

Registered number: 00934256

JOHNSON SECURITY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

WEDNESDAY



A331EJQ8

A25

05/03/2014

#197

COMPANIES HOUSE

JOHNSON SECURITY LIMITED

CONTENTS

	Page
Company Information Page	1
Directors' Report	2 - 3
Strategic Report	4 - 5
Independent Auditor's Report	6 - 7
Profit and Loss Account	8
Balance Sheet	9
Cash Flow Statement	10
Notes to the Financial Statements	11 - 22

JOHNSON SECURITY LIMITED

COMPANY INFORMATION

Directors	Dr C Lin Dr Y Wang
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 2013**

The directors present their report and the financial statements for the year ended 31 December 2013

Results

The profit for the year, after taxation, amounted to £174,731 (2012 - loss £1,409,526)

Directors

The directors who served during the year were

Dr C Lin
Dr Y Wang

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 accounting 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.

Disclosure 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 relevant audit information and to establish that the company's auditor is aware of that information.

JOHNSON SECURITY LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

Auditor

The auditor, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

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



Dr C Lin
Director

Date 18 February 2014

JOHNSON SECURITY LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013**

Introduction

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

Business review

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 in the prior year. However, orders have substantially increased in 2013 leading to a much improved outlook for the year ahead and beyond.

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.

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

STRATEGIC REPORT (continued)

Financial key performance indicators

The company's primary internal measurement is gross margin

	2013	2012
Gross margin	27.4%	17.4%

This report was approved by the board on 18 February 2014 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 2013, 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 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 2013 and of its profit 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 Strategic Report and 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 2013**

	Note	2013 £	2012 £
TURNOVER	1,2	9,265,705	7,247,534
Cost of sales		(6,695,667)	(5,988,819)
GROSS PROFIT		2,570,038	1,258,715
Administrative expenses		(2,362,362)	(2,542,262)
OPERATING PROFIT/(LOSS)	3	207,676	(1,283,547)
Interest payable and similar charges	6	(6,349)	(51,514)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		201,327	(1,335,061)
Tax on profit/(loss) on ordinary activities	7	(26,596)	(74,465)
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	15	174,731	(1,409,526)

All amounts relate to continuing operations

There were no recognised gains and losses for 2013 or 2012 other than those included in the profit and loss account

There are no material differences between the profit/(loss) on ordinary activities before taxation and the retained profit/(loss) 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
REGISTERED NUMBER: 00934256

BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	£	2013 £	£	2012 £
FIXED ASSETS					
Tangible assets	8		127,122		151,484
Investments	9		259,036		259,036
			<u>386,158</u>		<u>410,520</u>
CURRENT ASSETS					
Stocks	10	1,460,769		1,166,400	
Debtors amounts falling due after more than one year	11	137,500		137,500	
Debtors amounts falling due within one year	11	3,738,686		1,713,396	
Cash at bank		665,503		136,077	
		<u>6,002,458</u>		<u>3,153,373</u>	
CREDITORS: amounts falling due within one year	12	<u>(5,214,039)</u>		<u>(2,564,047)</u>	
NET CURRENT ASSETS			<u>788,419</u>		<u>589,326</u>
NET ASSETS			<u><u>1,174,577</u></u>		<u><u>999,846</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		1,309,978		1,309,978
Share premium account	15		197,563		197,563
Other reserves	15		230,937		230,937
Profit and loss account	15		<u>(563,901)</u>		<u>(738,632)</u>
EQUITY SHAREHOLDERS' FUNDS	16		<u><u>1,174,577</u></u>		<u><u>999,846</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 2013**

	Note	2013 £	2012 £
Net cash flow from operating activities	17	2,370,975	313,045
Returns on investments and servicing of finance	18	(6,349)	(51,514)
Taxation		-	13,382
Capital expenditure and financial investment	18	(17,042)	30,373
CASH INFLOW BEFORE FINANCING		2,347,584	305,286
Financing	18	(1,818,158)	199,155
INCREASE IN CASH IN THE YEAR		529,426	504,441

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2013**

	2013 £	2012 £
Increase in cash in the year	529,426	504,441
Cash outflow from decrease in debt and lease financing	1,818,158	(199,155)
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	2,347,584	305,286
Other non-cash changes	(1,619,003)	-
MOVEMENT IN NET DEBT IN THE YEAR	728,581	305,286
Net debt at 1 January 2013	(63,078)	(368,364)
NET FUNDS/(DEBT) AT 31 DECEMBER 2013	665,503	(63,078)

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 2013**

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 financial statements 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 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.

1.3 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.

1.4 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 vehicles dispatched 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.

1.5 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 2013**

1. ACCOUNTING POLICIES (continued)

1.6 Investments

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

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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 2013**

1. ACCOUNTING POLICIES (continued)**1.12 Research and development**

Research and development expenditure is written off in the year in which it is incurred

1.13 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

	2013 £	2012 £
United Kingdom	8,475,540	6,677,920
Rest of European Union	287,335	334,300
Rest of World	502,830	235,314
	<u>9,265,705</u>	<u>7,247,534</u>

3. OPERATING PROFIT/(LOSS)

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

	2013 £	2012 £
Depreciation of tangible fixed assets		
- owned by the company	41,404	54,963
Auditor's remuneration	12,950	12,950
Auditor's remuneration - non-audit	7,850	10,665
Operating lease rentals		
- other	65,844	66,571
- land and buildings	345,000	361,735
Difference on foreign exchange	-	(938)
Profit on disposal of fixed assets	-	(31,625)
	<u></u>	<u></u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

4 STAFF COSTS

Staff costs, including directors' remuneration, were as follows

	2013 £	2012 £
Wages and salaries	3,253,153	3,460,496
Social security costs	287,300	291,889
Pension costs	46,631	57,019
	<u>3,587,084</u>	<u>3,809,404</u>

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

	2013 No	2012 No
Production staff	50	52
Administrative	39	39
	<u>89</u>	<u>91</u>

5. DIRECTORS' REMUNERATION

	2013 £	2012 £
Remuneration	<u>66,621</u>	<u>70,240</u>

No directors received company pension contributions during either year

6. INTEREST PAYABLE

	2013 £	2012 £
On bank borrowings	4,579	11,652
Other interest payable	1,770	39,862
	<u>6,349</u>	<u>51,514</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

7. TAXATION

	2013 £	2012 £
Analysis of tax charge in the year		
Deferred tax		
Origination and reversal of timing differences	19,181	84,970
Effect of tax rate change on opening balance	7,415	(10,505)
Total deferred tax (see note 13)	<u>26,596</u>	<u>74,465</u>
Tax on profit/loss on ordinary activities	<u>26,596</u>	<u>74,465</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2012 - higher than) the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%). The differences are explained below

	2013 £	2012 £
Profit/loss on ordinary activities before tax	<u>201,327</u>	<u>(1,335,061)</u>
Profit/loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	46,809	(327,090)
Effects of:		
Expenses not deductible for tax purposes	8,505	9,081
Depreciation in excess of capital allowances	(6,022)	(18,454)
Other short term timing differences	-	(1,596)
Tax losses and other deductions in the period	(49,292)	338,059
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 2013**

8 TANGIBLE FIXED ASSETS

	Leasehold property £	Plant & machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2013	514,020	3,054,254	27,012	3,595,286
Additions	-	17,042	-	17,042
At 31 December 2013	514,020	3,071,296	27,012	3,612,328
Depreciation				
At 1 January 2013	365,892	3,050,898	27,012	3,443,802
Charge for the year	36,483	4,921	-	41,404
At 31 December 2013	402,375	3,055,819	27,012	3,485,206
Net book value				
At 31 December 2013	111,645	15,477	-	127,122
At 31 December 2012	148,128	3,356	-	151,484

9. FIXED ASSET INVESTMENTS

	Unlisted investments £
Cost or valuation	
At 1 January 2013 and 31 December 2013	259,036
Net book value	
At 31 December 2013	259,036
At 31 December 2012	259,036

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 2013 was a loss of £1,051,570 (2012 - profit of £39,634) and the aggregate amount of capital and reserves at 31 December 2013 was £2,574,036 (2012 - £4,209,717)

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 2013 was £8,860 (2012 - £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 2013 was £196 (2012 - £196)

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

10. STOCKS

	2013 £	2012 £
Raw materials	1,208,319	842,395
Work in progress	252,450	324,005
	<u>1,460,769</u>	<u>1,166,400</u>

11. DEBTORS

	2013 £	2012 £
Due after more than one year		
Other debtors	<u>137,500</u>	<u>137,500</u>
	2013 £	2012 £
Due within one year		
Trade debtors	1,099,773	1,052,033
Amounts owed by group undertakings	652,724	354,412
Debt factoring	1,619,003	-
Other debtors	54,551	36,264
Prepayments and accrued income	160,416	141,806
Amounts recoverable on long term contracts	121,966	72,032
Deferred tax asset (see note 13)	30,253	56,849
	<u>3,738,686</u>	<u>1,713,396</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

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

	2013 £	2012 £
Debt factoring	-	199,155
Payments received on account	3,259,450	97,593
Trade creditors	587,879	719,257
Amounts owed to group undertakings	228,154	688,813
Corporation tax	1,666	1,666
Other taxation and social security	697,388	443,702
Other creditors	8,150	123,466
Accruals and deferred income	431,352	290,395
	<u>5,214,039</u>	<u>2,564,047</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.

13. DEFERRED TAX ASSET

	2013 £	2012 £
At beginning of year	56,849	131,314
Charged for year (P&L)	(26,596)	(74,465)
At end of year	<u>30,253</u>	<u>56,849</u>

The deferred tax asset is made up as follows

	2013 £	2012 £
Accelerated capital allowances	9,463	131,314
Losses and other deductions	20,790	(74,465)
	<u>30,253</u>	<u>56,849</u>

14. SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
1,309,978 Ordinary shares of £1 each	<u>1,309,978</u>	<u>1,309,978</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

15. RESERVES

	Share premium account £	Capital redemption reserve £	Profit and loss account £
At 1 January 2013	197,563	230,937	(738,632)
Profit for the financial year	-	-	174,731
At 31 December 2013	<u>197,563</u>	<u>230,937</u>	<u>(563,901)</u>

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2013 £	2012 £
Opening shareholders' funds	999,846	3,377,493
Prior year adjustments		(968,121)
Opening shareholders' funds (as restated)		<u>2,409,372</u>
Profit/(loss) for the financial year	<u>174,731</u>	<u>(1,409,526)</u>
Closing shareholders' funds	<u>1,174,577</u>	<u>999,846</u>

17. NET CASH FLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating profit/(loss)	207,676	(1,283,547)
Depreciation of tangible fixed assets	41,404	54,963
Profit on disposal of tangible fixed assets	-	(31,625)
(Increase)/decrease in stocks	(294,369)	763,874
(Increase)/decrease in debtors	(432,883)	1,603,251
Increase/(decrease) in creditors	2,849,147	(793,871)
Net cash inflow from operating activities	<u>2,370,975</u>	<u>313,045</u>

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

	2013 £	2012 £
Returns on investments and servicing of finance		
Interest paid	<u>(6,349)</u>	<u>(51,514)</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

18 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT (continued)

	2013 £	2012 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(17,042)	(1,252)
Sale of tangible fixed assets	-	31,625
Net cash (outflow)/inflow from capital expenditure	<u>(17,042)</u>	<u>30,373</u>
	2013 £	2012 £
Financing		
Debt factoring	<u>(1,818,158)</u>	<u>199,155</u>

19. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2013 £	Cash flow £	Other non-cash changes £	31 December 2013 £
Cash at bank and in hand	136,077	529,426	-	665,503
Debt:				
Debts due within one year	(199,155)	1,818,158	(1,619,003)	-
Net debt	<u>(63,078)</u>	<u>2,347,584</u>	<u>(1,619,003)</u>	<u>665,503</u>

20. 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 (2012 - £nil).

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

21. OPERATING LEASE COMMITMENTS

At 31 December 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2013	2012	2013	2012
	£	£	£	£
Expiry date:				
Within 1 year	-	-	12,498	-
Between 2 and 5 years	95,000	-	30,972	43,566
After more than 5 years	245,000	345,356	-	-

22. RELATED PARTY TRANSACTIONS

During the year Four Dimension Johnson Industry Co Limited ("FDJICL"), a fellow group company, loaned the company £448,690 (2012 - £686,725) £746,000 (2012 - £nil) was repaid during the year in respect of loans previously made to the company. The company paid trading expenses of £213,856 in the year (2012 - £92,355) on behalf of FDJICL, of which £nil (2012 - £nil) has been repaid to the company by the year end. The company made purchases of £635,438 in the year (2012 - £356,135) from FDJICL.

At the year end the company was owed £nil (2012 - £nil) by FDJICL and owed £228,154 (2012 - £688,813) to FDJICL.

During the year the company made purchases of £42,272 (2012 - £167,862) from KFB Extramobile GmbH ("KFB"), a subsidiary of FDJICL. At the year end, the company owed KFB £36,977 (2012 - KFB owed the company £5,295) in respect of these transactions.

During the year the company loaned KFB, £339,162 (2012 - £206,533) of which £nil (2012 - £nil) was repaid by the year end. At the year end KFB owed £652,724 (2012 - £349,117) to the company in respect of these loans.

During the year the company paid fees to Cyril Lin, a director of the company, amounting to £53,121 (2012 - £70,240). At the year end an amount of £1,729 (2012 - £2,300) remained unpaid and is included within trade creditors.

During the year Asel Lin spouse of Cyril Lin, a director of the company, loaned the company £nil (2012 - £nil). £83,783 was repaid to Asel Lin during the year in respect of loans previously made to the company.

During the year, the company made sales of £198 (2012 - £nil) to Auto Electrical Services Ltd, a company under common directorship. £198 was outstanding at the year end (2012 - £nil). Purchases of £54,729 (2012 - £20,580) was made from Auto Electrical Services Ltd during the year, £nil (2012 - £5,040) was outstanding at the year end.

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013**

23. 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.