
JOHNSON SECURITY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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JOHNSON SECURITY LIMITED

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JOHNSON SECURITY LIMITED

COMPANY INFORMATION

Directors	Dr C Lin W Lu
Company secretary	Dr C Lin
Company number	00934256
Registered office	Unit 20, Orchard Industrial Estate Toddington Gloucestershire GL54 5EB
Auditor	Nexia Smith & Williamson Chartered Accountants & Statutory Auditors Portwall Place Portwall Lane Bristol BS1 6NA

JOHNSON SECURITY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements for the year ended 31 December 2010

Principal activity and Business review

The principle 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

Key performance indicators

	2010	2009
Gross Margin	12.6%	21.3%
Research and Development spend as percentage of turnover	1.9%	3.5%

Results

The loss for the year, after taxation, amounted to £1,104,163 (2009 - profit £54,715)

Future developments

The company continues to be invested in its long term diversification strategy. This integrated project includes the development of our overseas sales team, the appointment of partners and distributors and the leveraging of a new catalogue of CIT standards designed to leverage the low cost supply chain developed through our parent company.

Principal risks and uncertainties

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 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 cost of managing exposure to commodity price risk exceeds any potential benefits. The directors will revisit the appropriateness of this policy should the company's operation 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 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.

JOHNSON SECURITY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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.

The results of the business are disappointing. Main reasons for the reduced performance are,

Johnson Security predominantly operates in the financial sector, our customers move cash and valuables. Low confidence fed by the continuing economic situation manifested itself as cancelled orders for both, vehicles and cash centres. The risk of even poorer results was mitigated by significant overhead reduction plans, other cost saving measures and significant continued support from the parent company. Signs of recovery were experienced in Q4 which should put us in good stead for 2012.

Directors

The directors who served during the year were

Dr C Lin
W Lu

Provision of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

JOHNSON SECURITY LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010


Auditor

Nexia Smith & Williamson are deemed to have been reappointed as auditors

This report was approved by the board on

08/12/11

and signed on its behalf


Dr C Lin
Director

JOHNSON SECURITY LIMITED

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

We have audited the financial statements of Johnson Security Limited for the year ended 31 December 2010, which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

JOHNSON SECURITY LIMITED

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

Nexia Smith & Williamson

Carl Deane (Senior statutory auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants & Statutory Auditors

Portwall Place

Portwall Lane

Bristol

BS1 6NA

Date

14 December 2011

JOHNSON SECURITY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
TURNOVER	1,2	10,321,217	11,479,018
Cost of sales		(9,032,244)	(9,032,953)
GROSS PROFIT		1,288,973	2,446,065
Administrative expenses		(2,341,579)	(2,353,079)
Administrative expenses - exceptional		(446,815)	-
Total administrative expenses		(2,788,394)	(2,353,079)
OPERATING (LOSS)/PROFIT	3	(1,499,421)	92,986
Interest payable and similar charges	6	(15,847)	(7,965)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,515,268)	85,021
Tax on (loss)/profit on ordinary activities	7	411,105	(30,306)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	(1,104,163)	54,715

All amounts relate to continuing operations

There were no recognised gains and losses for 2010 or 2009 other than those included in the profit and loss account

The notes on pages 10 to 22 form part of these financial statements


JOHNSON SECURITY LIMITED
REGISTERED NUMBER 00934256

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	£	2010 £	£	2009 £
FIXED ASSETS					
Intangible assets	8		1,636,387		2,426,172
Tangible assets	9		269,945		341,326
Investments	10		259,036		259,036
			<u>2,165,368</u>		<u>3,026,534</u>
CURRENT ASSETS					
Stocks	11	1,362,660		1,030,287	
Debtors amounts falling due after more than one year	12	137,500		137,500	
Debtors amounts falling due within one year	12	2,584,467		4,852,546	
Cash at bank		1,936		111,268	
		<u>4,086,563</u>		<u>6,131,601</u>	
CREDITORS amounts falling due within one year	13	(2,557,685)		(3,949,632)	
NET CURRENT ASSETS			<u>1,528,878</u>		<u>2,181,969</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,694,246</u>		<u>5,208,503</u>
PROVISIONS FOR LIABILITIES					
Deferred tax	14		(220,046)		(630,140)
NET ASSETS			<u>3,474,200</u>		<u>4,578,363</u>
CAPITAL AND RESERVES					
Called up share capital	15		1,309,978		1,309,978
Share premium account			197,563		197,563
Other reserves	16		230,937		230,937
Profit and loss account	16		1,735,722		2,839,885
EQUITY SHAREHOLDERS' FUNDS	17		<u>3,474,200</u>		<u>4,578,363</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

08/12/11


Dr C Lin
Director

The notes on pages 10 to 22 form part of these financial statements

JOHNSON SECURITY LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	Note	2010 £	2009 £
Net cash flow from operating activities	18	259,825	859,401
Returns on investments and servicing of finance	19	(13,128)	(7,965)
Taxation		(54,695)	45,995
Capital expenditure and financial investment	19	(208,087)	(764,222)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(16,085)	133,209

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2010**

	2010 £	2009 £
(Decrease)/Increase in cash in the year	(16,085)	133,209
MOVEMENT IN NET DEBT IN THE YEAR	(16,085)	133,209
Net debt at 1 January 2010	(266,390)	(399,599)
NET DEBT AT 31 DECEMBER 2010	(282,475)	(266,390)

The notes on pages 10 to 22 form part of these financial statements.

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Group accounts have not been prepared as all of the company's subsidiaries are permitted to be excluded from group accounts by virtue of sections 402 and 405 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The company incurred a net loss of £1,104,163 during the year ended 31 December 2010. Since the year end the company has been reliant upon fellow group company support which has been confirmed for the 12 months from the date these financial statements were signed. The directors consider that they can stay within bank facilities with this continued support. Accordingly, these financial statements are prepared on the going concern basis.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

1.4 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which labour hours incurred to date bear to total expected labour hours for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.5 Intangible fixed assets and amortisation

Research and development costs are recognised as intangible fixed assets in accordance with note 1.13.

Amortisation is provided at the following rates:

Research and Development	-	5 - 7 years
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1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Leasehold property	-	over period of the lease
Plant & machinery	-	10% - 33% straight line
Motor vehicles	-	25% straight line

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1 ACCOUNTING POLICIES (continued)

1.7 Investments

Investments held as fixed assets are shown at cost less provision for impairment

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 Work in progress

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

1.10 Operating leases

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

1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.12 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

1. ACCOUNTING POLICIES (continued)

1.13 Research and development

Development costs are capitalised within intangible assets if they meet the criteria specified in SSAP 13 "Accounting for research and development" and if they can be identified with a specific product or project anticipated to produce future benefits. They are then amortised on a straight line basis over the anticipated life of the benefits arising from the completed product or project.

Deferred research and development costs are reviewed annually, and where future benefits are deemed to have ceased or to be in doubt, the balance of any related research and development is written off to the Profit and Loss Account.

1.14 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

A geographical analysis of turnover is as follows:

	2010 £	2009 £
United Kingdom	9,739,638	10,087,691
Rest of European Union	367,937	1,000,542
Rest of World	213,642	390,785
	<u>10,321,217</u>	<u>11,479,018</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging/(crediting)

	2010 £	2009 £
Depreciation of tangible fixed assets		
- owned by the company	86,544	109,233
Auditors' remuneration	21,450	19,500
Auditors' remuneration - non-audit	17,450	17,300
Operating lease rentals		
- other	65,324	98,835
- land and buildings	417,861	392,899
Net gain on foreign currency translation	(29)	(231,869)
Amortisation of deferred development expenditure	535,894	480,126
Exceptional development costs written off	446,815	-
	<u>446,815</u>	<u>-</u>

Development costs of £446,815 (2009 - £nil) have been written off to the Profit and Loss Account following the Directors' annual development cost review which concluded that the future benefits were considered to be in doubt

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2010 £	2009 £
Wages and salaries	4,096,566	4,915,936
Social security costs	362,429	437,814
Pension costs	83,378	82,988
	<u>4,542,373</u>	<u>5,436,738</u>

The average monthly number of employees, including the directors, during the year was as follows

	2010 No.	2009 No.
Production staff	77	99
Administrative	42	52
	<u>119</u>	<u>151</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

5. DIRECTORS' REMUNERATION

	2010	2009
	£	£
Emoluments	22,900	82,318
Company pension contributions to defined contribution pension schemes	-	1,873

During the year retirement benefits were accruing to no directors (2009 - 1) in respect of defined contribution pension schemes

6 INTEREST PAYABLE

	2010	2009
	£	£
On bank borrowings	15,847	7,965

7. TAXATION

	2010	2009
	£	£
Analysis of tax (credit)/charge in the year		
Current tax (see note below)		
UK corporation tax charge on (loss)/profit for the year	-	11,969
Over provision in prior year	(1,011)	(3,269)
Total current tax	(1,011)	8,700
Deferred tax (see note 14)		
Origination and reversal of timing differences	(410,094)	21,606
Tax on (loss)/profit on ordinary activities	(411,105)	30,306

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2009 - lower than) the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained below

	2010 £	2009 £
(Loss)/profit on ordinary activities before tax	(1,515,268)	85,021
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	(424,275)	23,806
Effects of.		
Expenses not deductible for tax purposes	22,465	2,940
Depreciation/(capital allowances) in excess of capital allowances/(depreciation)	221,702	(22,286)
Over provision in prior year	(1,011)	(3,269)
Other short term timing differences	1,406	7,509
Unrelieved tax losses and other deductions in the period	178,702	-
Current tax (credit)/charge for the year (see note above)	(1,011)	8,700

Factors that may affect future tax charges

Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011, and its impact is reflected above. On 23 March 2011 the Government announced its intention to further reduce the main rate of corporation tax from 1 April 2011 to 26% with further annual reductions of 1% each year culminating in a rate of 23% on 1 April 2014.

It has not yet been possible to quantify the full anticipated effect of these proposed changes combined with other announced reductions to rates of capital allowances, although this will further reduce the company's future current tax charge and reduce the company's deferred tax balances accordingly.

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

8. INTANGIBLE FIXED ASSETS

	R & D £
Cost	
At 1 January 2010	3,173,026
Additions	192,924
Disposals	(1,006,028)
At 31 December 2010	<u>2,359,922</u>
Amortisation	
At 1 January 2010	746,854
Charge for the year	535,894
On disposals	(559,213)
At 31 December 2010	<u>723,535</u>
Net book value	
At 31 December 2010	<u><u>1,636,387</u></u>
At 31 December 2009	<u><u>2,426,172</u></u>

9. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant & machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2010	511,139	3,730,790	27,012	4,268,941
Additions	1,819	13,344	-	15,163
At 31 December 2010	<u>512,958</u>	<u>3,744,134</u>	<u>27,012</u>	<u>4,284,104</u>
Depreciation				
At 1 January 2010	310,676	3,589,927	27,012	3,927,615
Charge for the year	9,108	77,436	-	86,544
At 31 December 2010	<u>319,784</u>	<u>3,667,363</u>	<u>27,012</u>	<u>4,014,159</u>
Net book value				
At 31 December 2010	<u><u>193,174</u></u>	<u><u>76,771</u></u>	<u><u>-</u></u>	<u><u>269,945</u></u>
At 31 December 2009	<u><u>200,463</u></u>	<u><u>140,863</u></u>	<u><u>-</u></u>	<u><u>341,326</u></u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

10. FIXED ASSET INVESTMENTS

	Unlisted investments £
Cost or valuation	
At 1 January 2010 and 31 December 2010	259,036
Net book value	
At 31 December 2010	259,036
<i>At 31 December 2009</i>	<i>259,036</i>

Unlisted investments comprise

A 25% interest in the ordinary share capital of Beijing Four Dimensions Hengtong Technical Development Co Limited, a company registered in China. The result of this company for the year ended 31 December 2010 was £394,239 (2009 - £2,632,112) and the aggregate amount of capital and reserves at 31 December 2010 was £4,122,941 (2009 - £2,636,275)

A 35% interest in the ordinary share capital of Johnson Security Russia Limited, a company registered in Russia. The company was dormant throughout the year and the aggregate amount of capital and reserves at 31 December 2010 was £8,860 (2009 - £8,860)

A 60% interest in the ordinary share capital of Transafe Europe Limited, a company registered in the United Kingdom. The company was dormant throughout the year and the aggregate amount of capital and reserves at 30 November 2010 was £196 (2009 - £196)

11 STOCKS

	2010 £	2009 £
Raw materials	915,866	657,907
Work in progress	446,794	372,380
	1,362,660	1,030,287

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

12. DEBTORS

	2010 £	2009 £
Due after more than one year		
Other debtors	137,500	137,500
	<u>137,500</u>	<u>137,500</u>
Due within one year		
Trade debtors	1,388,057	2,005,655
Amounts owed by group undertakings	690,778	1,360,286
Other debtors	33,673	82,627
Prepayments and accrued income	122,942	90,215
Amounts recoverable on long term contracts	349,017	1,313,763
	<u>2,584,467</u>	<u>4,852,546</u>

**13. CREDITORS.
Amounts falling due within one year**

	2010 £	2009 £
Bank overdraft	284,411	377,658
Payments received on account	465,650	874,381
Trade creditors	1,305,490	952,108
Amounts owed to group undertakings	23,294	1,113,294
Corporation tax	-	54,695
Social security and other taxes	145,114	317,692
Other creditors	36,904	15,527
Accruals and deferred income	296,822	244,277
	<u>2,557,685</u>	<u>3,949,632</u>

The bank overdraft facility of £450,000 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

14. DEFERRED TAXATION

	2010 £	2009 £
At beginning of year	630,140	608,534
(Released during)/charge for year	(410,094)	21,606
	<u>220,046</u>	<u>630,140</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

14. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows

	2010 £	2009 £
Accelerated capital allowances	395,501	631,851
Losses and other deductions	(175,455)	(1,711)
	<u>220,046</u>	<u>630,140</u>

15. SHARE CAPITAL

	2010 £	2009 £
Allotted, called up and fully paid		
1,309,978 Ordinary shares of £1 each	<u>1,309,978</u>	<u>1,309,978</u>

16. RESERVES

	Capital redemption reserve £	Profit and loss account £
At 1 January 2010	230,937	2,839,885
Loss for the year	-	(1,104,163)
	<u>230,937</u>	<u>1,735,722</u>
At 31 December 2010		

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Opening shareholders' funds	4,578,363	4,523,648
(Loss)/profit for the year	(1,104,163)	54,715
	<u>3,474,200</u>	<u>4,578,363</u>
Closing shareholders' funds		

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010**

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating (loss)/profit	(1,499,421)	92,986
Amortisation of intangible fixed assets	535,894	480,126
Depreciation of tangible fixed assets	86,544	109,233
Write-off of R&D expenditure	446,815	-
(Increase)/decrease in stocks	(332,373)	334,867
Decrease in debtors	2,269,571	1,227,849
Decrease in creditors	(1,247,205)	(1,385,660)
Net cash inflow from operating activities	259,825	859,401

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest paid	(13,128)	(7,965)
	2010 £	2009 £
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(192,924)	(582,240)
Purchase of tangible fixed assets	(15,163)	(181,982)
Net cash outflow from capital expenditure	(208,087)	(764,222)

20. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2010 £	Cash flow £	31 December 2010 £
Cash at bank and in hand	111,268	(109,332)	1,936
Bank overdraft	(377,658)	93,247	(284,411)
Net debt	(266,390)	(16,085)	(282,475)

21. CONTINGENT LIABILITIES

The company has entered into a cross guarantee securing the bank borrowings where applicable of Four Dimension Johnson Security UK Limited, the company's immediate parent company. The amount guaranteed at the year end was £nil (2009 - £nil).

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

22. OPERATING LEASE COMMITMENTS

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2010	2009	2010	2009
	£	£	£	£
Expiry date:				
Within 1 year	-	-	25,793	53,268
Between 2 and 5 years	15,500	-	8,083	56,600
After more than 5 years	402,361	365,000	-	-

23. RELATED PARTY TRANSACTIONS

During the year Four Dimension Johnson Industry Co Limited ("FDJICL"), a fellow group company, loaned the company £107,467 (2009 - £222,025), of which £156,386 (2009 - £nil) was repaid during the year. The company paid trading expenses of £307,243 in the year (2009 - £nil) on behalf of FDJICL, of which £nil has been repaid to the company by the year end.

At the year end the company was owed £526,573 (2009 - £1,085,827) by FDJICL and owed £nil (2009 - £950,456) to FDJICL.

During the year the company made sales of £20,697 (2009 - £nil) to KFB Extramobile GmbH ("KFB"), a subsidiary of FDJICL. At the year end KFB owed £1,423 (2009 - £nil) to the company in respect of these sales.

During the year the company loaned KFB £311,933 (2009 - £112,789) of which £256,039 (2009 - £nil) was repaid by the year end. At the year end KFB owed £162,782 (2009 - £112,789) to the company in respect of these loans.

Beijing Four Dimension Heng Tong Technical Development Co., Ltd ("Heng Tong"), a joint venture 25% owned by the company, invoiced the company £167,360 (2009 - £564,674) for goods supplied to the company. The company also sold goods to Heng Tong to the value of £102,794 (2009 - £247,321).

At the year end the company owed Heng Tong £23,294 (2009 - £162,838), and was owed £nil (2009 - £161,670) by Heng Tong.

During the year the company paid fees to Cyril Lin, a director of the company, amounting to £22,900 (2009 - £3,400). At the year end an amount of £3,000 (2009 - £nil) remained unpaid and is included within trade creditors.

During the year Dr C Lin, a director of the company, loaned the company £25,000 (2009 - £nil) of which £nil was repaid by the year end. An amount of £3,000 was paid to Cyril Lin in respect of interest on this loan. Dr C Lin also loaned the company an amount of £46,593 (2009 - £nil) during the year, and the full amount was repaid by the year end. An amount of £3,589 was paid to Cyril Lin during the year in respect of interest on this loan.

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

24. 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 Beijing Rui Heng Xing, a company incorporated in China, and head of the largest group of undertakings for which consolidated financial statements are drawn up.