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Registered number: 00934256

JOHNSON SECURITY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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JOHNSON SECURITY LIMITED

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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 2014**

The directors present their report and the financial statements for the year ended 31 December 2014.

Results

The loss for the year, after taxation, amounted to £560,625 (2013 - profit £174,731).

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 Strategic Report, 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 2014**

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:

5-2-2016

JOHNSON SECURITY LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 year.

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)
FOR THE YEAR ENDED 31 DECEMBER 2014**

Financial key performance Indicators

The company's primary internal measurement is gross margin:

	2014	2013
Gross margin	24.2%	27.4%

This report was approved by the board on **5-2-2016** 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 2014, 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 2014 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 Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

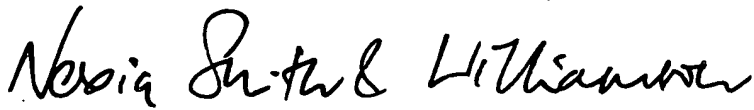
JOHNSON SECURITY LIMITED

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

Date:

10 February 2016

JOHNSON SECURITY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
TURNOVER	1,2	9,067,256	9,265,705
Cost of sales		(6,876,772)	(6,695,667)
		<hr/>	<hr/>
GROSS PROFIT		2,190,484	2,570,038
Administrative expenses		(2,738,608)	(2,362,362)
		<hr/>	<hr/>
OPERATING (LOSS)/PROFIT	3	(548,124)	207,676
Interest payable and similar charges	6	-	(6,349)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(548,124)	201,327
Tax on (loss)/profit on ordinary activities	7	(12,501)	(26,596)
		<hr/>	<hr/>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	<u>(560,625)</u>	<u>174,731</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the profit and loss account.

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
REGISTERED NUMBER: 00934256

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Tangible assets	8		95,078		127,122
Investments	9		259,036		259,036
			<u>354,114</u>		<u>386,158</u>
CURRENT ASSETS					
Stocks	10	954,192		1,460,769	
Debtors: amounts falling due after more than one year	11	-		137,500	
Debtors: amounts falling due within one year	11	1,787,510		3,738,686	
Cash at bank		129,126		665,503	
		<u>2,870,828</u>		<u>6,002,458</u>	
CREDITORS: amounts falling due within one year	12	<u>(2,230,990)</u>		<u>(5,214,039)</u>	
NET CURRENT ASSETS			<u>639,838</u>		<u>788,419</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>993,952</u>		<u>1,174,577</u>
PROVISIONS FOR LIABILITIES					
Other provisions	14		<u>(380,000)</u>		
NET ASSETS			<u><u>613,952</u></u>		<u><u>1,174,577</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		<u>(1,124,526)</u>		<u>(563,901)</u>
EQUITY SHAREHOLDERS' FUNDS	17		<u><u>613,952</u></u>		<u><u>1,174,577</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: 5-2-2016

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 2014**

	Note	2014 £	2013 £
Net cash flow from operating activities	18	(2,290,519)	2,370,975
Returns on investments and servicing of finance	19	-	(6,349)
Capital expenditure and financial investment	19	(8,443)	(17,042)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(2,298,962)	2,347,584
Financing	19	1,762,585	(1,818,158)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(536,377)	529,426

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	2014 £	2013 £
(Decrease)/Increase in cash in the year	(536,377)	529,426
Cash (inflow)/outflow from (increase)/decrease in debt and lease financing	(1,762,585)	1,818,158
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS	(2,298,962)	2,347,584
Other non-cash changes	1,619,003	(1,619,003)
MOVEMENT IN NET DEBT IN THE YEAR	(679,959)	728,581
Net funds/(debt) at 1 January 2014	665,503	(63,078)
NET (DEBT)/FUNDS AT 31 DECEMBER 2014	(14,456)	665,503

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 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

1.6 Investments

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

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.

1.12 Research and development

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

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)**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:

	2014 £	2013 £
United Kingdom	7,638,092	8,475,540
Rest of European Union	1,255,282	287,335
Rest of World	173,882	502,830
	<u>9,067,256</u>	<u>9,265,705</u>

3. OPERATING (LOSS)/PROFIT

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

	2014 £	2013 £
Depreciation of tangible fixed assets:		
- owned by the company	40,487	41,404
Auditor's remuneration	13,400	12,950
Auditor's remuneration - non-audit	8,090	7,850
Operating lease rentals:		
- other	79,647	65,844
- land and buildings	359,340	345,000
Onerous lease provision	380,000	-
	<u>906,964</u>	<u>873,048</u>

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014 £	2013 £
Wages and salaries	3,126,664	3,253,153
Social security costs	287,611	287,300
Pension costs	60,817	46,631
	<u>3,475,092</u>	<u>3,587,084</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

4. STAFF COSTS (continued)

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

	2014 No.	2013 No.
Production staff	51	50
Administrative	39	39
	<u>90</u>	<u>89</u>

5. DIRECTORS' REMUNERATION

	2014 £	2013 £
Remuneration	<u>58,617</u>	<u>66,621</u>

No directors received company pension contributions during either year.

6. INTEREST PAYABLE

	2014 £	2013 £
On bank borrowings	-	4,579
Other interest payable	-	1,770
	<u>-</u>	<u>6,349</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

7. TAXATION

	2014 £	2013 £
Analysis of tax charge in the year		
Deferred tax		
Origination and reversal of timing differences	19,801	19,181
Effect of tax rate change on opening balance	-	7,415
Adjustments in respect of prior periods	(7,300)	-
Total deferred tax (see note 13)	<u>12,501</u>	<u>26,596</u>
Tax on (loss)/profit on ordinary activities	<u>12,501</u>	<u>26,596</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - lower than) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014 £	2013 £
(Loss)/profit on ordinary activities before tax	<u>(548,124)</u>	<u>201,327</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	(117,809)	46,809
Effects of:		
Expenses not deductible for tax purposes	7,961	8,505
Depreciation in excess of capital allowances	(685)	(6,022)
Tax losses and other deductions in the period	110,533	(49,292)
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 2014**

8. TANGIBLE FIXED ASSETS

	Leasehold property £	Plant & machinery £	Motor vehicles £	Total £
Cost				
At 1 January 2014	514,020	3,071,296	27,012	3,612,328
Additions	1,725	6,913	-	8,638
Disposals	-	(195)	-	(195)
At 31 December 2014	515,745	3,078,014	27,012	3,620,771
Depreciation				
At 1 January 2014	402,375	3,055,819	27,012	3,485,206
Charge for the year	36,760	3,727	-	40,487
At 31 December 2014	439,135	3,059,546	27,012	3,525,693
Net book value				
At 31 December 2014	76,610	18,468	-	95,078
At 31 December 2013	111,645	15,477	-	127,122

9. FIXED ASSET INVESTMENTS

	Unlisted investments £
Cost or valuation	
At 1 January 2014 and 31 December 2014	259,036
Net book value	
At 31 December 2014	259,036
At 31 December 2013	259,036

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

9. 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 2014 was a loss of £369,870 (2013 - loss of £1,051,570) and the aggregate amount of capital and reserves at 31 December 2014 was £1,972,167 (2013 - £2,574,036).

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 2014 was £8,860 (2013 - £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 2014 was £196 (2013 - £196).

10. STOCKS

	2014 £	2013 £
Raw materials	735,618	1,208,319
Work in progress	218,574	252,450
	<u>954,192</u>	<u>1,460,769</u>

11. DEBTORS

	2014 £	2013 £
Due after more than one year		
Other debtors	-	137,500
	<u>-</u>	<u>137,500</u>
Due within one year		
Trade debtors	481,847	1,099,773
Amounts owed by group undertakings	962,277	652,724
Debt factoring	-	1,619,003
Other debtors	18,039	54,551
Prepayments and accrued income	307,595	160,416
Amounts recoverable on long term contracts	-	121,966
Deferred tax asset (see note 13)	17,752	30,253
	<u>1,787,510</u>	<u>3,738,686</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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

	2014 £	2013 £
Debt factoring	143,582	-
Payments received on account	178,574	3,259,450
Trade creditors	505,728	587,879
Amounts owed to group undertakings	885,580	228,154
Corporation tax	1,666	1,666
Other taxation and social security	334,025	697,388
Other creditors	-	8,150
Accruals and deferred income	181,835	431,352
	<u>2,230,990</u>	<u>5,214,039</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.

In January 2015 this facility was replaced by a new debt factoring facility. This facility is secured by a fixed and floating charge over all assets of the Company.

13. DEFERRED TAX ASSET

	2014 £	2013 £
At beginning of year	30,253	56,849
Released during year (P&L)	(12,501)	(26,596)
At end of year	<u>17,752</u>	<u>30,253</u>

The deferred tax asset is made up as follows:

	2014 £	2013 £
Accelerated capital allowances	15,096	9,463
Losses and other deductions	2,656	20,790
	<u>17,752</u>	<u>30,253</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

14. PROVISIONS

	Onerous leases £
Additions	380,000
At 31 December 2014	<u>380,000</u>

Onerous leases

The company previously entered into a rental agreement for premises that are no longer of economic use to the entity. The lease expires in November 2018 and hence a provision has been made for the committed lease rentals up until this date.

15. SHARE CAPITAL

	2014 £	2013 £
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 2014	197,563	230,937	(563,901)
Loss for the financial year	-	-	(560,625)
At 31 December 2014	<u>197,563</u>	<u>230,937</u>	<u>(1,124,526)</u>

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2014 £	2013 £
Opening shareholders' funds	1,174,577	999,846
(Loss)/profit for the financial year	<u>(560,625)</u>	<u>174,731</u>
Closing shareholders' funds	<u>613,952</u>	<u>1,174,577</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2014 £	2013 £
Operating (loss)/profit	(548,124)	207,676
Depreciation of tangible fixed assets	40,487	41,404
Decrease/(increase) in stocks	506,577	(294,369)
Decrease/(increase) in debtors	457,172	(432,883)
(Decrease)/increase in creditors	(3,126,631)	2,849,147
Increase in provisions	380,000	-
Net cash (outflow)/inflow from operating activities	(2,290,519)	2,370,975

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

	2014 £	2013 £
Returns on investments and servicing of finance		
Interest paid	-	(6,349)

	2014 £	2013 £
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(8,638)	(17,042)
Sale of tangible fixed assets	195	-
Net cash outflow from capital expenditure	(8,443)	(17,042)

	2014 £	2013 £
Financing		
Debt factoring	1,762,585	(1,818,158)

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

20. ANALYSIS OF CHANGES IN NET FUNDS

	1 January 2014 £	Cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	665,503	(536,377)	-	129,126
Debt:				
Debts due within one year	-	(1,762,585)	1,619,003	(143,582)
Net funds	<u>665,503</u>	<u>(2,298,962)</u>	<u>1,619,003</u>	<u>(14,456)</u>

21. CONTINGENT LIABILITIES

The company 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 (2013 - £nil).

22. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2014	2013	2014	2013
	£	£	£	£
Expiry date:				
Within 1 year	-	-	11,128	12,498
Between 2 and 5 years	95,000	95,000	28,665	30,972
After more than 5 years	<u>307,356</u>	<u>245,000</u>	<u>-</u>	<u>-</u>

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

23. RELATED PARTY TRANSACTIONS

During the year Four Dimension Johnson Industry Co Limited ("FDJICL"), a fellow group company, loaned the company £500,000 (2013 - £448,690). £200,000 (2013 - £746,000) was repaid during the year in respect of loans previously made to the company. The company paid trading expenses of £96,443 in the year (2013 - £213,856) on behalf of FDJICL, of which £nil (2013 - £nil) has been repaid to the company by the year end. The company made purchases of £652,624 in the year (2013 - £635,438) from FDJICL. At the year end the company owed £885,581 (2013 - £228,154) to FDJICL.

During the year the company made purchases of £nil (2013 - £42,272) from KFB Extramobile GmbH ("KFB"), a subsidiary of FDJICL. The company loaned KFB £308,661 (2013 - £298,362) of which £nil (2013 - £nil) was repaid by the year end. At the year end KFB owed £962,277 (2013 - £652,779) to the company in respect of these loans, of which £218,386 has been provided against.

During the year the company paid fees to Cyril Lin, a director of the company, amounting to £41,352 (2013 - £53,121). At the year end an amount of £2,040 (2013 - £1,729) 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 (2013 - £nil). £nil (2013 - £83,783) was repaid to Asel Lin during the year in respect of loans previously made to the company.

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.