

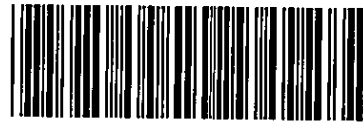
Registered number: 00934256

JOHNSON SECURITY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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JOHNSON SECURITY LIMITED

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JOHNSON SECURITY LIMITED

COMPANY INFORMATION

Directors	Dr C Lin Mr W Lu (resigned 31 May 2012) Dr Y Wang (appointed 31 May 2012)
Registered number	00934256
Registered office	Unit 20, Orchard Industrial Estate Toddington Gloucestershire GL54 5EB
Independent 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 2012

The directors present their report and the financial statements for the year ended 31 December 2012

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 predominantly operates in the financial sector, where customers transport cash and valuables. Low confidence fed by the continuing economic situation manifested itself in reduced orders for both vehicles and cash centres. Signs of recovery were experienced after the year end which will put the company in good stead for the rest of 2013.

Key performance indicators

The company's primary internal measurement is gross margin

	2012	2011
Gross margin	17.4%	32.3%

Results

The loss for the year, after taxation, amounted to £1,409,526 (2011 restated - profit £571,559)

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.

JOHNSON SECURITY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

Principal risks and uncertainties (continued)

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

Directors

The directors who served during the year were

Dr C Lin

Mr W Lu (resigned 31 May 2012)

Dr Y Wang (appointed 31 May 2012)

Directors' responsibilities statement

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

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

JOHNSON SECURITY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012**

Auditor

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

This report was approved by the board and signed on its behalf



Dr C Lin
Director

Date 18 February 2014

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 2012, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, 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 Directors' Responsibilities Statement, 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 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.

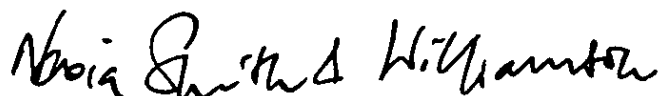
JOHNSON SECURITY LIMITED

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 directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



Carl Deane (Senior Statutory Auditor)

for and on behalf of
Nexia Smith & Williamson

Chartered Accountants & Statutory Auditors

Portwall Place
Portwall Lane
Bristol
BS1 6NA

18 February 2014

JOHNSON SECURITY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	As restated 2011 £
TURNOVER	1,3	7,247,534	8,527,720
Cost of sales		(5,988,819)	(5,771,832)
		<hr/>	<hr/>
GROSS PROFIT		1,258,715	2,755,888
Administrative expenses		(2,542,262)	(2,491,785)
		<hr/>	<hr/>
OPERATING (LOSS)/PROFIT	4	(1,283,547)	264,103
Interest payable and similar charges	7	(51,514)	(43,904)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,335,061)	220,199
Tax on (loss)/profit on ordinary activities	8	(74,465)	351,360
		<hr/>	<hr/>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	(1,409,526)	571,559
		<hr/>	<hr/>

All amounts relate to continuing operations

There are no material differences between the (loss)/profit on ordinary activities before taxation and the retained (loss)/profit for the financial year stated above and their historical cost equivalents

The notes on pages 11 to 22 form part of these financial statements

JOHNSON SECURITY LIMITED

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	As restated 2011 £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u>(1,409,526)</u>	<u>571,559</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR		<u>(1,409,526)</u>	<u>571,559</u>
Prior year adjustment	2	<u>(968,121)</u>	
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST FINANCIAL STATEMENTS		<u>(2,377,647)</u>	

The notes on pages 11 to 22 form part of these financial statements

JOHNSON SECURITY LIMITED
REGISTERED NUMBER: 00934256

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	As restated 2011 £
FIXED ASSETS				
Tangible assets	9		151,484	205,195
Investments	10		259,036	259,036
			<u>410,520</u>	<u>464,231</u>
CURRENT ASSETS				
Stocks	11	1,166,400		1,930,274
Debtors amounts falling due after more than one year	12	137,500		137,500
Debtors amounts falling due within one year	12	1,713,396		3,402,834
Cash at bank		136,077		6,537
		<u>3,153,373</u>		<u>5,477,145</u>
CREDITORS: amounts falling due within one year	13	(2,564,047)		(3,532,004)
NET CURRENT ASSETS			<u>589,326</u>	<u>1,945,141</u>
NET ASSETS			<u><u>999,846</u></u>	<u><u>2,409,372</u></u>
CAPITAL AND RESERVES				
Called up share capital	15		1,309,978	1,309,978
Share premium account	16		197,563	197,563
Other reserves	16		230,937	230,937
Profit and loss account	16		(738,632)	670,894
EQUITY SHAREHOLDERS' FUNDS	17		<u><u>999,846</u></u>	<u><u>2,409,372</u></u>

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



Dr C Lin
Director

Date 18 February 2014

The notes on pages 11 to 22 form part of these financial statements

JOHNSON SECURITY LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	As restated 2011 £
Net cash flow from operating activities	18	313,045	(134,622)
Returns on investments and servicing of finance	19	(51,514)	(42,753)
Taxation		13,382	1,492
Capital expenditure and financial investment	19	30,373	90,000
CASH INFLOW/(OUTFLOW) BEFORE FINANCING		305,286	(85,883)
Financing	19	199,155	-
INCREASE/(DECREASE) IN CASH IN THE YEAR		504,441	(85,883)

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2012**

	2012 £	2011 £
Increase/(Decrease) in cash in the year	504,441	(85,883)
Cash inflow from increase in debt and lease financing	(199,155)	-
MOVEMENT IN NET DEBT IN THE YEAR	305,286	(85,883)
Net debt at 1 January 2012	(368,364)	(282,481)
NET DEBT AT 31 DECEMBER 2012	(63,078)	(368,364)

The notes on pages 11 to 22 form part of these financial statements

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

1.2 Consolidation

Group financial statements have not been prepared as all of the company's subsidiaries are permitted to be excluded from group financial statements 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.

1.3 Going concern

The financial statements are prepared on the going concern basis, which assumes that the company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The directors have considered the company's future financing requirements and believe that the ongoing support of its immediate and ultimate parent company together with its other funding arrangements is entirely sufficient for its requirements. Group companies have agreed not to demand repayment of current outstanding liabilities for a period of at least 12 months from the date that the financial statements are approved. Whilst the directors are confident that support from various sources will continue to enable the company to meet its day to day working capital requirements, were these finances withdrawn or not forthcoming, the company would have to seek alternative financing to meet its obligations.

1.4 Turnover

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

1.5 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 vehicles despatched to date bear to total vehicles 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.

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES (continued)**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

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.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

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.

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES (continued)

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

1.13 Research and development

Research and development expenditure is written off in the year in which it is incurred. Further detail is set out in note 2

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. PRIOR YEAR ADJUSTMENT

Following a review by the directors of the accounting policy for treatment of research and development expenditure, it was determined that the most appropriate and prudent accounting policy is to write off development expenditure to the profit and loss account as incurred. In accordance with practice seen elsewhere in the industry, the directors have chosen to change the accounting policy. The change in accounting policy has therefore been recognised as a prior year adjustment and comparatives have been restated to comply with the new accounting policy. There is no change to the amount of expenditure classified as development costs incurred by the company.

The effect of adjusting this accounting treatment has been to decrease the net book value of intangible fixed assets in the company by £1,276,494 and decrease the deferred tax liability by £308,373 at 31 December 2011, decrease the costs for the year ended 31 December 2011 by £359,893 and decrease the deferred tax charge by £308,373, leading to the loss for the year previously stated of £96,713 being revised to a profit of £571,559.

3. 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

	2012 £	2011 £
United Kingdom	6,677,920	8,248,582
Rest of European Union	334,300	180,732
Rest of World	235,314	98,406
	<u>7,247,534</u>	<u>8,527,720</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

4. OPERATING (LOSS)/PROFIT

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

	2012 £	As restated 2011 £
Depreciation of tangible fixed assets		
- owned by the company	54,963	64,750
Auditor's remuneration	12,950	24,300
Auditor's remuneration - non-audit	10,665	7,300
Operating lease rentals		
- Other	66,571	72,755
- Land and buildings	361,735	423,903
Difference on foreign exchange	(938)	1,897
Profit on disposal of fixed assets	(31,625)	(90,000)

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2012 £	2011 £
Wages and salaries	3,460,496	3,505,352
Social security costs	291,889	317,132
Pension costs	57,019	71,202
	<u>3,809,404</u>	<u>3,893,686</u>

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

	2012 No	2011 No
Production staff	52	68
Administrative	39	40
	<u>91</u>	<u>108</u>

6. DIRECTORS' REMUNERATION

	2012 £	2011 £
Remuneration	<u>70,240</u>	<u>27,675</u>

No directors received company pension contributions during either year

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

7. INTEREST PAYABLE

	2012 £	2011 £
On bank borrowings	11,652	21,527
Other interest payable	39,862	22,377
	<u>51,514</u>	<u>43,904</u>

8. TAXATION

	2012 £	As restated 2011 £
Analysis of tax charge in the year		
Deferred tax		
Origination and reversal of timing differences	84,970	(335,194)
Effect of tax rate change on opening balance	(10,505)	(16,166)
Total deferred tax (see note 14)	<u>74,465</u>	<u>(351,360)</u>
Tax on (loss)/profit on ordinary activities	<u>74,465</u>	<u>(351,360)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2011 - lower than) the standard rate of corporation tax in the UK of 24.5% (2011 - 26.49%). The differences are explained below

	2012 £	2011 £
(Loss)/profit on ordinary activities before tax	<u>(1,335,061)</u>	<u>220,199</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24.5% (2011 - 26.49%)	(327,090)	58,331
Effects of:		
Expenses not deductible for tax purposes	9,081	10,494
Depreciation in excess of capital allowances	(18,454)	(6,094)
Other short term timing differences	(1,596)	(263)
Tax losses and other deductions in the period	338,059	(62,468)
Current tax charge for the year (see note above)	<u>-</u>	<u>-</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

9. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant & machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2012	512,958	3,328,209	27,012	3,868,179
Additions	1,062	190	-	1,252
Disposals	-	(274,145)	-	(274,145)
At 31 December 2012	514,020	3,054,254	27,012	3,595,286
Depreciation				
At 1 January 2012	328,891	3,307,081	27,012	3,662,984
Charge for the year	37,001	17,962	-	54,963
On disposals	-	(274,145)	-	(274,145)
At 31 December 2012	365,892	3,050,898	27,012	3,443,802
Net book value				
At 31 December 2012	148,128	3,356	-	151,484
At 31 December 2011	184,067	21,128	-	205,195

10. FIXED ASSET INVESTMENTS

	Unlisted investments £
Cost or valuation	
At 1 January 2012 and 31 December 2012	259,036
Net book value	
At 31 December 2012	259,036
At 31 December 2011	259,036

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

10. FIXED ASSET INVESTMENTS (continued)

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 2012 was £39,634 (2011 - £16,354) and the aggregate amount of capital and reserves at 31 December 2012 was £4,209,717 (2011 - £4,302,379)

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 2012 was £8,860 (2011 - £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 2012 was £196 (2011 - £196)

11. STOCKS

	2012 £	2011 £
Raw materials	842,395	974,360
Work in progress	324,005	955,914
	<u>1,166,400</u>	<u>1,930,274</u>

12. DEBTORS

	2012 £	As restated 2011 £
Due after more than one year		
Other debtors	<u>137,500</u>	<u>137,500</u>
	2012 £	As restated 2011 £
Due within one year		
Trade debtors	1,052,033	2,668,076
Amounts owed by group undertakings	354,412	142,583
Other debtors	36,264	32,693
Prepayments and accrued income	141,806	130,791
Amounts recoverable on long term contracts	72,032	297,377
Deferred tax asset (see note 14)	56,849	131,314
	<u>1,713,396</u>	<u>3,402,834</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

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

	2012	As restated 2011
	£	£
Bank overdraft	-	374,901
Debt factoring	199,155	-
Payments received on account	97,593	526,824
Trade creditors	719,257	1,560,797
Amounts owed to group undertakings	688,813	230,293
Corporation tax	1,666	-
Other taxation and social security	443,702	628,830
Other creditors	123,466	71,041
Accruals and deferred income	290,395	139,318
	<u>2,564,047</u>	<u>3,532,004</u>

In June 2012, the company entered into a debt factoring facility. This facility is secured by a fixed and floating debenture over all assets of the Company.

14. DEFERRED TAX ASSET

	2012	As restated 2011
	£	£
At beginning of year	131,314	88,327
(Charge for)/released during year (P&L)	(74,465)	42,987
At end of year	<u>56,849</u>	<u>131,314</u>

The deferred tax asset is made up as follows

	2012	As restated 2011
	£	£
Accelerated capital allowances	16,840	15,635
Losses and other deductions	40,009	115,679
	<u>56,849</u>	<u>131,314</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

15. SHARE CAPITAL

	2012 £	2011 £
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

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2012 (as previously stated)	197,563	230,937	1,639,015
Prior year adjustment (note 2)			(968,121)
At 1 January 2012 (as restated)			<u>670,894</u>
Loss for the financial year	-	-	(1,409,526)
At 31 December 2012	<u>197,563</u>	<u>230,937</u>	<u>(738,632)</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	As restated 2011 £
Opening shareholders' funds	3,377,493	1,837,813
Prior year adjustments (note 2)	<u>(968,121)</u>	
Opening shareholders' funds (as restated)	2,409,372	
(Loss)/profit for the financial year	<u>(1,409,526)</u>	<u>571,559</u>
Closing shareholders' funds	<u>999,846</u>	<u>2,409,372</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012**

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	As restated 2011 £
Operating (loss)/profit	(1,283,547)	264,103
Depreciation of tangible fixed assets	54,963	64,750
Profit on disposal of tangible fixed assets	(31,625)	(90,000)
Decrease/(increase) in stocks	763,874	(567,614)
Decrease/(increase) in debtors	1,603,251	(2,260,224)
(Decrease)/increase in creditors	(793,871)	2,454,363
Net cash inflow/(outflow) from operating activities	313,045	(134,622)

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

	2012 £	As restated 2011 £
Returns on investments and servicing of finance		
Interest paid	(51,514)	(42,753)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(1,252)	-
Sale of tangible fixed assets	31,625	90,000
Net cash inflow from capital expenditure	30,373	90,000

	2012 £	As restated 2011 £
Financing		
Debt factoring	199,155	-

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2012 £	Cash flow £	Other non-cash changes £	31 December 2012 £
Cash at bank and in hand	6,537	129,540	-	136,077
Bank overdraft	(374,901)	374,901	-	-
	<u>(368,364)</u>	<u>504,441</u>	<u>-</u>	<u>136,077</u>
Debt:				
Debts due within one year	-	(199,155)	-	(199,155)
Net debt	<u>(368,364)</u>	<u>305,286</u>	<u>-</u>	<u>(63,078)</u>

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 (2011 - £nil).

22. OPERATING LEASE COMMITMENTS

At 31 December 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2012 £	2011 £	2012 £	Other 2011 £
Expiry date:				
Within 1 year	-	15,500	-	-
Between 2 and 5 years	-	-	43,566	31,546
After more than 5 years	<u>345,356</u>	<u>402,361</u>	<u>-</u>	<u>-</u>

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23 RELATED PARTY TRANSACTIONS

During the year Four Dimension Johnson Industry Co Limited ("FDJICL"), a fellow group company, loaned the company £686,725 (2011 - £753,337), of which £nil (2011 - £nil) was repaid during the year. The company paid trading expenses of £92,355 in the year (2011 - £97,450) on behalf of FDJICL, of which £nil (2011 - £nil) has been repaid to the company by the year end. The company made purchases of £356,135 in the year (2011 - £487,313) from FDJICL, of which £284,829 (2011 - £320,210) was outstanding at the year end.

At the year end the company was owed £nil (2011 - £nil) by FDJICL and owed £688,813 (2011 - £230,306) to FDJICL.

During the year the company made purchases of £167,862 (2011 - £nil) from KFB Extramobile GmbH ("KFB"), a subsidiary of FDJICL. At the year end the company owed KFB £5,295 (2011 - £nil) in respect of these purchases.

During the year the company loaned KFB £206,533 (2011 - £142,584) of which £nil (2011 - £nil) was repaid by the year end. At the year end KFB owed £349,117 (2011 - £142,584) to the company in respect of these loans.

During the year the company paid fees to Cynl Lin, a director of the company, amounting to £70,240 (2011 - £27,675). At the year end an amount of £2,300 (2011 - £4,366) remained unpaid and is included within trade creditors.

During the year Asel Lin spouse of Cynl Lin, a director of the company, loaned the company £nil (2011 - £60,423) of which £20,000 (2011 - £nil) was repaid by the year end.

During the year, the company made sales of £nil (2011 - £270) to Auto Electrical Services Ltd, a company under common directorship. £nil (2011 - £nil) was outstanding at the year end. Purchases of £20,580 (2011 - £64,852) was made from Auto Electrical Services Ltd during the year, £5,040 (2011 - £3,105) remained unpaid and is included within trade creditors.

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.