lease,
- date on which the tenant reports to the landlord 3 consecutive years profits in excess of a specified amount

12 Creditors amounts falling due within one year	£	£
Bank loans and overdrafts	848,827	94,110
Payments received on account	2,200,881	1,146,564
Trade creditors	836,789	1,122,820
Net obligations under hire purchase contracts	17,100	38,387
Other taxes and social security costs	865,324	506,089
Other creditors	114,781	313,229
Accruals and deferred income	161,680	205,912
Proposed dividend	87,942	87,942
	<u>5,133,324</u>	<u>3,515,053</u>

The bank loans and overdrafts are secured as stated in note 11

13 Creditors amounts falling due after more than one year	£	£
Amount due to holding company	1,000,000	1,000,000
Net obligations under hire purchase contracts	2,990	30,581
	<u>1,002,990</u>	<u>1,030,581</u>

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	17,100	38,387
Repayable between two and five years	2,990	30,581
	<u>20,090</u>	<u>68,968</u>

14 Deferred tax

	2006	2005
	£	£
Balance at 1 July 2005	(10,538)	-
Profit and loss account	(66,518)	(10,538)
Balance at 31 December 2006	<u>(77,056)</u>	<u>(10,538)</u>

Deferred taxation provided in the financial statements is as follows

	£	£
Accelerated capital allowances	(17,361)	49,157
Tax losses available	(59,695)	(59,695)
	<u>(77,056)</u>	<u>(10,538)</u>

15 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>

16 Statement of movement on reserves

	Profit & Loss Account £
Balance at 1 July 2005	(164,933)
Retained profit for the year	137,261
Balance at 31 December 2006	<u>(27,672)</u>

17 Reconciliation of movements in shareholders funds

	£ 2006	£ 2005
Profit for the financial year	137,261	556,691
Dividends	-	-
Net addition to shareholder funds	137,261	556,691
Opening shareholders funds	573,545	16,854
Closing shareholders funds	710,806	573,545

18 Financial commitments

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2006	2005	2006	2005
	£	£	£	£
Expiry date				
Within one year	365,000	349,500	51,099	15,824
Between two and five years	365,000	349,500	7,003	7,912
More than five years	365,000	349,500	-	-

19 Directors' emoluments

	2006	2005
	£	£
Emoluments for qualifying services	527,218	333,871

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

	£	£
Emoluments for qualifying services	132,278	82,270
Company pension contributions to money purchase schemes	6,901	4,218

The company paid a total of £17,363 (2005 £11,101) during the year by way of contributions to a money purchase pension scheme on behalf of 5 directors (2005 4 directors)

20 Employees**Number of employees**

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

	2006	2005
	£	£
Production	93	89
Administration	81	69
	<u>174</u>	<u>158</u>

Employment costs

	£	£
Wages and salaries	7,181,578	4,505,681
Social security costs	738,750	371,807
Other pension costs - defined contribution scheme	78,728	64,985
	<u>7,999,056</u>	<u>4,942,473</u>

21 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

22 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. The ultimate controlling party is considered by the Directors to be Mr S Wang the majority shareholder in Four Dimension Johnson Security UK Limited. During 2007 it is expected by the Directors, that the remaining shares owned by the minority shareholders in Four Dimension Johnson Security UK Limited will be sold to Mr S Wang.

23 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	2006	2005
	£	£
Operating profit	153,380	622,689
Depreciation of tangible assets	554,968	507,267
Profit on disposal of tangible assets	(11,437)	(58,751)
Increase in stocks	(286,591)	(348,967)
Increase in debtors	(1,504,051)	(785,274)
Increase in creditors within one year	884,841	492,835
Net cash (outflow)/inflow from operating activities	<u>(208,890)</u>	<u>429,799</u>

24 Analysis of net debt	1st July 2005 £	Cash flow £	Other non- cash changes £	31 December 2006 £
Net cash				
Cash at bank and in hand	3,093	(1,576)	-	1,517
Bank overdraft	(94,110)	(754,717)	-	(848,827)
	<u>(91,017)</u>	<u>(756,293)</u>	<u>-</u>	<u>(847,310)</u>
Debt				
Hire purchase agreements	(68,968)	48,878	-	(20,090)
Debts falling due after one year	(1,000,000)	-	-	(1,000,000)
	<u>(1,068,968)</u>	<u>48,878</u>	<u>-</u>	<u>(1,020,090)</u>
Net debt	<u>(1,159,985)</u>	<u>(707,415)</u>	<u>-</u>	<u>(1,867,400)</u>

25 Reconciliation of net cash flow to movement in net debt

	2006 £	2005 £
(Decrease)/increase in cash in the year	(756,293)	1,423,919
Cash inflow from the decrease in debt and hire purchase agreements	48,878	1,730,968
Movement in net debt in the year	<u>(707,415)</u>	<u>3,154,887</u>
Opening net debt	(1,159,985)	(4,314,872)
Closing net debt	<u>(1,867,400)</u>	<u>(1,159,985)</u>

26 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 £78,728 (2005 £64,985).

27 Related Party Transactions

During the year the company

- paid trading expenses of £43,479 on behalf of Beijing Four Dimension Johnson Security System Limited and received from Beijing Four Dimension Johnson Security System Limited £23,534. At the year end £19,945 (2005 £76,006) was owed by Beijing Four Dimension Johnson Security System Limited to the company.
- did not incur any income or expenditure with either Johnson Security Europe CZ sro or Johnson Security Russia Limited. In 2005 Johnson Security Europe CZ sro incurred trading expenses of £65,476. There were no amounts outstanding at the year end.
- paid China Ventures Limited £27,234 and Canton Management Limited £12,351. There were no amounts outstanding at the year end.