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PREVENTION & DETECTION (HOLDINGS) LIMITED

COMPANY NUMBER 1440288

FINANCIAL ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2003



D'AURIA QUICK & TANNA
Certified Accountants
Antonia House
262 Holloway Road
London N7 6NG

PREVENTION & DETECTION (HOLDINGS) LIMITED

FINANCIAL ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2003

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PREVENTION & DETECTION (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report and the Financial Statements for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year were that of:

- a) Provision of Security Services.
- b) Dealing in Shares, Options and Futures.
- c) Sale of Security Systems and Consumables.

DIRECTORS

The Directors of the Company during the year and their beneficial interest in the Share Capital of the Company at the beginning and end of the year were as follows:

	<u>Ordinary Shares of 1p each</u>	
	<u>2003</u>	<u>2002</u>
Mr N Jaffer	2,000,000	2,000,000
Mr M J Judge	NIL	NIL

DIRECTORS' RESPONSIBILITY

Company law requires the directors to prepare Financial Statements for each financial year which 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 those Financial Statements, the directors are required to:

- (i) Select suitable accounting policies and then apply them consistently.
- (ii) Make judgements and estimates that are reasonable and prudent.
- (iii) 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 proper accounting records which 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 1985. They are responsible for safeguarding the assets of the company and hence for taking reasonable steps for prevention and detection of fraud and other irregularities.

PREVENTION & DETECTION (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS (CONTINUED)

RESULTS

The Profit for the year after taxation amounted to £280,703 (2002: £222,102).

Security Services Division

Turnover increased by 6.8% to £2,677,478 (2002: £2,506,373). Increase in turnover was disappointing due to severe competitive pressures. Sales of our PC Based Access Control Systems progressed well. Overall Margins just held up.

Dealings in Shares, Options and Futures

In 2003, this division virtually broke even compared to the previous year's loss.

Software Development

In August 2003, we commissioned the development of our own Access Control Software. We will own full copyright and title to this software.

Systems utilising this software have been installed at Clients' sites commencing June 2004.

AUDITORS

A resolution will be proposed at the Annual General Meeting to re-appoint the auditors, Messrs. D'Auria Quick & Tanna.

SMALL COMPANY SPECIAL PROVISIONS

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

REGISTERED OFFICE

Campbell Gray House
3 Weighton Road
Anerley
London SE20 8SX

26 August 2004

BY ORDER OF THE BOARD



N. JAFFER
DIRECTOR

REPORT OF THE AUDITORS**TO THE MEMBERS OF PREVENTION & DETECTION (HOLDINGS) LIMITED****FOR THE YEAR ENDED 31 DECEMBER 2003**

We have audited the Financial Statements on pages 4 to 11 which have been prepared in accordance with the *Financial Reporting Standards for Smaller Entities (effective March 2000)* under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are responsible for the preparation of the Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Statements are free from material misstatements, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the Financial Statements.

OPINION

In our opinion the Financial Statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.


D'AURIA QUICK & TANNA**Registered Auditors**

**Antonia House
262 Holloway Road
London N7 6NG**

26 August 2004

PREVENTION & DETECTION (HOLDINGS) LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 2003**

	<u>Notes</u>	<u>2003</u> £	<u>2002</u> £
TURNOVER			
Security Services		2,420,614	2,322,793
Security Systems and Consumables Sales		<u>256,864</u>	<u>183,580</u>
		2,677,478	2,506,373
 Cost of Sales		 <u>1,764,292</u>	 <u>1,638,219</u>
		913,186	868,154
Loss on dealings in Shares, Futures and Options		<u>(1,339)</u>	<u>(119,622)</u>
GROSS PROFIT on Trading Activities		911,847	748,532
 Other Operating Income	2	 <u>22,586</u>	 <u>12,029</u>
		934,433	760,561
Administration Costs		<u>581,383</u>	<u>472,913</u>
OPERATING PROFIT	3	353,050	287,648
 Interest Payable	4	 <u>3,590</u>	 <u>2,777</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		349,460	284,871
 Tax based on Profit on Ordinary Activities	5	 <u>68,757</u>	 <u>62,769</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		280,703	222,102
 DIVIDENDS PAID		 <u>115,000</u>	 <u>105,000</u>
		165,703	117,102
 BALANCE BROUGHT FORWARD		 <u>547,867</u>	 <u>430,765</u>
BALANCE CARRIED FORWARD		<u>£ 713,570</u>	<u>£ 547,867</u>

PREVENTION & DETECTION (HOLDINGS) LIMITED**BALANCE SHEET AS AT 31 DECEMBER 2003**

	<u>Notes</u>	<u>2003</u>	<u>2002</u>
		£	£
FIXED ASSETS			
Intangible Assets	6	9,292	-
Tangible Assets	7	264,783	230,065
Investments in Subsidiaries	8	<u>27,151</u>	<u>27,151</u>
		301,226	257,216
CURRENT ASSETS			
Investments	8	223,263	164,963
Stock		9,816	1,500
Debtors	9	618,320	547,795
Cash at Bank and in Hand		<u>267,985</u>	<u>200,928</u>
		1,119,384	915,186
CREDITORS			
Amounts falling due within one year	10	<u>599,946</u>	<u>545,158</u>
NET CURRENT ASSETS		<u>519,438</u>	<u>370,028</u>
TOTAL ASSETS			
LESS CURRENT LIABILITIES		820,664	627,244
CREDITORS			
Amounts falling due after more than one year	10	<u>65,791</u>	<u>50,347</u>
NET ASSETS		<u>£ 754,873</u>	<u>£ 576,897</u>
FINANCED BY:			
CAPITAL AND RESERVES			
Called-up Share Capital	11	20,000	20,000
Revaluation Reserve	12	21,303	9,030
Profit and Loss Account		<u>713,570</u>	<u>547,867</u>
Shareholders' Funds	14	<u>£ 754,873</u>	<u>£ 576,897</u>

These Financial Statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

Approved: _____

Mr N Jaffer

Mr M J Judge

On: 26 August 2004

PREVENTION & DETECTION (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

- (i) The Accounts have been prepared under the Historical Cost Convention and in accordance with the Financial Reporting Standards for Smaller Entities (effective March 2000).
- (ii) Turnover represents the amounts receivable for Security Services and Sale of Security Equipment and Peripherals, net of Value Added Tax.
- (iii) Depreciation is provided on all other tangible assets so as to write off the cost of Fixed Assets over the expected useful economic lives of the assets. The following rates have been applied:

Motor Vehicles	- 25% p.a. on reducing balance
Furniture and Equipment	- 15% p.a. on reducing balance
Antique Furniture (In Furniture and Equipment)	- NIL
Equipment on Site	- Straight line over the contract period
- (iv) Stock is stated at the lower of cost and net realisable value.
- (v) Accounting for dealings in Futures and Options
Gains and Losses on contracts used in trading operations were recognised using the 'mark-to-market' method of accounting and are included in trading results.
- (vi) Investments
Current assets investments are stated at market value, if listed, or at directors' valuation, if unlisted. The market value is based on the closing selling market price on recognised stock exchanges.
- (vii) Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.
- (viii) Pensions
The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.
- (ix) Leasing and Hire Purchase Commitments
Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.
- (x) Software Development Costs
Software Development Costs are capitalised and will be amortised against the granting of licences for the software.

PREVENTION & DETECTION (HOLDINGS) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2003**

2. OTHER OPERATING INCOME	<u>2003</u>	<u>2002</u>
Rent Receivable	8,400	2,334
Interest Received	5,789	5,448
Sale of Goodwill of Courier Services	3,439	-
Dividends	4,958	4,247
	<u>£ 22,586</u>	<u>£ 12,029</u>
3. OPERATING PROFIT		
The operating Profit is stated after charging:		
Depreciation of Tangible Fixed Assets	24,909	17,454
Directors' Remuneration	27,450	50,750
Director's Pension Cost	10,516	15,516
Auditors' Remuneration	5,500	4,500
Staff Costs	1,921,618	1,765,500
	<u> </u>	<u> </u>
4. INTEREST PAYABLE	£	£
Interest payable on Loans repayable within five years:		
Hire Purchase Interest	1,215	410
Bank Overdraft Interest	1,615	998
Other Interest	760	1,369
	<u>£ 3,590</u>	<u>£ 2,777</u>
5. TAXATION		
United Kingdom Corporation Tax based on the profit for the year	68,097	54,580
Overprovision for previous year	-	(115)
Interest on late payment of Tax	660	8,304
	<u>£ 68,757</u>	<u>£ 62,769</u>

Deferred Tax

The full potential liability in respect of timing differences on Fixed Assets and not provided for, is £12,799 (2002 - £12,554).

PREVENTION & DETECTION (HOLDINGS) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2003****6. INTANGIBLE FIXED ASSETS**

	<u>2003</u>	<u>2002</u>
Software Development Costs	£ 9,292	£ -

7. TANGIBLE FIXED ASSETS

COST	<u>Balance B/Fwd</u>	<u>Additions & Revaluation</u>	<u>Disposals</u>	<u>Balance C/Fwd</u>
	£	£	£	£
Long Leasehold Investment Property	136,386	12,614	-	149,000
Furniture and Equipment	204,973	12,219	-	217,192
Motor Vehicles	54,664	40,594	(19,240)	76,018
	<u>£ 396,023</u>	<u>£ 65,427</u>	<u>£ (19,240)</u>	<u>£ 442,210</u>

DEPRECIATION

	<u>Balance B/Fwd</u>	<u>Charge for year</u>	<u>Disposals</u>	<u>Balance C/Fwd</u>
	£	£	£	£
Long Leasehold Investment Property	-	-	-	-
Furniture and Equipment	136,682	9,966	-	146,648
Motor Vehicles	29,276	14,943	(13,440)	30,779
	<u>£ 165,958</u>	<u>£ 24,909</u>	<u>£ (13,440)</u>	<u>£ 177,427</u>

NET BOOK VALUE

	<u>Balance 1.1.03</u>	<u>Balance 31.12.03</u>
	£	£
Long Leasehold Investment Property	136,386	149,000
Furniture and Equipment	68,291	70,544
Motor Vehicles	25,388	45,239
	<u>£ 230,065</u>	<u>£ 264,783</u>

Long Leasehold Investment Property

The investment property was purchased in September 2002. Mr N Jaffer, Managing Director of the company, estimates the market value at 31 December 2003 to be £149,000.

PREVENTION & DETECTION (HOLDINGS) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2003****8. FIXED ASSETS INVESTMENTS**

This represents the cost of the Company's shareholdings in the following wholly owned dormant subsidiaries which are incorporated in England:

- Prevention & Detection Limited
- Acorn Security Services Limited
- Anti-Crime Guards Limited

CURRENT ASSETS INVESTMENTS

	<u>2003</u>	<u>2002</u>
	£	£
Listed on recognised stock exchanges at market value		
- UK	220,263	151,213
- Unquoted Shares	<u>3,000</u>	<u>13,750</u>
	£ <u>223,263</u>	£ <u>164,963</u>

9. DEBTORS

Amounts falling due within one year:

	<u>2003</u>	<u>2002</u>
	£	£
Trade Debtors	599,513	532,045
Other Debtors	9,897	8,769
Prepayments	8,892	6,963
Amount due from Subsidiary	<u>18</u>	<u>18</u>
	£ <u>618,320</u>	£ <u>547,795</u>

PREVENTION & DETECTION (HOLDINGS) LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2003

10. CREDITORS

Amounts falling due within one year:	<u>2003</u>	<u>2002</u>
	£	£
Director's Current Account	10,442	14,797
Trade Creditors	31,279	17,685
Current Instalments due on Hire Purchase	9,245	2,139
Corporation Tax	122,678	80,956
Other Taxation and Social Security	268,888	263,216
Accruals and Other Creditors	157,414	158,598
Bank Overdraft (Secured)	-	7,767
	<u>£ 599,946</u>	<u>£ 545,158</u>

Amounts falling due after more than one year:

Hire Purchase	15,444	-
Amounts due to Subsidiaries	<u>50,347</u>	<u>50,347</u>
	<u>£ 65,791</u>	<u>£ 50,347</u>

11. CALLED-UP SHARE CAPITAL

<u>Authorised</u>	<u>2003</u>	<u>2002</u>
2,000,000 Ordinary Shares of 1p each	<u>£ 20,000</u>	<u>£ 20,000</u>
<u>Allotted, Called-Up and Fully Paid</u>		
2,000,000 Ordinary Shares of 1p each	<u>£ 20,000</u>	<u>£ 20,000</u>

12. REVALUATION OF FIXED ASSETS

	<u>2003</u>	<u>2002</u>
The Antique Furniture (Included in Furniture and Equipment)	9,030	9,030
Long Leasehold Investment Property	<u>12,273</u>	<u>-</u>
	<u>£ 21,303</u>	<u>£ 9,030</u>

The Antique Furniture included in Furniture and Equipment was professionally valued by Phillips on an open market value for existing use basis in 1995. The Investment Property was revalued at 31 December 2003 by Mr. N. Jaffer, Managing Director of the Company. The excess in value has been stated separately on the Balance Sheet as Revaluation Reserve.

PREVENTION & DETECTION (HOLDINGS) LIMITED**NOTES TO THE ACCOUNTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2003****13. STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<u>2003</u>	<u>2002</u>
	£	£
<u>Long Leasehold Investment Property</u>		
Balance Brought Forward	-	-
Recognised Gain in Value	<u>12,273</u>	<u>-</u>
Balance Carried Forward	£ <u>12,273</u>	£ <u>-</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>2003</u>	<u>2002</u>
	£	£
Profit/(Loss) for the Financial Year	280,703	222,102
Dividends	<u>115,000</u>	<u>105,000</u>
	165,703	117,102
 Increase in Revaluation Reserve	 12,273	 -
Opening Shareholders' Equity Funds	<u>576,897</u>	<u>459,795</u>
	£ <u>754,873</u>	£ <u>576,897</u>

15. CONTROL OF THE COMPANY

The Company is wholly owned by a Family Trust which is controlled by Mr. N. Jaffer and another trustee.

16. RELATED PARTY TRANSACTIONS

Mr. M.J. Judge, a director of the company, is a consultant to Judge & Priestley, Solicitors. During the year, the company was invoiced £1,521 for professional services provided by Judge & Priestley.

17. GROUP ACCOUNTS

Prevention & Detection (Holdings) Limited and its subsidiaries are a small group in respect of the year ended 31 December 2003 and has therefore not prepared Group Accounts as entitled under the exemption granted in Section 248 of the Companies Act 1985.