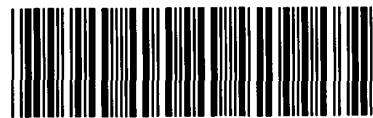


Registered number: 00934256

JOHNSON SECURITY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2016

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JOHNSON SECURITY LIMITED

COMPANY INFORMATION

Director	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 Auditor Portwall Place Portwall Lane Bristol BS1 6NA

JOHNSON SECURITY LIMITED

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JOHNSON SECURITY LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 30 DECEMBER 2016

The Director presents their report and the financial statements for the period ended 30 December 2016.

Results and dividends

The loss for the period, after taxation, amounted to £353,432 (2015 - £1,182,652).

Directors

The Directors who served during the period were:

Dr C Lin (resigned 1 July 2017)

Dr Y Wang

Going concern

The director has adopted the going concern basis of preparation of these financial statements. This is based on the ultimate controlling party having provided a letter of support to Johnson Security Limited, undertaking to fund any working capital or other financing requirements to the extent required over the period of twelve months after the signing of these financial statements.

Director's responsibilities statement

The Director is responsible for preparing the Strategic Report, the Director's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Director 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 Director is required to:

- select suitable accounting policies for the Company's financial statements 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 Director is 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

JOHNSON SECURITY LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 30 DECEMBER 2016**

Disclosure of information to auditor

The Director at the time when this Director's Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the 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.

Auditor

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



Dr Y Wang
Director

Date: 16-11-2017

JOHNSON SECURITY LIMITED

STRATEGIC REPORT FOR THE PERIOD ENDED 30 DECEMBER 2016

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

As previously reported the continuing contraction in the "cash in transit" vehicle market, has significantly impacted the business. However, with the restructuring programme now taking effect and the diversification into other sales channels, results for 2016 are significantly better than those reported last year.

As anticipated the business should now show a profit in 2017.

Johnsons' remain grateful to its Chinese owners for their continuing help and support.

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.

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 director will revisit the appropriateness of this policy should the company's operation change in size or nature.

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.

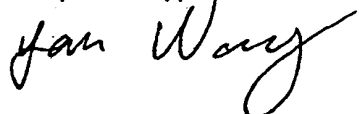
Interest rate cash flow risk - The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, which earn interest at the prevailing bank rate.

Financial key performance indicators

The company's primary internal measurement is gross margin:

	2016	2015
Gross margin	16.6%	18.4%

This report was approved on



Dr Y Wang
Director

16-11-2017

JOHNSON SECURITY LIMITED

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

We have audited the financial statements of Johnson Security Limited for the period ended 30 December 2016, which comprise the Statement of Income and Retained Earnings, the Balance Sheet, the Statement of Cash Flows and the related notes. The relevant financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Director and Auditor

As explained more fully in the Director's Responsibilities Statement on page 1, the Director is 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 30 December 2016 and of its loss for the period 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.

JOHNSON SECURITY LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF JOHNSON SECURITY LIMITED
(CONTINUED)**

Emphasis of matter - going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of disclosure made in note 2.2 concerning the company's ability to continue as a going concern.

The company incurred a net loss after tax of £353,432 during the period ended 30 December 2016 and has a net liability position of £922,132 at year end. Cash flow forecasts produced by the director indicate that in combination with shareholder support should it be required, the company will be able to meet its liabilities as and when they fall due. The shareholder has indicated that they are willing to make further funding available to the Company to enable it to meet its liabilities as they fall due, but there is no legal agreement in place and State Capital Controls in China may restrict the ability to transfer funding to the UK. Were the funding not to be made available, the company may need to seek alternative sources of funding to enable it to meet its liabilities as they fall due for the foreseeable future.

These conditions, along with the other matters explained in note 2.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and the Director's Report for the financial year for which the financial statements are prepared is consistent with those financial statements and such reports have been prepared in accordance with applicable legal requirements.

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Director's Report.

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 Auditor

Portwall Place

Portwall Lane

Bristol

BS1 6NA

Date:



JOHNSON SECURITY LIMITED

**STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE PERIOD ENDED 30 DECEMBER 2016**

	Note	Period ended 30 December 2016 £	2015 £
Turnover	4	8,190,818	6,644,656
Cost of sales		(6,829,208)	(5,423,981)
Gross profit		<u>1,361,610</u>	<u>1,220,675</u>
Administrative expenses		(2,060,290)	(2,403,327)
Operating loss	5	<u>(698,680)</u>	<u>(1,182,652)</u>
R&D tax credit	8	345,248	-
Loss after tax		<u>(353,432)</u>	<u>(1,182,652)</u>
Retained earnings at the beginning of the period		(2,307,178)	(1,124,526)
		<u>(2,307,178)</u>	<u>(1,124,526)</u>
Loss for the period		(353,432)	(1,182,652)
Retained earnings at the end of the period		<u>(2,660,610)</u>	<u>(2,307,178)</u>

The notes on pages 9 to 21 form part of these financial statements.

JOHNSON SECURITY LIMITED
REGISTERED NUMBER: 00934256

BALANCE SHEET
AS AT 30 DECEMBER 2016

	Note	30 December 2016 £	31 December 2015 £
Fixed assets			
Tangible assets	9	34,621	56,751
Investments	10	259,036	259,036
		<u>293,657</u>	<u>315,787</u>
Current assets			
Stocks	11	1,144,465	1,006,037
Debtors: amounts falling due within one year	12	2,164,237	2,615,837
Cash at bank and in hand	13	134,847	54,295
		<u>3,443,549</u>	<u>3,676,169</u>
Creditors: amounts falling due within one year	14	(4,010,642)	(4,180,656)
Net current liabilities		<u>(567,093)</u>	<u>(504,487)</u>
Total assets less current liabilities		<u>(273,436)</u>	<u>(188,700)</u>
Provisions for liabilities			
Provisions	16	(648,696)	(380,000)
Net liabilities		<u>(922,132)</u>	<u>(568,700)</u>
Capital and reserves			
Called up share capital	17	1,309,978	1,309,978
Share premium account	18	197,563	197,563
Other reserves	18	230,937	230,937
Profit and loss account	18	(2,660,610)	(2,307,178)
		<u>(922,132)</u>	<u>(568,700)</u>

The financial statements were approved and authorised for issue by:

Dr Y Wang
Director



Date: 16-11-2017

The notes on pages 9 to 21 form part of these financial statements.

JOHNSON SECURITY LIMITED

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 DECEMBER 2016

	Period ended 30 December 2016 £	2015 £
Cash flows from operating activities		
Loss for the financial period	(353,432)	(1,182,652)
Adjustments for:		
Depreciation of tangible assets	57,683	44,694
Taxation charge	(345,248)	-
Increase in stocks	(138,428)	(51,845)
Decrease/(increase) in debtors	604,315	(1,598,481)
Increase in creditors	750,515	535,826
(Decrease)/increase in amounts owed to group undertakings	(375,342)	1,352,457
Increase in provisions	268,696	-
Net cash generated from operating activities	<u>468,759</u>	<u>(900,001)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(35,553)	(6,368)
Net cash from investing activities	<u>(35,553)</u>	<u>(6,368)</u>
Cash flows from financing activities		
Movement on debt factoring facility	(352,654)	831,538
Net cash used in financing activities	<u>(352,654)</u>	<u>831,538</u>
Net increase/(decrease) in cash and cash equivalents	80,552	(74,831)
Cash and cash equivalents at beginning of period	54,295	129,126
Cash and cash equivalents at the end of period	<u>134,847</u>	<u>54,295</u>
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	134,847	54,295
	<u>134,847</u>	<u>54,295</u>

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2016

1. General information

Johnson Security Limited is a private limited company incorporated in England and Wales. The address of the registered office is Unit 20, Orchard Industrial Estate, Toddington, Gloucestershire, GL54 5EB.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

2.2 Going concern

The Company incurred a net loss after tax of £353,432 during the period ended 30 December 2016 and at 30 December 2016 had net liabilities of £922,132 and net current liabilities of £567,093.

The director has prepared cash flow forecasts that, in combination with shareholder support should it be required, indicate that the company is able to meet its liabilities as and when they fall due. The shareholder has indicated that they would be willing to provide the Company with such funding as is necessary in order for the Company to meet its debts as they fall due for the foreseeable future, being at least one year from the date of approval of the financial statements. However there is no legal agreement between the Company and the shareholder and State Capital Controls in place in China, could potentially restrict the ability of the shareholder to provide such support.

Whilst therefore the availability of the additional funds is not certain, based on discussions with the shareholder, the director firmly believes that adequate further funds will be available should they be required, to enable the Company to meet its liabilities. Should shareholder funding not be available, the Company may need to seek funding from alternative sources.

The director has concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the Company's ability to continue as a going concern and that, therefore, the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the director has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Were the company no longer a going concern, adjustments may be required to the carrying value of assets, provision would be required for the future liabilities arising as a consequence of the Company ceasing business and assets and liabilities currently classified as non-current would be reclassified as current.

2.3 Revenue

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

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2016

2. Accounting policies (continued)

2.4 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 the proportion of total contract value which vehicles dispatched to date bear to total vehicles for that contract. Revenue derived from variations on contracts is recognised only when the variations have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

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

2.6 Development costs

Development costs are written off in the year in which they are incurred.

2.7 Valuation of investments

Investments in associated companies are measured at cost less accumulated impairment.

2.8 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.9 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.

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2016

2. Accounting policies (continued)

2.10 Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the company's cash management.

Financial liabilities and equity instruments issued by the company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

2.11 Operating leases

Rentals paid under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term.

2.12 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Income and Retained Earnings when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.13 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the period in which they are incurred.

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2016

2. Accounting policies (continued)

2.14 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Income and Retained Earnings in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.15 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 statement of comprehensive income.

2.16 Current and deferred taxation

The tax expense for the year comprises current and deferred tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2016

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period.

Stock provision

The stock balance of £1,114,465 recorded in the balance sheet comprises a relatively large number of small items. A review of stock is carried out at the end of each month. Whilst every attempt is made to ensure that the stock provisions are as accurate as possible, there remains a risk that the provisions do not match the level of obsolescent stock items.

Trade debtor provision

The trade debtors balance of £1,544,025 recorded in the balance sheet comprises a relatively small number of large balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectible.

Long term contracts

Revenue and cost of sales recognised on long-term contracts require management to estimate the overall costs of completing the contract, as well as the stage of completion of that contract at the period end date. The projected result on each contract is revisited periodically and the estimated cost position, and related revenue and cost of sales recognised in the statement of income and retained earnings are updated prospectively.

Going concern

See note 2.2.

4. Turnover

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	Period ended 30 December 2016 £	2015 £
United Kingdom	6,708,372	5,988,345
Rest of Europe	1,022,048	516,506
Rest of the World	460,398	139,805
	<u>8,190,818</u>	<u>6,644,656</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2016**

5. Operating loss

The operating loss is stated after charging:

	Period ended 30 December 2016 £	2015 £
Research & development charged as an expense	16,446	62,753
Depreciation of tangible fixed assets	57,683	44,695
Fees payable to the Company's auditor for the audit of the annual financial statements	15,300	15,300
Other operating lease rentals	484,481	471,006
	<u> </u>	<u> </u>

6. Employees

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

	Period ended 30 December 2016 £	2015 £
Wages and salaries	3,506,840	3,045,257
Social security costs	307,519	281,315
Cost of defined contribution scheme	72,632	69,136
	<u> </u>	<u> </u>
	<u>3,886,991</u>	<u>3,395,708</u>

The average monthly number of employees, including the Directors, during the period was as follows:

	Period ended 30 December 2016 No.	2015 No.
Production staff	51	50
Administrative	37	37
	<u> </u>	<u> </u>
	<u>88</u>	<u>87</u>

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2016

7. Directors' remuneration

	Period ended 30 December 2016 £	2015 £
Directors' emoluments	68,643	57,430
Company contributions to defined contribution pension schemes	432	-
	<u>69,075</u>	<u>57,430</u>

Key management are those persons having authority and responsibility for the planning, controlling and directing of the company. Total compensation payable to key management personnel during the year was £152,075 (2015 - £140,430).

8. Taxation

	Period ended 30 December 2016 £	2015 £
Corporation tax		
R&D tax credit	<u>(345,248)</u>	<u>-</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2016**

8. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	Period ended 30 December 2016 £	2015 £
Loss on ordinary activities before tax	(698,680)	(1,182,652)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	(139,736)	(239,229)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,069	532
Deferred tax not recognised	138,667	172,030
Adjust opening and closing deferred tax to average rate	-	66,667
R&D tax credit	(345,248)	-
Total tax credit for the year	(345,248)	-

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2016**

9. Tangible fixed assets

	Leasehold Property £	Plant & machinery £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 2016	515,745	3,084,382	27,012	3,627,139
Additions	-	35,553	-	35,553
At 30 December 2016	<u>515,745</u>	<u>3,119,935</u>	<u>27,012</u>	<u>3,662,692</u>
Depreciation				
At 1 January 2016	475,895	3,067,481	27,012	3,570,388
Charge for the period on owned assets	39,850	17,833	-	57,683
At 30 December 2016	<u>515,745</u>	<u>3,085,314</u>	<u>27,012</u>	<u>3,628,071</u>
Net book value				
At 30 December 2016	<u>-</u>	<u>34,621</u>	<u>-</u>	<u>34,621</u>
At 31 December 2015	<u>39,850</u>	<u>16,901</u>	<u>-</u>	<u>56,751</u>

10. Fixed asset investments

	Investments in associates £
Cost or valuation	
At 1 January and December 2016	<u>259,036</u>
Net book value	
At 30 December 2016	<u>259,036</u>
At 31 December 2015	<u>259,036</u>

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2016

11. Stocks

	30 December 2016 £	31 December 2015 £
Raw materials	582,114	569,219
Work in progress	562,351	436,818
	<u>1,144,465</u>	<u>1,006,037</u>

12. Debtors

	30 December 2016 £	31 December 2015 £
Trade debtors	1,544,025	2,111,054
Amounts owed by group undertakings	-	192,123
Other debtors	371,844	120,147
Prepayments and accrued income	230,616	174,761
Deferred taxation	17,752	17,752
	<u>2,164,237</u>	<u>2,615,837</u>

13. Cash and cash equivalents

	30 December 2016 £	31 December 2015 £
Cash at bank and in hand	<u>134,847</u>	<u>54,295</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2016**

14. Creditors: Amounts falling due within one year

	30 December 2016 £	31 December 2015 £
Bank overdraft	622,466	975,120
Payments received on account	151,395	131,474
Trade creditors	1,533,371	1,209,826
Amounts owed to group undertakings	900,418	1,467,883
Corporation tax	-	1,666
Other taxation and social security	429,123	217,193
Other creditors	13,318	12,399
Accruals and deferred income	360,551	165,095
	<u>4,010,642</u>	<u>4,180,656</u>

In January 2015, the company entered into a revised debt factoring facility with RBS Invoice Finance Limited presented above as bank overdraft. This facility is secured by a fixed and floating charge over all assets of the Company.

The Company is also subject to a fixed and floating charge over all assets, present and future in favour of Barclays Bank Plc.

15. Financial instruments

	30 December 2016 £	31 December 2015 £
Financial assets		
Cash and cash equivalents	134,847	54,295
Financial assets that are debt instruments measured at amortised cost	1,915,869	2,423,324
	<u>2,050,716</u>	<u>2,477,619</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(3,416,806)	(3,817,924)
	<u>(3,416,806)</u>	<u>(3,817,924)</u>

JOHNSON SECURITY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 DECEMBER 2016**

16. Provisions

	Dilapidations provision £	Onerous contracts £	Total £
At 1 January 2016	380,000	-	380,000
Charged to profit or loss	-	367,696	367,696
Utilised in period	(99,000)	-	(99,000)
At 30 December 2016	<u>281,000</u>	<u>367,696</u>	<u>648,696</u>

17. Share capital

	30 December 2016 £	31 December 2015 £
Shares classified as equity		
Allotted, called up and fully paid		
272,478 Ordinary shares shares of £1 each	272,478	272,478
1,037,500 Ordinary A shares shares of £1 each	1,037,500	1,037,500
	<u>1,309,978</u>	<u>1,309,978</u>

18. Reserves

Share premium account

The share premium account is used to record the aggregate amount or value of premiums paid when the company's shares are issued at an amount in excess of nominal value.

Other reserves

Other reserves comprise a capital redemption reserve used to record the repurchase of own share capital.

Profit & loss account

This reserve relates to the cumulative retained earnings less amounts distributed to shareholders.

JOHNSON SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 DECEMBER 2016

19. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £72,632 (2015 - £69,136). Contributions totalling £13,318 (2015 - £16,857) were payable to the fund at the balance sheet date

20. 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 (2015 - £nil).

21. Commitments under operating leases

At 30 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	30 December 2016 £	31 December 2015 £
Not later than 1 year	457,759	455,522
Later than 1 year and not later than 5 years	1,389,159	1,473,273
Later than 5 years	70,436	96,049
	<u>1,917,354</u>	<u>2,024,844</u>

22. 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 to be Dr S Wang, the majority shareholder of the ultimate parent company Beijing Rui Heng Xing, a company incorporated in China.