

COMPANY REGISTRATION NUMBER 934256

JOHNSON SECURITY LIMITED
FINANCIAL STATEMENTS
31 DECEMBER 2009

THURSDAY



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JOHNSON SECURITY LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

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JOHNSON SECURITY LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Board of directors

W Lu
Dr C Lin

Registered office

Unit 20, Orchard Industrial Estate
Toddington
Cheltenham
Gloucestershire
GL54 5EB

Auditor

Nexia Smith & Williamson
Chartered Accountants
& Registered Auditors
Portwall Place
Portwall Lane
Bristol
BS1 6NA

JOHNSON SECURITY LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2009

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2009

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

KEY PERFORMANCE INDICATORS	2009	2008
Gross margin	21.3%	34.0%
Research & Development spend as percentage of turnover	3.5%	8.2%

FUTURE DEVELOPMENTS

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

FINANCIAL RISK MANAGEMENT

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

PRICE RISK

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

CREDIT RISK

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

LIQUIDITY RISK

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

INTEREST RATE CASH FLOW RISK

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

JOHNSON SECURITY LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

RESULTS AND DIVIDENDS

The profit for the year, before taxation, amounted to £85,021 (2008 – profit of £2,539,783) The directors have not recommended a dividend

DIRECTORS

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

Dr C Lin

M Usen (resigned 9 December 2009)

W Lu (appointed 9 December 2009)

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial 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.

In so far as each of the directors are aware

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

Nexia Smith & Williamson are deemed to be reappointed as auditors

Signed by order of the directors



Dr C Lin

Director

Approved by the directors on 28 October 2010

JOHNSON SECURITY LIMITED

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

YEAR ENDED 31 DECEMBER 2009

We have audited the financial statements of Johnson Security Limited for the year ended 31 December 2009 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Report on page 3, 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 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/UKNP.

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 2009 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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
& Registered Auditor

Portwall Place
Portwall Lane
Bristol BS1 6NA

10 March 2010.

JOHNSON SECURITY LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2009

	Note	2009 £	2008 £ <i>(restated)</i>
TURNOVER	2	11,479,018	16,491,334
Cost of sales		(9,032,953)	(10,889,310)
GROSS PROFIT		2,446,065	5,602,024
Administrative expenses		(2,353,079)	(3,069,824)
Other operating income		—	50,000
OPERATING PROFIT	3	92,986	2,582,200
Interest payable and similar charges	6	(7,965)	(42,417)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		85,021	2,539,783
Tax on profit on ordinary activities	7	(30,306)	(681,660)
PROFIT FOR THE FINANCIAL YEAR		54,715	1,858,123

All of the activities of the company are classed as continuing

There are no recognised gains and losses other than the result for the financial year

The notes on pages 11 to 21 form part of these financial statements.

JOHNSON SECURITY LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 DECEMBER 2009


	Note	2009 £	2008 £ <i>(restated)</i>
Profit for the financial period attributable to the shareholders		54,715	1,858,123
Total recognised gains and losses relating to the period		<u>54,715</u>	<u>1,858,123</u>
Prior year adjustment	24	<u>(201,070)</u>	
Total gains and losses recognised since the last annual report		<u>(146,355)</u>	

The notes on pages 11 to 21 form part of these financial statements

JOHNSON SECURITY LIMITED**BALANCE SHEET****31 DECEMBER 2009**

	Note	2009 £	2008 £
			(restated)
FIXED ASSETS			
Intangible assets	8	2,426,172	2,324,058
Tangible assets	9	341,326	268,577
Investments	10	259,036	259,036
		<u>3,026,534</u>	<u>2,851,671</u>
CURRENT ASSETS			
Stocks	11	1,030,287	1,365,154
Debtors due within one year	12	4,852,546	6,080,395
Debtors due after one year	12	137,500	137,500
Cash at bank		111,268	-
		<u>6,131,601</u>	<u>7,583,049</u>
CREDITORS Amounts falling due within one year	13	(3,949,632)	(5,302,538)
NET CURRENT ASSETS		<u>2,181,969</u>	<u>2,280,511</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,208,503</u>	<u>5,132,182</u>
PROVISIONS FOR LIABILITIES			
Deferred taxation	14	(630,140)	(608,534)
NET ASSETS		<u>4,578,363</u>	<u>4,523,648</u>
CAPITAL AND RESERVES			
Called-up equity share capital	18	1,309,978	1,309,978
Share premium account	19	197,563	197,563
Other reserves	20	230,937	230,937
Profit and loss account	21	2,839,885	2,785,170
EQUITY SHAREHOLDERS' FUNDS	22	<u>4,578,363</u>	<u>4,523,648</u>

These financial statements were approved by the directors on 28 October 2010


Dr C Lin
Director

Company number 934256

The notes on pages 11 to 21 form part of these financial statements

JOHNSON SECURITY LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 DECEMBER 2009**

	2009		2008	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		909,440		842,781
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid	(7,965)		(42,417)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(7,965)		(42,417)
TAXATION		(4,044)		(74,000)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT				
Payments to acquire intangible fixed assets	(582,240)		(1,345,921)	
Payments to acquire tangible fixed assets	(181,982)		(123,545)	
Receipts from sale of fixed assets	-		2,650	
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(764,222)		(1,466,816)
CASH INFLOW/(OUTFLOW)BEFORE FINANCING		133,209		(740,452)
FINANCING				
Capital element of hire purchase	-		(3,019)	
NET CASH OUTFLOW FROM FINANCING		-		(3,019)
INCREASE/(DECREASE) IN CASH		133,209		(743,471)

The notes on pages 11 to 21 form part of these financial statements

JOHNSON SECURITY LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31 DECEMBER 2009****RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2009	2008
	£	£
Operating profit	92,986	2,582,200
Amortisation	480,126	216,728
Depreciation	109,233	144,387
Loss on disposal of fixed assets	-	1,104
Decrease/(increase) in stocks	334,867	(310,858)
Decrease/(increase) in debtors	1,357,753	(1,749,059)
Decrease in creditors	(1,465,525)	(41,721)
Net cash inflow from operating activities	<u>909,440</u>	<u>842,781</u>

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

	2009	2008
	£	£
Increase/(decrease) in cash in the period	133,209	(743,471)
Cash outflow in respect of hire purchase	<u>-</u>	<u>3,019</u>
	133,209	(740,452)
Change in net funds/(debt)	133,209	(740,452)
Net (debt)/funds at 1 January 2009	(399,599)	340,853
Net debt at 31 December 2009	<u>(266,390)</u>	<u>(399,599)</u>

The notes on pages 11 to 21 form part of these financial statements

JOHNSON SECURITY LIMITED**CASH FLOW STATEMENT** *(continued)***YEAR ENDED 31 DECEMBER 2009****ANALYSIS OF CHANGES IN NET DEBT**

	At 1 Jan 2009 £	Cash flows £	At 31 Dec 2009 £
Net cash			
Cash in hand and at bank	—	111,268	111,268
Bank overdraft	(399,599)	21,941	(377,658)
	<u>(399,599)</u>	<u>133,209</u>	<u>(266,390)</u>
Debt	—	—	—
Net debt	<u>(399,599)</u>	<u>133,209</u>	<u>(266,390)</u>

The notes on pages 11 to 21 form part of these financial statements.

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES

Basis of accounting

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

Turnover

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

Long term contracts

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

Amortisation

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

Research and Development - 5 - 7 years

Depreciation

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

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

Stocks

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

Work in progress

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

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

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

Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences that have originated but not reversed by the balance sheet date. No provision has been made for permanent differences. The deferred tax balance has not been discounted. Provision for deferred tax assets is only made if recovery is likely.

Foreign currencies

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

Research and development

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

2. TURNOVER

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

	2009	2008
	£	£
United Kingdom	10,087,691	14,121,914
Europe	1,000,542	1,976,212
Rest of the world	390,785	393,208
	<u>11,479,018</u>	<u>16,491,334</u>

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2009	2008
	£	£
Amortisation	480,126	216,728
Depreciation of owned fixed assets	109,233	144,387
Loss on disposal of fixed assets	–	1,104
Auditor's remuneration – as auditor	19,500	15,000
- for other services	17,300	20,060
Operating lease costs		
Land and buildings	392,899	418,073
Other	98,835	166,729
Net gains on foreign currency translation	<u>(231,869)</u>	<u>(181,159)</u>

4 PARTICULARS OF EMPLOYEES

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

	2009	2008
	No	No
Number of production staff	99	96
Number of administrative staff	52	74
	<u>151</u>	<u>170</u>

The aggregate payroll costs of the above were

	2009	2008
	£	£
Wages and salaries	4,915,936	5,963,434
Social security costs	437,814	516,934
Pension costs	82,988	121,793
	<u>5,436,738</u>	<u>6,602,161</u>

5 DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were

	2009	2008
	£	(restated) £
Emoluments receivable	82,318	217,252
Value of company pension contributions to money purchase schemes	1,873	6,132
	<u>84,191</u>	<u>223,384</u>

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

5 DIRECTORS' EMOLUMENTS *(continued)*

Emoluments of highest paid director	2009	2008
	£	£
Total emoluments (excluding pension contributions)	74,518	71,049
Value of company pension contributions to money purchase schemes	1,873	1,876
	<u>76,391</u>	<u>72,925</u>

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

	2009	2008
	No	No
Money purchase schemes	<u>1</u>	<u>3</u>

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£	£
Interest payable on bank borrowing	7,965	22,984
Other similar charges payable	-	19,433
	<u>7,965</u>	<u>42,417</u>

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

7 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2009		2008 (restated)	
	£	£	£	£
Current tax				
UK Corporation tax based on the results for the year at 28% (2008 - 28 50%)		11,969		45,995
Over provision in prior year		(3,269)		(25,368)
Total current tax		8,700		20,627
Deferred tax				
Origination and reversal of timing differences (note 14)				
Capital allowances	29,116		655,234	
Other	(7,510)		5,799	
Total deferred tax (note 14)		21,606		661,033
Tax on profit on ordinary activities		30,306		681,660

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 - 28 50%)

	2009	2008 (restated)
	£	£
Profit on ordinary activities before taxation	85,021	2,539,783
Profit on ordinary activities multiplied by the standard rate of tax	23,806	723,838
Expenses not deductible	2,940	22,615
Capital allowances in excess of depreciation	(22,286)	(316,547)
Utilisation of tax losses and other deductions	-	(353,177)
Research and Development enhanced relief	-	(4,549)
Other short term timing differences	7,509	(19,837)
Under/(Over) provision in prior year	(3,269)	(25,368)
Marginal relief	-	(6,348)
Total current tax (note 7(a))	8,700	20,627

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

8 INTANGIBLE FIXED ASSETS

	Research & Development £
COST	
At 1 January 2009	2,590,786
Additions	<u>582,240</u>
At 31 December 2009	<u>3,173,026</u>
AMORTISATION	
At 1 January 2009	266,728
Charge for the year	<u>480,126</u>
At 31 December 2009	<u>746,854</u>
NET BOOK VALUE	
At 31 December 2009	<u>2,426,172</u>
At 31 December 2008	<u>2,324,058</u>

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

9. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
COST				
At 1 January 2009	329,157	3,730,790	27,012	4,086,959
Additions	<u>181,982</u>	<u>–</u>	<u>–</u>	<u>181,982</u>
At 31 December 2009	<u>511,139</u>	<u>3,730,790</u>	<u>27,012</u>	<u>4,268,941</u>
DEPRECIATION				
At 1 January 2009	301,568	3,489,802	27,012	3,818,382
Charge for the year	<u>9,108</u>	<u>100,125</u>	<u>–</u>	<u>109,233</u>
At 31 December 2009	<u>310,676</u>	<u>3,589,927</u>	<u>27,012</u>	<u>3,927,615</u>
NET BOOK VALUE				
At 31 December 2009	<u>200,463</u>	<u>140,863</u>	<u>–</u>	<u>341,326</u>
At 31 December 2008	<u>27,589</u>	<u>240,988</u>	<u>–</u>	<u>268,577</u>

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

10 INVESTMENTS

Unlisted investments

	£
COST	
At 1 January 2009 and 31 December 2009	<u>259,036</u>
NET BOOK VALUE	
At 31 December 2008 and 31 December 2009	<u>259,036</u>

Unlisted investments comprise the following

A 25% interest in the ordinary share capital of Beijing Four Dimensions Hengtong Technical Development Co Limited, incorporated in China. This company was formed during the prior period as a joint venture with the ultimate parent company.

The aggregate amount of capital and reserves and the results of the undertaking for the last relevant financial year were as follows

	2009 £	2008 £
Profit	2,632,112	1,358,872
Capital and Reserves	2,636,275	3,410,899

A 35% interest in the ordinary share capital of Johnson Security Russia Limited, incorporated in Russia. The company was dormant throughout the period. A 60% interest in the ordinary share capital of Transafe Europe Limited, incorporated in the United Kingdom. Neither of these are material to the company.

11. STOCKS

	2009 £	2008 £
Raw materials	657,907	907,461
Work in progress	372,380	457,693
	<u>1,030,287</u>	<u>1,365,154</u>

12 DEBTORS

	2009 £	2008 (restated) £
Trade debtors	2,005,655	4,582,608
Amounts owed by group undertakings	1,360,286	1,334,218
Corporation tax repayable	—	6,355
Other debtors	82,627	24,328
Prepayments and accrued income	227,715	270,386
Amounts receivable on contract	1,313,763	—
	<u>4,990,046</u>	<u>6,217,895</u>

Included within prepayments and accrued income of £227,715 (2008 £270,386) is a rent deposit of £137,500 (2008 £137,500) repayable after more than 1 year.

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

13. CREDITORS Amounts falling due within one year

	2009	2008
	£	£
Overdrafts	377,658	399,599
Payments received on account	874,381	536,307
Trade creditors	952,108	1,842,082
Amounts owed to group undertakings	1,113,294	1,765,334
Corporation tax	54,695	—
VAT	317,692	364,385
Other creditors	15,527	—
Accruals and deferred income	244,277	394,831
	<u>3,949,632</u>	<u>5,302,538</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

The deferred tax included in the Balance sheet is as follows

	2009	2008
	£	(restated) £
Included in provisions	<u>630,140</u>	<u>608,534</u>

The movement in the deferred taxation account during the year was

	2009	2008
	£	(restated) £
Balance brought forward	608,534	(52,499)
Profit and loss account movement arising during the year	<u>21,606</u>	<u>661,033</u>
Balance carried forward	<u>630,140</u>	<u>608,534</u>

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

	2009	2008
	£	(restated) £
Excess of taxation allowances over depreciation on fixed assets	631,851	602,735
Other timing differences	<u>(1,711)</u>	<u>5,799</u>
	<u>630,140</u>	<u>608,534</u>

JOHNSON SECURITY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2009

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	2009		2008	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire				
Within 1 year	-	53,268	-	4,306
Within 2 to 5 years	-	56,600	-	132,959
After more than 5 years	365,000	-	365,000	-
	<u>365,000</u>	<u>109,868</u>	<u>365,000</u>	<u>137,265</u>

16. CONTINGENCIES

The company has entered into a cross guarantee securing the bank loans and overdrafts where applicable of Four Dimension Johnson Security UK Limited. The amount guaranteed at the year end was £nil (2008 - £nil)

17. RELATED PARTY TRANSACTIONS

During the year the company purchased goods costing £nil (2008 - £589,969) from its intermediate parent company Four Dimension Johnson Industries Co Limited ("FDJICL"). The company also sold goods to the value of £nil (2008 - £188,691)

FDJICL invoiced the company £nil (2008- £256,347) in respect of management services provided during the year

FDJICL loaned the company £nil (2008 - £753,159), repayable within one year. No interest is due in respect of this loan. £703,171 was repaid by the company during the prior year.

During the year FDJICL loaned the company £222,025 which is still outstanding at the year end.

At the year end the company was owed £166,358 by FDJICL (2008 - £490,171) and owed £950,456 to FDJICL.

During the year the company loaned KFB Extramobile GmbH, a subsidiary of FDJICL, £112,789 which is still outstanding at the year end.

Beijing Four Dimension Heng Tong Technical Development Co Ltd ("Heng Tong"), a joint venture 25% owned by the company, invoiced the company £nil (2008 - £450,000) for technical engineering services provided during the year and £564,674 (2008 - £121,287) for goods supplied to the company. The company also sold goods to Heng Tong to the value of £247,321 (2008 - £nil).

At the year end the company owed Heng Tong £162,838 (2008 - £921,287), and was owed £161,670 by Heng Tong.

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18 SHARE CAPITAL

Authorised share capital:

	2009 £	2008 £
1,830,811 Ordinary shares of £1 each	1,830,811	1,830,811
218,750 A Preference shares of £0.01 each	2,188	2,188
	<u>1,832,999</u>	<u>1,832,999</u>

Allotted, called up and fully paid

	2009 No	£	2008 No	£
Ordinary shares of £1 each	<u>1,309,978</u>	<u>1,309,978</u>	<u>1,309,978</u>	<u>1,309,978</u>

19. SHARE PREMIUM ACCOUNT

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

20 OTHER RESERVES

	2009 £	2008 £
Capital redemption reserve	<u>230,937</u>	<u>230,937</u>

21 PROFIT AND LOSS ACCOUNT

	2009 £	2008 (restated) £
Balance brought forward	2,785,170	839,105
Profit for the financial year	54,715	1,858,123
Equity dividends written back	—	87,942
Balance carried forward as restated	<u>2,839,885</u>	<u>2,785,170</u>

22. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009 £	2008 (restated) £
Profit for the financial year	54,715	1,858,123
Equity dividends written back	—	87,942
Net addition to shareholders' funds	<u>54,715</u>	<u>1,946,065</u>
Opening shareholders' funds	<u>4,523,648</u>	<u>2,577,583</u>
Closing shareholders' funds	<u>4,578,363</u>	<u>4,523,648</u>

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23 ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Four Dimension Johnson Security UK Limited, a company incorporated in the United Kingdom. The ultimate controlling party is considered by the directors to be Mr S Wang, the majority shareholder of the ultimate parent company Beijing Rui Heng Xing.

24 PRIOR YEAR ADJUSTMENT

Following a review of the accounting for research and development enhanced tax relief claims the company has determined that certain current and deferred tax assets should not have been recognised in respect of some of the company's development projects. The consequence of derecognising the assets is to record an additional tax charge. Comparative amounts for the prior year have been restated to increase the tax charge by £201,070, reduce the corporation tax repayable by £45,995 and increase the deferred tax provision by £155,075.