

**THORN SECURITY GROUP LIMITED**  
**(Company Registration Number: 2899116)**

**Annual Report and Financial Statements**

**For the year ended 30 September 2006**

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## **THORN SECURITY GROUP LIMITED**

### **Annual Report and Financial Statements for the Year Ended 30 September 2006**

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# **THORN SECURITY GROUP LIMITED**

## **Company Information**

### **Directors**

D L Kaye  
D E Roberts  
A B Alphonsus

### **Company Secretary**

A B Alphonsus

### **Registered office**

Security House  
The Summit  
Hanworth Road  
Sunbury on Thames  
Middlesex TW16 5DB

### **Bankers**

Barclays Bank Plc  
Corporate Banking Centre  
28 George Street  
Luton  
LU1 2AE

### **Lawyers**

Eversheds  
Senator House  
85 Queen Victoria Street  
London  
EC4V 4JL

### **Registered auditors**

Deloitte & Touche LLP  
Chartered Accountants  
London

## **THORN SECURITY GROUP LIMITED**

### **Directors' Report for the Year Ended 30 September 2006**

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2006

#### **Principal activities**

The company's immediate parent undertaking is Tyco Holdings (UK) Limited and the undertaking that prepares consolidated financial statements for the smallest group of which the company is a part is Tyco Holdings (UK) Limited (a company incorporated in Great Britain)

The principal activity of the company is that of an investment holding company for a group of companies (details of which are shown in note 6 to the accounts)

The company did not trade during the year and the directors do not envisage this will change in the foreseeable future. For this reason the company's directors believe that further key performance indicators of the company are not necessary for an understanding of the performance or position of the business.

#### **Review of business**

The retained profit for the year amounted to £257,000 (2005 loss £258,000) which has been transferred to reserves. Interest receivable from fellow group companies of £505,000 (2005 £462,000) and interest payable of £167,000 (2005 £152,000) to group undertakings accounts for the majority of the profit of the company (see note 4).

The balance sheet on page 9 of the financial statements shows that the company's financial position at the year end is, in net assets, consistent with the previous year.

During the year the directors confirmed that it was their intention to convert all preference shares to ordinary share capital at no premium. On 26 May 2006, the company exchanged all existing shares for ordinary shares (note 12).

During the preceding year dividends payable on the following shares are shown in note 11 to the accounts:

- 10% on the 'A' redeemable cumulative preference shares of 50p each
- 10% on the 'B' redeemable cumulative preference shares of 50p each
- 10% on the 'C' redeemable cumulative preference shares of 50p each
- 5% on the 'A' cumulative redeemable preferred ordinary shares of 1p each
- 5% on the 'B' cumulative redeemable preferred ordinary shares of 1p each

The total cost of dividends for the current year is £nil (2005 £826,552).

No dividends have been paid in the current year and these were included in amounts payable to the immediate parent company (note 11).

The directors do not recommend the payment of a dividend in respect of the equity shares for the year (2005 £nil).

#### **Principal risks and uncertainties**

The directors do not consider that the company has any major risks and uncertainties.

#### **Financial risk management**

The directors considered the risks attached to the Company's financial instruments which principally comprise loans to and from other group companies. The Company's exposure to price risk, credit risk, liquidity risk and cash flow risk is not considered significant for the assessment of assets, liabilities and the financial statements.

The directors' policy on hedging is to hedge all financial risks where it is feasible and cost effective to do so. The Company had no hedged transactions during the year.

## **THORN SECURITY GROUP LIMITED**

### **Directors' Report for the Year Ended 30 September 2006 (continued)**

#### **Employees**

Details of the number of employees and the related costs can be found in note 3 to the financial statements

#### **Directors**

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

A S McNutt (Resigned 25 October 2005)

D L Kaye

A B Alphonsus

D E Roberts

#### **Directors' interests in the shares of the company**

Under Statutory Instrument No 802 made under the authority of Section 324(3) of the Companies Act 1985, the directors' interests in the share capital of the ultimate parent undertaking need not be disclosed

#### **Directors' statement on information given to auditors**

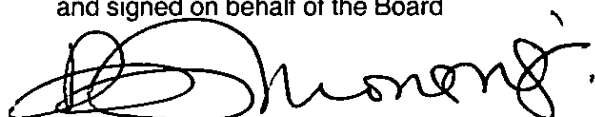
In accordance with the provisions of s234za of the Companies Act 1985, each of the directors at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

#### **Auditors**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors  
and signed on behalf of the Board



A B Alphonsus  
Company Secretary

29 June 2007

## **THORN SECURITY GROUP LIMITED**

### **Directors' Report for the Year Ended 30 September 2006 (Continued)**

#### **Statement of 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 the group and of the profit or loss of the group 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 that 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 1985. 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.

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.

## **THORN SECURITY GROUP LIMITED**

### **Independent Auditors' Report to The Members Of Thorn Security Group Limited**

We have audited the financial statements of Thorn Security Group Limited for the year ended 30 September 2006 which comprise the profit and loss account, the balance sheet, and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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 considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London 29.6. 2007

# **THORN SECURITY GROUP LIMITED**

## **Profit and loss account for the year ended 30 September 2006**

	Notes	2006 £'000	2005 £'000
Administrative expenses		8	425
<b>Operating profit</b>	2	<u>8</u>	<u>425</u>
Interest receivable	4	505	462
Interest payable	4	<u>(167)</u>	<u>(152)</u>
<b>Profit on ordinary activities before taxation</b>		<b>346</b>	<b>735</b>
Taxation	5	<u>(89)</u>	<u>(167)</u>
<b>Profit on ordinary activities after taxation</b>		<b>257</b>	<b>568</b>
Dividends	11	<u>-</u>	<u>(826)</u>
<b>Profit/(loss) on ordinary activities after taxation and retained profit/ (loss)for the financial year transferred to reserves</b>	14	<u><b>257</b></u>	<u><b>(258)</b></u>

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

All items noted above relate to continuing operations



# THORN SECURITY GROUP LIMITED

## Balance sheet as at 30 September 2006

	Notes	2006 £'000	2005 £'000
<b>Fixed assets</b>			
Investments	6	63,207	63,207
<b>Current assets</b>			
Debtors due within one year	7	3,636	3,618
Debtors due more than one year	8	33,920	33,683
		<u>37,556</u>	<u>37,301</u>
<b>Total assets</b>		<b>100,763</b>	<b>100,508</b>
<b>Creditors, amounts falling due after more than one year</b>	9	<b>(58,557)</b>	<b>(58,559)</b>
		<u>42,206</u>	<u>41,949</u>
<b>Total assets less current liabilities</b>			
<b>Capital and reserves</b>			
Called up share capital	12	11,096	11,096
Share premium account	13	7,772	7,772
Profit and loss account	13	<u>23,338</u>	<u>23,081</u>
<b>Total shareholder's funds</b>	14	<b>42,206</b>	<b>41,949</b>

The financial statements were approved by the board of directors on behalf by

29 June 2007 and were signed on its

  
D E Roberts  
Director

## **THORN SECURITY GROUP LIMITED**

### **Notes to the Accounts for the year ended 30 September 2006**

#### **1 Principal accounting policies**

##### **Accounting convention**

The financial statements have been prepared under the historical cost convention, and have been prepared in accordance with applicable United Kingdom accounting standards. A summary of the more important accounting policies of the company is set out below. These have been applied consistently throughout the current and preceding year.

##### **Group financial statements, cash flow statement and related party transactions**

The company is a wholly owned subsidiary of a company registered in England and Wales, Tyco Holdings (UK) Limited (see note 16) and as such is not required to produce consolidated financial statements under Section 228 of the Companies Act 1985. For the same reasons, the company is also exempt under the terms of Financial Reporting Standard No 1 (revised 1996) from publishing a cash flow statement.

The company is also a wholly owned subsidiary of Tyco International Ltd (see note 16) and is exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions with entities that are part of the Tyco International Ltd group or investees of the Tyco International Ltd group.

##### **Investments**

Fixed asset investments are stated at cost less any provision required for any permanent diminution in value.

##### **Foreign currency translation**

Foreign currency assets and liabilities are translated into sterling at the rates of exchange ruling at the date of the transaction or at the balance sheet date. All exchange differences are dealt with in the profit and loss account.

##### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid or recovered using the rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred taxation is provided on all timing differences that have not reversed before the balance sheet date at the rate of tax expected to apply when those timing differences reverse. Deferred tax assets are recognised to the extent that it is regarded more likely than not that they will be recovered. Deferred tax is measured on a non-discounted basis.

**THORN SECURITY GROUP LIMITED****Notes to the Accounts for the year ended 30 September 2006****2 Operating profit**

Operating profit is stated after crediting

	2006 £'000	2005 £'000
Exchange gain	8	30
Profit on disposal of current asset investment	-	395

The auditors' remuneration of £5,000 (2005 £4,500) is borne by a fellow subsidiary company, ADT Fire & Security Plc

**3 Directors' emoluments and employee information**

The directors are remunerated by a fellow subsidiary company in respect of services provided to a number of group companies as directors. It is not possible to separately identify the emoluments attributable to services provided to each company. Accordingly, the financial statements include no emoluments in respect of any directors (2005 £nil)

No director exercised share options in the ultimate parent undertaking in the year (2005 none)

The company had no employees except the directors in the current or prior year

**4 Interest payable and receivable**

	2006 £'000	2005 £'000
Interest payable to other group undertakings (note 9)	(167)	(152)
Interest receivable from group undertakings (note 8)	505	462

**THORN SECURITY GROUP LIMITED****Notes to the Accounts for the year ended 30 September 2006****5 Taxation**

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
<b>Current tax:</b>		
UK corporation tax at 30%	-	-
<b>Total current tax – overseas tax credit expensed</b>	<b>(21)</b>	<b>(19)</b>
<b>Deferred tax:</b>		
The origination of and reversal of timing differences	(108)	(148)
Prior year adjustment	40	-
<b>Total deferred tax (note 10)</b>	<b>(68)</b>	<b>(148)</b>
<b>Total taxation charge on loss on ordinary activities</b>	<b>(89)</b>	<b>(167)</b>

The difference between the total current tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before taxation is as follows

**Factors affecting the tax charge for the current period**

	<b>2006</b> <b>£'000</b>	<b>2005</b> <b>£'000</b>
Profit on ordinary activities before tax	346	735
Tax at 30% (2005 30%) thereon	104	221
Expenses not deductible for tax purposes	4	(73)
Utilisation of brought forward losses	(158)	(148)
Unpaid overseas interest	50	-
Overseas tax credit expensed	21	19
<b>Total current tax charge for the year</b>	<b>21</b>	<b>19</b>

**THORN SECURITY GROUP LIMITED****Notes to the Accounts for the year ended 30 September 2006****6 Fixed Asset Investments**

	£'000
<b>Cost</b>	
At 1 October 2005 and at 30 September 2006	<u>102,585</u>
<b>Provision for diminution in value</b>	
At 1 October 2005 and at 30 September 2006	<u>39,378</u>
<b>Net book value</b>	
At 30 September 2006	<u>63,207</u>
At 30 September 2005	<u>63,207</u>

The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the figures of the company if consolidated financial statements were prepared

Name of undertaking	Principal Activity	Description of shares held	Proportion of nominal value of issued shares held %
Thorn Security Limited	Security systems	Ordinary	100
Thorn Security International Limited	Investment company	Ordinary	100
JEL Building Management Systems Limited	Dormant	Ordinary	100

All of the companies operated principally in the United Kingdom, their country of incorporation

**7 Debtors**

	2006 £'000	2005 £'000
<b>Amounts falling due within one year</b>		
Deferred tax asset (note 10)	29	135
Amounts due from group undertakings	<u>3,607</u>	<u>3,483</u>
	<u>3,636</u>	<u>3,618</u>

**THORN SECURITY GROUP LIMITED****Notes to the Accounts for the year ended 30 September 2006****8 Debtors: amounts falling due after more than one year**

	2006 £'000	2005 £'000
Amounts owed by group undertakings	33,477	33,278
Deferred tax asset (note 10)	443	405
	<u>33,920</u>	<u>33,683</u>

Included within amounts owed by group undertakings are loan balances as follows

Thorn Security Nederland BV £2,441,114 (2005 £2,305,371) Interest is receivable at the rate of 7% per annum

Tyco Services Malaysia Sdn Bhd £2,948,150 (2005 £2,884,976) Interest is receivable at the rate of 7% per annum

All other amounts owed by group undertakings are interest free and have no fixed date of repayment

**9 Creditors: amounts falling due after more than one year**

	2006 £'000	2005 £'000
Amounts owed to immediate parent company	53,280	53,280
Amounts owed to subsidiary undertakings	5,277	5,279
	<u>58,557</u>	<u>58,559</u>

Included within amounts owed to subsidiary undertakings are loan balances as follows

Thorn Security (Hong Kong) Limited £2,355,409 (2005 £2,356,401) Interest is payable at the rate of 7% per annum

All other amounts owed to subsidiary companies and the immediate parent company are interest free and have no fixed date of repayment

**10 Deferred tax**

	2006 Deferred tax asset £'000	2005 Deferred tax asset £'000
Balance brought forward	540	688
(Charge) to profit and loss account	(68)	(148)
<b>At 30 September 2006</b>	<b>472</b>	<b>540</b>
Deferred tax comprises		
Accelerated capital allowances	-	-
Other short term timing differences	443	364
Losses	29	176
<b>Deferred tax asset</b>	<u><b>472</b></u>	<u><b>540</b></u>

# **THORN SECURITY GROUP LIMITED**

## **Notes to the Accounts for the year ended 30 September 2006**

### **11 Dividends**

	2006 £'000	2005 £'000
<b>Preference shares</b>		
'A' redeemable cumulative preference shares of 50p each (note 12)	-	387
'B' redeemable cumulative preference shares of 50p each (note 12)	-	387
'A' cumulative redeemable preferred ordinary shares of 1p each (note 12)	-	38
'B' cumulative redeemable preferred ordinary shares of 1p each (note 12)	-	14
	<u>-</u>	<u>826</u>

#### **Preference shares**

Dividends payable in the preceding year to the immediate parent company on the redeemable cumulative preference shares including the C redeemable cumulative preference shares of £130 and cumulative redeemable preferred ordinary shares. These have not been paid in the current year nor in the preceding year and are included within amounts owed to immediate parent company (note 9)

No amounts are payable in the current year as all preference shares have been converted to equity shares during the year (note 12)

#### **Equity shares**

No dividends are payable or proposed on the ordinary shares during the year (2005 £nil)

### **12 Called up share capital**

	2006 £'000	2005 £'000
<b>Authorised equity shares</b>		
88,095,200 'A' ordinary shares of 1p each	11,195	881
9,300,050 'B' ordinary shares of 1p each	-	93
50,000,000 'C' ordinary shares of 1p each	-	500
9,523,800 'D' ordinary shares of 1 each	-	95
43,582,108 'E' ordinary shares of 1p each	-	436
<b>Total authorised equity share capital</b>	<u>11,195</u>	<u>2,005</u>
<b>Authorised preference shares</b>		
76,174,500 'A' cumulative redeemable preferred ordinary shares of 1p each	-	762
29,018,900 'B' cumulative redeemable preferred ordinary shares of 1p each	-	290
7,738,255 'A' redeemable cumulative preference shares of 50p each	-	3,869
7,738,250 'B' redeemable cumulative preference shares of 50p each	-	3,869
2,609 'C' redeemable cumulative preference shares of 50p each	-	1
39,900,000 deferred shares of 1p each	-	399
<b>Total authorised preference share capital</b>	<u>-</u>	<u>9,190</u>
<b>Total authorised share capital</b>	<u>11,195</u>	<u>11,195</u>

**THORN SECURITY GROUP LIMITED**

Notes to the Accounts for the year ended 30 September 2006

**12 Called up share capital (continued)**

	2006 £'000	2005 £'000
<b>Issued and fully paid</b>		
<b>Equity shares</b>		
88,095,200 'A' ordinary shares of 1p each	11,096	881
9,300,050 'B' ordinary shares of 1p each	-	93
50,000,000 'C' ordinary shares of 1p each	-	500
9,523,800 'D' ordinary shares of 1 each	-	95
33,698,235 'E' ordinary shares of 1p each	-	337
<b>Total issued and fully paid equity share capital</b>	<b>11,096</b>	<b>1,906</b>
<b>Preference shares</b>		
76,174,500 'A' cumulative redeemable preferred ordinary shares of 1p each	-	762
29,018,900 'B' cumulative redeemable preferred ordinary shares of 1p each	-	290
7,738,255 'A' redeemable cumulative preference shares of 50p each	-	3,869
7,738,250 'B' redeemable cumulative preference shares of 50p each	-	3,869
2,609 'C' redeemable cumulative preference shares of 50p each	-	1
39,900,000 deferred shares of 1p each	-	399
<b>Total issued and fully paid preference share capital</b>	<b>-</b>	<b>9,190</b>
<b>Total issued and fully paid share capital</b>	<b>11,096</b>	<b>11,096</b>

On 23 May 2006, the sole shareholder of the company passed a special resolution to redeem all issued A redeemable cumulative preference shares of 50p each, all issued B redeemable cumulative preference shares of 50p each, all issued C redeemable cumulative preference shares of 50p each, all issued A cumulative redeemable preferred ordinary shares of 1p each and all issued B cumulative redeemable preferred ordinary shares of 1p each. All shares were redeemed for 879,149,100 deferred shares of 1p each, ranking pari passu with the existing deferred shares of 1p each in the company.

Also included in the special resolution passed on 23 May 2006, the company converted and consolidated all the authorised and issued A ordinary shares of 1p each, all authorised and issued B ordinary shares of 1p each, all authorised and issued C ordinary shares of 1p each, all authorised and issued D ordinary shares of 1p each, all authorised and issued E ordinary shares of 1p each and the authorised and issued deferred shares of 1p each into 11,195,600 authorised A ordinary shares of £1 each, of which 11,096,674 are issued.

**Preference share capital**

On a return of capital the following order of priority shall apply

- (i) payment of the paid up value of 'A' preference shares and 'A' cumulative redeemable preferred ordinary shares,
- (ii) payment of an amount equal to the redemption premium (if any) on the 'A' preference shares and 'A' cumulative redeemable preferred ordinary shares if the date of the return of capital is a redemption date,
- (iii) payment of an amount equal to any accrued, unpaid preference dividend on the 'A' preference shares and 'A' cumulative redeemable preferred ordinary shares calculated to the date of return of capital and payable whether or not the company has sufficient profits available for distribution to pay the accrued, unpaid preference dividend,



## **THORN SECURITY GROUP LIMITED**

### **Notes to the Accounts for the year ended 30 September 2006**

#### **12 Called up share capital (continued)**

- (iv) payment of the paid up value of 'B' and 'C' preference shares and 'B' and 'C' cumulative redeemable preferred ordinary shares,
- (v) payment of an amount equal to the redemption premium (if any) on the 'B' and 'C' preference shares and 'B' and 'C' cumulative redeemable preferred ordinary shares if the date of the return of capital is a redemption date,
- (vi) payment of an amount equal to any accrued, unpaid preference dividend on the 'B' and 'C' preference shares and 'B' and 'C' cumulative redeemable preferred ordinary shares calculated to the date of return of capital and payable whether or not the company has sufficient profits available for distribution to pay the accrued, unpaid preference dividend, and
- (vii) payment to the holders of any other class of shares

#### **Preference share capital**

In the preceding year, dividends on the redeemable cumulative preference shares and cumulative redeemable preferred ordinary shares were payable at a rate of 5% per annum, payable half yearly on 1 May and 1 November. If in any financial year there were insufficient distributable profits available, the preference dividend on the preference shares would be paid first, and subject thereto, the preference dividend on the cumulative redeemable preferred ordinary shares. In the event that any amount of the preference dividend was not paid when due, the rate of 5% per annum would be increased to 10% for so long as any amount is due and unpaid.

Tyco Holdings (UK) Limited waived its right during the year for the redemption of 'A' and 'B' preference shares on 31 March 1999, March 2000, 31 March 2001, 31 March 2002, 31 March 2003, 31 March 2004, and 31 March 2005 and also permanently waived its right to any premium on the redemption of these preference shares.

In addition, the holders of a majority of the preference shares were entitled to require redemption of all or any of the preference shares, and the holders of not less than 75% of the 'A' and the holders of not less than 75% of the 'B' cumulative redeemable preferred ordinary shares were entitled to require redemption of all or any of the 'A' or 'B' cumulative redeemable preferred ordinary shares, by serving the appropriate notice, in circumstances specified in the company's Articles of Association.

On each redemption date the company should pay the following amount in respect of each preference share and cumulative redeemable preferred ordinary share to be redeemed:

- (i) the paid up value of the share,
- (ii) a redemption premium of 25% of the paid up value and
- (iii) the amount of any arrears of preference dividend,

Preference shareholders were entitled to receive notice of and attend and speak at all general meetings of the company but may not vote at general meetings.

# **THORN SECURITY GROUP LIMITED**

**Notes to the Accounts for the year ended 30 September 2006**

## **13 Share premium account and other reserves**

	<b>Share premium £'000</b>	<b>Profit &amp; loss account £'000</b>
At 1 October 2005	7,772	23,081
Profit for year	-	257
<b>At 30 September 2006</b>	<b><u>7,772</u></b>	<b><u>23,338</u></b>

## **14 Reconciliation of movements in shareholder's funds**

	<b>2006 £'000</b>	<b>2005 £'000</b>
Profit for the financial year	257	568
Dividends paid or payable	-	(826)
<b>Net increase/(reduction) to shareholders' funds</b>	<b><u>257</u></b>	<b><u>(258)</u></b>
Opening shareholders' funds	<b><u>41,949</u></b>	<b><u>42,207</u></b>
<b>Total shareholder's funds</b>	<b><u>42,206</u></b>	<b><u>41,949</u></b>
<b>Equity shareholder's funds</b>		
Ordinary share capital	11,096	11,096
Ordinary share premium	7,772	7,772
Profit and loss account (note 13)	<b><u>23,338</u></b>	<b><u>23,081</u></b>
<b>Total shareholder's funds</b>	<b><u>42,206</u></b>	<b><u>41,949</u></b>

## **THORN SECURITY GROUP LIMITED**

### **Notes to the Accounts for the year ended 30 September 2006**

#### **15 Contingent liabilities and commitments**

On 28 April 2003 the company entered into a guarantee with Tyco International Group S A ("TIGSA") in respect of monies owing or to become owing to TIGSA by the company's immediate parent undertaking, Tyco Group S à r l ("S à r l"). Thorn Security Group Limited's potential obligations under the guarantee are joint and several with three other affiliate guarantors – Tyco Integrated Systems Limited, AFT Fire & Security Plc and Scott International Limited. The guarantees are subject to specified provisions, for example that the S&P rating of the long-term unsecured senior debt of TIGSA that is lower than "BBB-", and include the aggregate principal amount of inter-company loans owed by the company and the affiliate guarantors to S à r l. Because the liability under the guarantee is joint and several with other affiliate guarantors, it is not possible to identify a representative potential exposure for the company at any time.

#### **16 Ultimate and intermediate parent undertakings**

The company's immediate parent undertaking is Tyco Holdings (UK) Limited.

The company's ultimate parent undertaking and controlling party is Tyco International Limited (a company incorporated in Bermuda). Copies of the consolidated financial statements are available from the company's corporate office. The Zurich Centre, 2nd Floor, 90 Pitts Bay Road, Pembroke HM08, Bermuda. The undertaking that prepares consolidated financial statements for the largest group of which the company is a part is Tyco International Limited.

The undertaking that prepares consolidated financial statements for the smallest group of which the company is a part is Tyco Holdings (UK) Limited (a company incorporated in Great Britain). Copies of the consolidated financial statements are available from its registered office. 7<sup>th</sup> Floor, Broadgate West, 9 Appold Street, London EC2A 2AP.