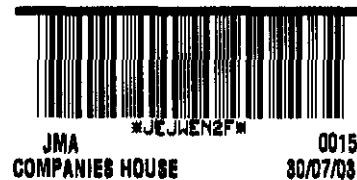


COMPANY REGISTRATION NUMBER 4036325

ELLARD LIMITED
FINANCIAL STATEMENTS
31 MARCH 2003



CHADWICK
Chartered Accountants & Registered Auditors
Television House
10/12 Mount Street
Manchester
M2 5NT

ELLARD LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH 2003

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ELLARD LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

Directors

K A Harrison
N J Crew
A E Coyne

Company secretary

M A Chadwick

Registered office

Ellard House
Dallimore Road
Manchester
M23 9NX

Auditors

Chadwick
Chartered Accountants
& Registered Auditors
Television House
10/12 Mount Street
Manchester
M2 5NT

Bankers

HSBC Bank Plc
100 King Street
Manchester
M60 2HD

ELLARD LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2003

The directors present their report and the financial statements of the company for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the marketing and distribution of equipment for the automation of industrial and domestic access controls.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

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

K A Harrison
N J Crew
A E Coyne

K A Harrison and A E Coyne were directors of the parent undertaking, Ensor Holdings PLC at 31 March 2003 and their interests in the shares of group undertakings are disclosed in that company's accounts. N J Crew had no interest in the shares of group undertakings at any time during the year.

DIRECTORS' RESPONSIBILITIES

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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 8 to 9, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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. The directors 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.

ELLARD LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2003

AUDITORS

Grant Thornton have resigned as auditors having confirmed that there are no circumstances connected with their resignation that they wish to bring to the attention of members and creditors. The directors appointed Chadwick to fill the casual vacancy and a resolution to reappoint them as auditors will be put to the members at the Annual General Meeting.

Registered office:
Ellard House
Dallimore Road
Manchester
M23 9NX

Signed by order of the directors



M A CHADWICK
Company Secretary

Approved by the directors on 13 June 2003

ELLARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 MARCH 2003

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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. Our responsibilities do not extend to any other information.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 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.

ELLARD LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 MARCH 2003

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



Television House
10/12 Mount Street
Manchester
M2 5NT

CHADWICK
Chartered Accountants
& Registered Auditors

13 June 2003

ELLARD LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 MARCH 2003

	Note	2003 £	2002 £
TURNOVER	2	2,924,503	2,210,590
Cost of sales		(2,195,099)	(1,663,075)
GROSS PROFIT		<u>729,404</u>	<u>547,515</u>
Distribution costs		(47,440)	(38,401)
Administrative expenses		(699,595)	(556,957)
OPERATING LOSS	3	<u>(17,631)</u>	<u>(47,843)</u>
Interest payable	6	(70,769)	(37,499)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(88,400)</u>	<u>(85,342)</u>
Tax on loss on ordinary activities	7	27,400	26,000
LOSS FOR THE FINANCIAL YEAR		<u>(61,000)</u>	<u>(59,342)</u>
Balance brought forward		(59,342)	—
Balance carried forward		<u>(120,342)</u>	<u>(59,342)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 14 form part of these financial statements.

ELLARD LIMITED**BALANCE SHEET****31 MARCH 2003**

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	8	<u>130,334</u>	<u>161,564</u>
CURRENT ASSETS			
Stocks	9	673,918	502,623
Debtors due within one year	10	<u>1,099,333</u>	<u>640,194</u>
		1,773,251	1,142,817
CREDITORS: Amounts falling due within one year	12	<u>(2,023,926)</u>	<u>(1,345,292)</u>
NET CURRENT LIABILITIES		<u>(250,675)</u>	<u>(202,475)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(120,341)	(40,911)
CREDITORS: Amounts falling due after more than one year	13	<u>—</u>	<u>(18,430)</u>
		<u>(120,341)</u>	<u>(59,341)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	1	1
Profit and loss account		<u>(120,342)</u>	<u>(59,342)</u>
DEFICIENCY	18	<u>(120,341)</u>	<u>(59,341)</u>

These financial statements were approved by the directors on the 13 June 2003 and are signed on their behalf by:

K A HARRISON



The notes on pages 8 to 14 form part of these financial statements.

ELLARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

The accounts are prepared under the going concern convention. This assumes that the company will continue to receive the support of its parent undertaking.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced net of VAT during the year.

Amortisation

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

Goodwill - Between one and twenty years

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Plant & Machinery - 10% - 33% Straight line
Motor Vehicles - 14% - 25% Straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on first-in first-out basis. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

ELLARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES *(continued)*

Operating lease agreements

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

Pension costs

The company operates a defined contribution pension scheme for certain employees and is also part of a group defined benefit pension scheme. The assets of both schemes are held separately from those of the company. It is not possible to separately identify the company's share of the scheme's underlying assets and liabilities. For this reason, the company accounts for the defined benefit scheme as a defined contribution scheme. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised on all timing differences where the transaction or events that give the company an obligation to pay more tax in the future, or right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantially enacted by the balance sheet date. The company has not adopted a policy of discounting deferred tax assets or liabilities.

Foreign currencies

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

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	<u>2,924,503</u>	<u>2,210,590</u>

3. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2003 £	2002 £
Amortisation	—	(119,977)
Depreciation of owned fixed assets	53,066	47,163
Auditors' remuneration		
- as auditors	5,000	5,000
Operating lease costs:		
- plant and equipment	<u>5,618</u>	<u>8,617</u>

ELLARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

4. PARTICULARS OF EMPLOYEES

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

	2003	2002
	No	No
Number of production staff	9	9
Number of administrative staff	13	11
	<u>22</u>	<u>20</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	486,770	271,275
Social security costs	41,528	39,204
Other pension costs	9,253	7,285
	<u>537,551</u>	<u>317,764</u>

5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003	2002
	£	£
Emoluments receivable	<u>40,000</u>	<u>44,835</u>

6. INTEREST PAYABLE

	2003	2002
	£	£
Interest payable on bank borrowing	<u>70,769</u>	<u>37,499</u>

7. TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 30% (2002 - 30%)	(21,400)	(21,000)
Total current tax	<u>(21,400)</u>	<u>(21,000)</u>
Deferred tax:		
Decrease in deferred tax provision (note 11)		
Capital allowances	(3,000)	2,000
Other	(3,000)	(7,000)
Total deferred tax (note 11)	<u>(6,000)</u>	<u>(5,000)</u>
Tax on loss on ordinary activities	<u>(27,400)</u>	<u>(26,000)</u>

ELLARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

7. TAX ON LOSS ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002 - 30%).

	2003 £	2002 £
Loss on ordinary activities before taxation	<u>(88,400)</u>	<u>(85,342)</u>
Loss on ordinary activities by rate of tax	(26,520)	(25,603)
Expenses not deductible for tax purposes	722	779
Capital allowances in excess/(deficit) of depreciation	2,000	(2,000)
Other timing differences	3,000	7,000
Other	<u>(602)</u>	<u>(1,176)</u>
Total current tax (note 7(a))	<u>(21,400)</u>	<u>(21,000)</u>

8. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Motor vehicles £	Total £
Cost			
At 1 April 2002	144,147	70,924	215,071
Additions	10,158	11,678	21,836
At 31 March 2003	<u>154,305</u>	<u>82,602</u>	<u>236,907</u>
Depreciation			
At 1 April 2002	31,595	21,912	53,507
Charge for the year	33,415	19,651	53,066
At 31 March 2003	<u>65,010</u>	<u>41,563</u>	<u>106,573</u>
Net book value			
At 31 March 2003	<u>89,295</u>	<u>41,039</u>	<u>130,334</u>
At 31 March 2002	<u>112,552</u>	<u>49,012</u>	<u>161,564</u>

Finance lease agreements

Included within the net book value of £130,334 is £Nil (2002 - £Nil) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £Nil (2002 - £Nil).

9. STOCKS

	2003 £	2002 £
Goods purchased for resale	<u>673,918</u>	<u>502,623</u>

ELLARD LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2003****10. DEBTORS**

	2003	2002
	£	£
Trade debtors	995,181	579,957
Amounts owed by group undertakings	60,230	—
Corporation tax repayable	—	21,000
Other debtors	—	11,890
Prepayments and accrued income	32,922	22,347
Deferred taxation (note 11)	11,000	5,000
	<u>1,099,333</u>	<u>640,194</u>

11. DEFERRED TAXATION

	2003	2002
	£	£
The movement in the deferred taxation account during the year was:		
Balance brought forward	(5,000)	—
Profit and loss account movement arising during the year	(6,000)	(5,000)
Balance carried forward	<u>(11,000)</u>	<u>(5,000)</u>

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

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	1,000	(2,000)
Other timing differences	10,000	7,000
	<u>11,000</u>	<u>5,000</u>

12. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	1,522,948	945,894
Trade creditors	348,652	269,357
Amounts owed to group undertakings	—	691
Finance lease agreements	—	10,226
Other taxes and social security	83,376	81,681
Accruals and deferred income	68,950	37,443
	<u>2,023,926</u>	<u>1,345,292</u>

13. CREDITORS: Amounts falling due after more than one year

	2003	2002
	£	£
Amounts owed to group undertakings	—	15,022
Finance lease agreements	—	3,408
	<u>—</u>	<u>18,430</u>

ELLARD LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 MARCH 2003****14. COMMITMENTS UNDER FINANCE LEASE AGREEMENTS**

Future commitments under finance lease agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	—	10,226
Amounts payable between 2 to 5 years	—	3,408
	<u>—</u>	<u>13,634</u>

15. CONTINGENCIES

The company, together with the ultimate parent undertaking and certain other fellow subsidiaries, has given an interlocking and unlimited multilateral joint and several guarantee amounting to £3,378,000 (2002:£6,318,643) in support of the group's banking facilities. The guarantee is supported by a floating charge over all the assets of the company. The company is a member of a value added tax group registration whereby the members are jointly and severally liable for the liability of other members. There is a contingent liability under this registration of £343,000 (2002:£210,000)

16. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption allowed to wholly owned subsidiaries under FRS 8 of not disclosing transactions with group undertakings when consolidated accounts are prepared.

The company's controlling related party is K A Harrison by virtue of his 54.4% of the issued share capital of the ultimate parent undertaking.

17. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
1 Ordinary share of £1 each	<u>1</u>	<u>1</u>

Allotted, called up and fully paid:

	2003	2003	2002	2002
	No	£	No	£
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2003	2002
	£	£
Loss for the financial year	(61,000)	(59,342)
New equity share capital subscribed	<u>—</u>	<u>1</u>
Net reduction to funds	(61,000)	(59,341)
Opening shareholder's equity deficit	(59,341)	—
Closing shareholder's equity deficit	<u>(120,341)</u>	<u>(59,341)</u>

ELLARD LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2003

19. ULTIMATE PARENT COMPANY

The ultimate parent undertaking is Ensor Holdings PLC, a company which is incorporated in England and Wales. The largest and smallest group of undertakings for which group accounts have been drawn up, is headed by Ensor Holdings PLC. Group accounts for Ensor Holdings PLC are available to the public, on payment of the appropriate fee from the Registrar of Companies, Crown Way, Maindy, Cardiff CF2 4 UZ.

20. PENSION S

Details of the group's pension costs are disclosed in the financial statements of Ensor Holdings PLC.