

COMPANY REGISTRATION NUMBER 934256

JOHNSON SECURITY LIMITED
FINANCIAL ACCOUNTS
31 DECEMBER 2008

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JOHNSON SECURITY LIMITED
FINANCIAL ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

CONTENTS	PAGE
Officers and professional advisers	1
Directors' report	2
Independent auditor's report to the shareholders	4
Profit and loss account	6
Statement of total recognised gains and losses	7
Balance sheet	8
Cash flow statement	9
Notes to the financial accounts	10

JOHNSON SECURITY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Board of directors	M Usen Dr C Lin
Company secretary	P Harwood
Registered office	Unit 20, Orchard Industrial Estate Toddington Cheltenham Gloucestershire GL54 5EB
Auditor	Nexia Smith & Williamson LLP Chartered Accountants & Registered Auditors Portwall Place Portwall Lane Bristol BS1 6NA

JOHNSON SECURITY LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2008

The directors have pleasure in presenting their report and the financial accounts of the company for the year ended 31 December 2008.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

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

The company experienced growth during the year in all sectors of the business, Vehicle Sales, Building Products and Support services. The company has continued to work closely with its ultimate parent company in China, to maximize the efficiencies that can be gained from the relationship. Benefits from this approach are expected to increase in future years. Notwithstanding the current economic climate, the company is anticipating further overall growth in the coming year. The company customer base consists entirely of other commercial organizations that may themselves be adversely affected by the economy as a whole. The company considers that it has a broad range of customers such that the effect on the company is reduced.

KEY PERFORMANCE INDICATORS	2008	2007
Turnover Growth Percentage	15.6%	19.3%
Gross Margin Percentages	33.2%	20.0%
Research & Development spend as percentage of turnover	8.2%	6.8%

FUTURE DEVELOPMENTS

As part of the company's diversification strategy, overseas opportunities are considered a growth prospect, and are being given increased support. The company continues to pursue a strategy of new product development, in order to maintain its position within the market place, and provide a sound basis for future growth.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, credit risk, and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs. Given the size of the company, the directors have not delegated responsibility of monitoring financial risk management to a sub committee of the board. The policies set by the board of directors are implemented by the company's finance department.

PRICE RISK

The company is exposed to commodity price risks as a result of its operations. However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature. The company has no exposure to equity securities price risk as it holds no listed or other equity investments other than in related parties.

CREDIT RISK

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

LIQUIDITY RISK

The company maintains a mixture of external and related party finance that is designed to ensure the company has sufficient available funds for operations and planned expansions.

INTEREST RATE CASH FLOW RISK

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, which earn interest at the prevailing bank rate.

JOHNSON SECURITY LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2008.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,059,193. The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

Dr C Lin	(appointed 30 July 2008)	G Wheldon	(resigned 5 March 2008)
M Usen		A Bannerman	(resigned 16 May 2008)
J Ventris-Field	(resigned 8 April 2008)	B Li	(resigned 5 March 2008)
S Wang	(resigned 5 March 2008)	J Liu	(resigned 5 March 2008)
V Donaldson	(appointed 31 January 2008, resigned 16 May 2008)		

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial accounts in accordance with applicable law and regulations.

Company law requires the directors to prepare financial accounts for each financial year. Under that law the directors have elected to prepare the financial accounts in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial accounts are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial accounts 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial accounts 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.

In so far as each of the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

AUDITORS

A resolution to re-appoint Nexia Smith & Williamson LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



Mr M Usen
Director

Approved by the directors on 20 February 2009

JOHNSON SECURITY LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF JOHNSON SECURITY LIMITED

YEAR ENDED 31 DECEMBER 2008

We have audited the financial accounts of Johnson Security Limited for the year ended 31 December 2008 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement and the related notes. These financial accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors' responsibilities for preparing the financial accounts 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.

Our responsibility is to audit the financial accounts 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 accounts give a true and fair view and 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 accounts.

In addition we report to you if, in our opinion, 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 other transactions 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial accounts, 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 accounts 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 accounts.

JOHNSON SECURITY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
JOHNSON SECURITY LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2008

OPINION

In our opinion:

- the financial accounts 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 2008 and of its profit for the year then ended;
- the financial accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial accounts.

Nexia Smith & Williamson LLP

NEXIA SMITH & WILLIAMSON LLP

Chartered Accountants

& Registered Auditors

Bristol

20 February 2009

JOHNSON SECURITY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	2007 £
TURNOVER	2	16,491,334	14,264,681
Cost of sales		(10,889,310)	(11,407,599)
GROSS PROFIT		5,602,024	2,857,082
Administrative expenses		(3,069,824)	(2,983,058)
Other operating income		50,000	74,412
OPERATING PROFIT/(LOSS)	3	2,582,200	(51,564)
Profit on disposal of fixed assets	6	–	616,515
Income from shares in group undertakings	7	–	290,354
Interest payable and similar charges	8	(42,417)	(23,354)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,539,783	831,951
Tax on profit on ordinary activities	9	(480,590)	(112,970)
PROFIT FOR THE FINANCIAL YEAR		<u>2,059,193</u>	<u>718,981</u>

All of the activities of the company are classed as continuing.

The notes on pages 12 to 23 form part of these financial accounts.

JOHNSON SECURITY LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 31 DECEMBER 2008**


	Note	2008 £	2007 £
Profit for the financial year attributable to the shareholders		2,059,193	718,981
Prior year adjustment - change of accounting policy	27	—	62,132
Prior year adjustment - correction of fundamental error	27	—	85,664
		<hr/>	<hr/>
Total gains and losses recognised since the last annual report		<u>2,059,193</u>	<u>866,777</u>

The notes on pages 12 to 23 form part of these financial accounts.

JOHNSON SECURITY LIMITED**BALANCE SHEET****31 DECEMBER 2008**

	Note	2008 £	2007 £
FIXED ASSETS			
Intangible assets	10	2,324,058	1,194,865
Tangible assets	11	268,577	293,173
Investments	12	259,036	259,036
		<u>2,851,671</u>	<u>1,747,074</u>
CURRENT ASSETS			
Stocks	13	1,365,154	1,054,296
Debtors due within one year	14	6,126,390	4,377,479
Debtors due after one year	14	137,500	137,500
Cash at bank		—	343,872
		<u>7,629,044</u>	<u>5,913,147</u>
CREDITORS: Amounts falling due within one year	15	<u>(5,302,538)</u>	<u>(5,082,638)</u>
NET CURRENT ASSETS		<u>2,326,506</u>	<u>830,509</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,178,177</u>	<u>2,577,583</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	17	(453,459)	—
NET ASSETS		<u>4,724,718</u>	<u>2,577,583</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	1,309,978	1,309,978
Share premium account	22	197,563	197,563
Other reserves	23	230,937	230,937
Profit and loss account	24	2,986,240	839,105
EQUITY SHAREHOLDERS' FUNDS	25	<u>4,724,718</u>	<u>2,577,583</u>

These financial accounts were approved by the directors on 20 February 2009 and are signed on their behalf by:


Mr M Usen
Director

The notes on pages 12 to 23 form part of these financial accounts.

JOHNSON SECURITY LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 2008**

	Note	2008 £	2007 £
NET CASH INFLOW FROM OPERATING ACTIVITIES		842,781	2,367,064
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid	(42,417)		(22,167)
Interest element of hire purchase	—		(1,187)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(42,417)	(23,354)
TAXATION		(74,000)	(41,010)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire intangible fixed assets	(1,345,921)		(974,865)
Payments to acquire tangible fixed assets	(123,545)		(29,093)
Receipts from sale of fixed assets	2,650		14,759
Acquisition of investments	—		(187,268)
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(1,466,816)	(1,176,467)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(740,452)	1,208,253
FINANCING			
Capital element of hire purchase	(3,019)		(17,071)
NET CASH OUTFLOW FROM FINANCING		(3,019)	(17,071)
(DECREASE)/INCREASE IN CASH		<u>(743,471)</u>	<u>1,191,182</u>

The notes on pages 12 to 23 form part of these financial accounts.

JOHNSON SECURITY LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31 DECEMBER 2008****RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2008	2007
	£	£
Operating profit/(loss)	2,582,200	(51,564)
Amortisation	216,728	50,000
Depreciation	144,387	227,291
Loss/(Profit) on disposal of fixed assets	1,104	(2,887)
(Increase)/decrease in stocks	(310,858)	373,139
(Increase)/decrease in debtors	(1,749,059)	714,410
(Decrease)/increase in creditors	(41,721)	1,056,675
Net cash inflow from operating activities	<u>842,781</u>	<u>2,367,064</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/FUNDS

	2008	2007
	£	£
(Decrease)/increase in cash in the period	(743,471)	1,191,182
Cash outflow in respect of hire purchase	<u>3,019</u>	<u>17,071</u>
	(740,452)	1,208,253
Non-cash item	-	1,000,000
Change in net debt	<u>(740,452)</u>	<u>2,208,253</u>
Net funds at 1 January 2008	340,853	(1,867,400)
Net debt at 31 December 2008	<u>(399,599)</u>	<u>340,853</u>

The non-cash item relates to the conversion of a £1m loan from the parent company into ordinary share capital at par during the prior year.

The notes on pages 12 to 23 form part of these financial accounts.

JOHNSON SECURITY LIMITED
CASH FLOW STATEMENT *(continued)*
YEAR ENDED 31 DECEMBER 2008

ANALYSIS OF CHANGES IN NET (DEBT)/FUNDS

	At 1 Jan 2008 £	Cash flows £	At 31 Dec 2008 £
Net cash:			
Cash in hand and at bank	343,872	(343,872)	—
Bank overdraft	—	(399,599)	(399,599)
	<u>343,872</u>	<u>(743,471)</u>	<u>(399,599)</u>
Debt:			
Hire purchase agreements	(3,019)	3,019	—
Net debt	<u>340,853</u>	<u>(740,452)</u>	<u>(399,599)</u>

The notes on pages 12 to 23 form part of these financial accounts.

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES

Basis of accounting

The financial accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. Consolidated accounts have not been prepared since the company is a wholly owned subsidiary of a company incorporated in the United Kingdom.

Turnover

The turnover shown in the profit and loss account represents amounts earned during the year, exclusive of Value Added Tax.

Long term contracts

Long term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between reported turnover and related costs for that contract. Where losses on contracts are foreseeable they are provided for immediately.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Research and Development - 5 - 7 years

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	over period of the lease
Plant & Machinery	-	10% - 33% straight line
Motor Vehicles	-	25% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

1. ACCOUNTING POLICIES *(continued)*

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

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. No provision has been made for permanent differences. The deferred tax balance has not been discounted. Provision for deferred tax assets is only made if recovery is likely.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Research and development

Research and development costs are capitalised and amortised if they meet the criteria specified in SSAP 13 "accounting for research and development," otherwise they are charged to the profit and loss account.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company. An analysis of turnover is given below:

	2008	2007
	£	£
United Kingdom	14,121,914	11,315,729
Europe	1,976,212	2,604,820
Rest of the world	393,208	344,132
	<u>16,491,334</u>	<u>14,264,681</u>

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

3. OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging/(crediting):

	2008	2007
	£	£
Amortisation	216,728	50,000
Depreciation of owned fixed assets	144,387	222,204
Depreciation of assets held under hire purchase agreements	—	5,087
Loss/(Profit) on disposal of fixed assets	1,104	(2,887)
Auditor's remuneration	15,000	15,000
- for other services	20,060	31,585
Operating lease costs:		
Land and buildings	418,073	370,221
Other	166,729	96,474
Net profit on foreign currency translation	<u>(181,159)</u>	<u>(66,015)</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2008	2007
	No	No
Number of production staff	96	104
Number of administrative staff	74	72
	<u>170</u>	<u>176</u>

The aggregate payroll costs of the above were:

	2008	2007
	£	£
Wages and salaries	5,963,434	5,487,555
Social security costs	516,934	528,348
Pension costs	121,793	137,257
	<u>6,602,161</u>	<u>6,153,160</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2008	2007
	£	£
Emoluments receivable	260,659	480,155
Value of company pension contributions to money purchase schemes	6,139	9,401
	<u>266,798</u>	<u>489,556</u>

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

5. DIRECTORS' EMOLUMENTS *(continued)*

Emoluments of highest paid director:

	2008	2007
	£	£
Total emoluments (excluding pension contributions)	71,049	100,979
Value of company pension contributions to money purchase schemes	1,876	2,258
	<u>72,925</u>	<u>103,237</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	2008	2007
	No	No
Money purchase schemes	<u>3</u>	<u>5</u>

6. PROFIT ON DISPOSAL OF FIXED ASSETS

	2008	2007
	£	£
Profit on disposal of fixed assets	<u>—</u>	<u>616,515</u>

During the prior year the company disposed of a 24.5% interest in Four Dimension Johnson Co Limited.

7. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2008	2007
	£	£
Income from group undertakings	<u>—</u>	<u>290,354</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2008	2007
	£	£
Interest payable on bank borrowing	22,984	17,995
Finance charges	—	1,187
Other similar charges payable	19,433	4,172
	<u>42,417</u>	<u>23,354</u>

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

9. TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2008	2007
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 28.50% (2007 - 30%)	-	88,413
Over provision in prior year	(25,368)	-
Total current tax	(25,368)	88,413
Deferred tax:		
Origination and reversal of timing differences (note 17)		
Capital allowances	655,234	24,557
Losses and other deductions	(155,075)	-
Other	5,799	-
Total deferred tax (note 17)	505,958	24,557
Tax on profit on ordinary activities	480,590	112,970

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28.50% (2007 - 30%).

	2008	2007
	£	£
Profit on ordinary activities before taxation	2,539,783	831,951
Profit on ordinary activities by rate of tax	723,838	249,585
Income not taxable	-	(184,954)
Expenses not deductible	22,615	94,255
Depreciation in excess of capital allowances	(316,547)	25,087
Utilisation of tax losses and other deductions	(237,704)	(94,255)
Marginal relief	-	(1,305)
Research and Development enhanced relief	(172,365)	-
Other short term timing differences	(19,837)	-
Over provision in prior year	(25,368)	-
Total current tax (note 9(a))	(25,368)	88,413

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

10. INTANGIBLE FIXED ASSETS

	Research & development £
COST	
At 1 January 2008	1,244,865
Additions	1,345,921
At 31 December 2008	<u>2,590,786</u>
AMORTISATION	
At 1 January 2008	50,000
Charge for the year	216,728
At 31 December 2008	<u>266,728</u>
NET BOOK VALUE	
At 31 December 2008	<u>2,324,058</u>
At 31 December 2007	<u>1,194,865</u>

Research and development expenditure has been incurred on a new product "Transafe" and development of designs for customers on new vehicle chassis. The directors are confident that the products are in accordance with the requirements of SSAP13 "Accounting for Research and Development" and have capitalised the expenditure.

11. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
COST				
At 1 January 2008	329,157	3,613,898	188,688	4,131,743
Additions	—	123,545	—	123,545
Disposals	—	(6,653)	(161,676)	(168,329)
At 31 December 2008	<u>329,157</u>	<u>3,730,790</u>	<u>27,012</u>	<u>4,086,959</u>
DEPRECIATION				
At 1 January 2008	292,460	3,361,203	184,907	3,838,570
Charge for the year	9,108	133,915	1,364	144,387
On disposals	—	(5,316)	(159,259)	(164,575)
At 31 December 2008	<u>301,568</u>	<u>3,489,802</u>	<u>27,012</u>	<u>3,818,382</u>
NET BOOK VALUE				
At 31 December 2008	<u>27,589</u>	<u>240,988</u>	<u>—</u>	<u>268,577</u>
At 31 December 2007	<u>36,697</u>	<u>252,695</u>	<u>3,781</u>	<u>293,173</u>

Hire purchase agreements

Included within the net book value of £268,577 is £Nil (2007 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial accounts in the year in respect of such assets amounted to £Nil (2007 - £5,087).

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

12. INVESTMENTS

Unlisted investments

	£
COST	
At 1 January 2008 and 31 December 2008	<u>259,036</u>
NET BOOK VALUE	
At 31 December 2008	<u>259,036</u>
At 31 December 2007	<u>259,036</u>

Unlisted investments comprise the following:

A 25% interest in Beijing Four Dimensions Hengtong Technical Development Co. Limited, incorporated in China. This company was formed during the prior period as a joint venture with the ultimate parent company. No accounts are yet available for the company.

A 35% interest in Johnson Security Russia Limited, incorporated in Russia. The company was dormant throughout the year.

A 60% interest in Transafe Europe Limited, incorporated in the United Kingdom.

13. STOCKS

	2008	2007
	£	£
Raw materials	907,461	854,720
Work in progress	457,693	199,576
	<u>1,365,154</u>	<u>1,054,296</u>

14. DEBTORS

	2008	2007
	£	£
Trade debtors	4,582,608	2,850,499
Amounts owed by group undertakings	1,334,218	—
Corporation tax repayable	52,350	—
Other debtors	24,328	1,382,280
Prepayments and accrued income	270,386	229,701
Deferred taxation (note 17)	—	52,499
	<u>6,263,890</u>	<u>4,514,979</u>

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

14. DEBTORS *(continued)*

The debtors above include the following amounts falling due after more than one year:

	2008	2007
	£	£
Prepayments and accrued income	<u>137,500</u>	<u>137,500</u>

The above comprises a rent deposit on units 17 to 20. This deposit is repayable after more than 1 year and is repayable on the earlier of:

- end of the lease term 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

15. CREDITORS: Amounts falling due within one year

	2008	2007
	£	£
Overdrafts	399,599	—
Payments received on account	536,307	1,666,982
Trade creditors	1,842,082	1,435,234
Amounts owed to group undertakings	1,765,334	901,243
Corporation tax	—	47,017
VAT	364,385	631,833
Hire purchase agreements	—	3,019
Dividends payable	—	87,942
Other creditors	—	21,568
Accruals and deferred income	394,831	287,800
	<u>5,302,538</u>	<u>5,082,638</u>

The bank overdraft facility of £750,000 is secured by a fixed and floating charge over the assets of the company and a cross guarantee with Four Dimension Johnson Security UK Limited.

16. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2008	2007
	£	£
Amounts payable within 1 year	<u>-</u>	<u>3,019</u>
	<u>-</u>	<u>3,019</u>

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

17. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows:

	2008 £	2007 £
Included in debtors (note 14)	-	(52,499)
Included in provisions	453,459	-
	<u>453,459</u>	<u>(52,499)</u>

The movement in the deferred taxation account during the year was:

	2008 £	2007 £
Balance brought forward	(52,499)	(77,056)
Profit and loss account movement arising during the year	505,958	24,557
Balance carried forward	<u>453,459</u>	<u>(52,499)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2008 £	2007 £
Excess of taxation allowances over depreciation on fixed assets	602,735	(52,499)
Tax losses available	(155,075)	-
Other timing differences	5,799	-
	<u>453,459</u>	<u>(52,499)</u>

18. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	2008		2007	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	-	4,306	-	37,888
Within 2 to 5 years	-	132,959	-	22,847
After more than 5 years	365,000	-	365,000	-
	<u>365,000</u>	<u>137,265</u>	<u>365,000</u>	<u>60,735</u>

19. CONTINGENCIES

The company has entered into a cross guarantee securing the bank loans and overdrafts where applicable of Four Dimension Johnson Security UK Limited. The amount guaranteed at the year end was £nil (2007 - £nil).

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL ACCOUNTS

YEAR ENDED 31 DECEMBER 2008

20. RELATED PARTY TRANSACTIONS

During the year the company purchased goods costing £589,969 (2007 - £264,541) from its ultimate parent company Four Dimensions Johnson Co. Limited (formerly Beijing Four Dimension Johnson Security Equipment Co.). The company also sold goods to the value of £188,691 (2007 - £120,736).

Four Dimension Johnson Co. Limited invoiced the company £256,347 (2007: £350,000) for management services provided during the year.

Four Dimension Johnson Co. Limited loaned the company £753,159 (2007 - £245,000), which is repayable within one year. No interest will be due in respect of this loan. Of this £703,171 was repaid by the company during the year.

The company paid trading expenses of £134,780 (2007 - £nil) on behalf of Four Dimension Johnson Co. Limited. Of this £nil (2007: £nil) was repaid to the company during the year.

Four Dimensions Johnson Co. Limited declared dividends payable to the company of £nil (2007 - £290,354).

At the year end the company was owed by Four Dimensions Johnson Co. Limited £490,171 (2007 - owed to £551,243).

Beijing Four Dimension Heng Tong Technical Development Co., Ltd (a joint venture 25% owned by the company) invoiced the company £450,000 (2007 - £350,000) for technical engineering services provided during the year and £121,287 (2007 - £nil) for goods supplied to the company.

At the year end the company owed Beijing Four Dimension Heng Tong Technical Development Co., Ltd £921,287 (2007 - £350,000).

During the year the company purchased services from China Ventures Limited (a company owned by the former chairman of the company) and Canton Management Limited (a company owned by the former chairman of the parent company) of £nil (2007 - £13,510) and £nil (2007 - £2,666) respectively and sold services to China Ventures Limited of £nil (2007 - £7,000). No balances were outstanding from either company at the year end (2007 - £nil).

21. SHARE CAPITAL

Authorised share capital:

	2008	2007
	£	£
1,830,811 Ordinary shares of £1 each	1,830,811	1,830,811
218,750 A Preference shares of £0.01 each	2,188	2,188
	<u>1,832,999</u>	<u>1,832,999</u>

Allotted, called up and fully paid:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	<u>1,309,978</u>	<u>1,309,978</u>	<u>1,309,978</u>	<u>1,309,978</u>

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

22. SHARE PREMIUM ACCOUNT

There was no movement on the share premium account during the financial year.

23. OTHER RESERVES

	2008	2007
	£	£
Capital redemption reserve	<u>230,937</u>	<u>230,937</u>

24. PROFIT AND LOSS ACCOUNT

	2008	2007
	£	£
Balance brought forward	839,105	120,124
Profit for the financial year	2,059,193	718,981
Equity dividends written back	87,942	—
Balance carried forward	<u>2,986,240</u>	<u>839,105</u>

25. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2008	2007
	£	£
Profit for the financial year	2,059,193	718,981
New ordinary share capital subscribed	—	1,000,000
Equity dividends written back	87,942	—
Net addition to shareholders' funds	<u>2,147,135</u>	<u>1,718,981</u>
Opening shareholders' funds	<u>2,577,583</u>	<u>858,602</u>
Closing shareholders' funds	<u>4,724,718</u>	<u>2,577,583</u>

26. 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 of the ultimate parent company Four Dimensions-Johnson Co. Limited.

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL ACCOUNTS

YEAR ENDED 31 DECEMBER 2008

27. PRIOR YEAR ADJUSTMENT

During the year ended 31 December 2007, the company adopted Urgent Issues Task Force Abstract 40. This standard states that revenue must be recognised when the company has earned the right to the income. For Johnson Security Limited this affects projects which are in progress and have a final customer.

The previous accounting treatment recognised revenue when the project was complete and delivered.

The impact of this change in accounting policy on profit on ordinary activities after taxation for the period ended 31 December 2006 is to increase profit by £63,639 (2005 - reduce by £100,752, 2004 - increase by £99,245). The net cumulative effect is to increase reserves at 31 December 2006 by £62,132.

The effect of the policy change on the previously published balance sheet figures at 31 December 2006 is to reduce progress payments by £436,613 and reduce work in progress by £352,317 and increase accrued expenses by £22,164.

Dividends receivable from Four Dimension Johnson Co Limited were identified during the year but related to the year ended 31 December 2005 and were declared during the year ended 31 December 2006. Therefore the dividends should have been treated as receivable during the prior year. The directors consider this a fundamental error in the previously published accounts.

The impact of this fundamental error on ordinary activities after taxation is to reduce retained profit by £85,664 for the year ended 31 December 2007 (2006: increase of £85,664).

The effect of the fundamental error on the previously published balance sheet figures at 31 December 2006 is to increase amounts due from group entities by £122,377 and reduce the corporation tax receivable by £36,713.