

JOHNSON SECURITY LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004



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JOHNSON SECURITY LIMITED
CONTENTS

	Page
Directors' report	1
Independent auditors' report	4
Profit and loss account	5
Statement of total recognised gains and losses	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9

JOHNSON SECURITY LIMITED
COMPANY INFORMATION

Directors	R J Johnson K B Johnson J Ventris-Field S Wang Q Li V Donaldson	(Appointed 8 April 2004) (Appointed 8 April 2004) (Appointed 8 April 2004)
Secretary	R J Johnson	
Company Number	934256	
Registered office	Orchard Industrial Estate Toddington Cheltenham Gloucestershire GL54 5EB	
Auditors	UHY Hacker Young 9 -11 Vittoria Street Birmingham West Midlands B1 3ND	
Business address	Orchard Industrial Estate Toddington Cheltenham Gloucestershire GL54 5EB	
Bankers	Barclays Bank plc 128 High Street Cheltenham Gloucestershire GL50 1EL	

1) Financial Statements

The directors present their report and financial statements for the year ended 30 June 2004.

2) 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 and of the profit and loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies 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;
- 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 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.

3) Principal activities and review of the business

The principal activity of the company continued to be the design manufacture and maintenance of armoured security vehicles and other equipment for the cash in transit industry.

The company now has a record order book which is expected to lead to a substantial increase in turnover for the current financial year. Unaudited management accounts indicate that the company has traded profitably in recent months. Forecasts based on those accounts and the increased order book, suggest that the company will generate an operating profit for the current financial year. To help the company's liquidity, Four Dimensions Johnson Security Ltd, the owner of 100% of the share capital of Johnson Security Limited, made a loan of £1.0 million to the company in April 2004. It is intended that this loan will remain in place until such time as Johnson Security Limited is in a position to repay the loan. In addition the company sold and leased back its freehold property at Toddington, Gloucestershire for £2.71 million in September 2004. After repayment of a loan secured on that property and various costs, this transaction increased the company's liquidity by a further £1.0 million.

The company has undoubtedly been through an extremely difficult period, but the directors are of the opinion that the prospects are now much improved.

4) Trading Results

Gross profit for the year was £2,737,079.

The loss for the year before taxation amounted to £878,454. After crediting taxation of £23,518 the loss for the year was £854,936, the directors propose this loss to be transferred to reserves.

5) Dividends

The directors do not recommend the payment of a dividend for the year ended 30 June 2004.

6) Research and Development

The company has continued its activity in the field of research and development to enable it to keep up to date with modern technology and to meet its customers' requirements.

7) Directors and Their Interests

The following directors have held office since 1 July 2003.

R J Johnson	
K B Johnson	
J Ventris-Field	
C T Dernie	(Resigned 31 August 2004)
S Wang	(Appointed 8 April 2004)
T G Wang	(Appointed 8 April 2004 and resigned 17 September 2004)
Q Li	(Appointed 8 April 2004)
K N Hitchcock	(Resigned 30 September 2004)
V Donaldson	(Appointed 8 April 2004)
K F O'Neill	(Resigned 8 April 2004)

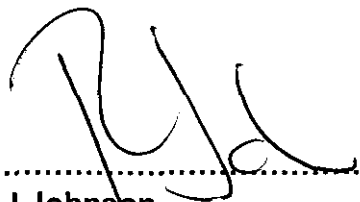
The directors' interests in the shares of the company at the 30 June 2004 and 1 July 2003 were as stated below:

	Ordinary of £1 each	
	30 June 2004	1 July 2003
R J Johnson	-	60,000
K B Johnson	-	60,000
A E Johnson	-	60,000
A J Johnson	-	60,000
J Ventris-Field	-	8,661
C T Dernie	-	8,661
S Wang	-	6,495
K F O'Neill	-	8,661

	A Ordinary of £1 each	
	30 June 2004	1 July 2003
J Ventris-Field	-	12,500
C T Dernie	-	12,500
S Wang	-	12,500

The directors' sold their interests in the share capital of the company in exchange for an interest in the share capital of Four Dimension Johnson Security Limited on 8th April 2004.

On behalf of the board



.....
R J Johnson
Director

.....
15 March 2005

We have audited the financial statements of Johnson Security Limited on pages 5 to 18 for the year ended 30 June 2004. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out herein.

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 the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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.

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.

Fundamental Uncertainty

At the balance sheet date the company's current liabilities exceeded its current assets by £1,690,280 in forming our opinion, we have considered the basis of preparation of these accounts as described in note 1. The accounts have been prepared on a going concern basis, the validity of which depends upon the continuing financial support of the holding company, directors, bankers and other creditors. The accounts do not include any adjustments that would result from this support being withdrawn. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

UHY Hacker Young
Registered Auditor
9-11 Vittoria Street
Birmingham
B1 3ND

15 March 2005

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2004

	Notes	2004 £	2003 £
Turnover	2	9,617,039	9,689,070
Cost of sales		<u>(6,879,960)</u>	<u>(7,575,722)</u>
Gross profit		2,737,079	2,113,348
Administrative expenses		<u>(3,346,494)</u>	<u>(3,880,679)</u>
Operating loss	3	(609,415)	(1,767,331)
Interest payable and similar charges	4	<u>(269,039)</u>	<u>(263,796)</u>
Loss on ordinary activities before taxation		(878,454)	(2,031,127)
Tax on loss on ordinary activities	5	23,518	496,297
Loss on ordinary activities after taxation		<u>(854,936)</u>	<u>(1,534,830)</u>
Dividends		-	-
Retained loss for the year	14	<u><u>(854,936)</u></u>	<u><u>(1,534,830)</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations. There are recognised gains in the current year relating to the revaluation of land and buildings, other than those recorded in the profit and loss account.

JOHNSON SECURITY LIMITED

6

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 30 JUNE 2004

	2004	2003
	£	£
Loss for the financial year	(854,936)	(1,534,830)
Unrealised surplus on revaluation of properties	209,784	-
Total recognised gains and losses relating to the year	<u>(645,152)</u>	<u>(1,534,830)</u>

JOHNSON SECURITY LIMITED
BALANCE SHEET AS AT 30 JUNE 2004

7

	Notes	£	2004 £	£	2003 £
Fixed assets					
Tangible assets	6		4,013,427		4,349,075
Investments	7		<u>302,954</u>		<u>302,954</u>
			4,316,381		4,652,029
Current assets					
Stocks	8	1,144,194		1,544,257	
Debtors	9	1,763,871		1,894,246	
Cash at bank and in hand		<u>643</u>		<u>2,897</u>	
		2,908,708		3,441,400	
Creditors: amounts falling due within one year					
	10	<u>(4,598,988)</u>		<u>(5,666,421)</u>	
Net current liabilities					
			<u>(1,690,280)</u>		<u>(2,225,021)</u>
Total assets less current liabilities					
			2,626,101		2,427,008
Creditors: amount falling due after more than one year					
	11		(2,609,247)		(1,765,002)
			<u>16,854</u>		<u>662,006</u>
Capital and Reserves					
Called up share capital	13		309,978		309,978
Share premium account			197,563		197,563
Revaluation reserve	14		838,323		628,539
Capital redemption reserve			230,937		230,937
Profit and loss account	14		<u>(1,559,947)</u>		<u>(705,011)</u>
Shareholders' funds - equity interests	15		<u>16,854</u>		<u>662,006</u>

The financial statements were approved by the Board on 15 March 2005.



 R J Johnson
 Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2004

	Note	£	2004 £	£	2003 £
Net cash (outflow)/inflow from operating activities	23		(17,666)		22,745
Returns on investments and servicing of finance					
Interest paid			<u>(269,039)</u>	<u>(257,435)</u>	
Net cash outflow for returns on investments and servicing of finance			(269,039)		(257,435)
Taxation			-		-
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		-	(172,024)		
Receipts from sales of tangible fixed assets		<u>14,000</u>	<u>30,400</u>		
Net cash inflow/(outflow) from capital expenditure and financial investment			14,000		(141,624)
Equity dividends paid			<u>(9,250)</u>	<u>(40,000)</u>	
Net cash outflow before management of liquid resources and financing			(281,955)		(416,314)
Financing					
New loan from holding company		933,000	-		
Repayment of long term bank loan		(98,437)	(61,772)		
Repayment of other short term loans		(67,105)	(56,238)		
Capital element of hire purchase contracts		<u>(134,554)</u>	<u>(283,133)</u>		
Net cash inflow/(outflow) from financing			632,904		(401,143)
Increase/(decrease) in cash in the year			<u>350,949</u>	<u>(817,457)</u>	

1 Accounting policies**a Accounting convention**

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand and which is due for renewal on 30 June 2005. The nature of the company's business is such that there can be considerable unpredictable variation in the timing of cash inflows. The directors consider that the company will continue to operate within the facility currently agreed and that the sales order level forecast will be achieved. The holding company has also given its assurance of continued financial support. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis, which is dependant on the continued support of the holding company, directors, bankers and other creditors. The directors are not aware of any circumstances which would cause this support to be withdrawn.

b Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

c Turnover

Turnover represents the amounts excluding value added tax receivable during the year for goods and services applied.

d Research and development

Expenditure on research is written off in the year which it is incurred.

Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

e Tangible fixed assets and depreciation

Depreciation is calculated to write off the cost or valuation less estimated value of tangible assets over their estimated useful lives at the following rates:

Land and buildings Freehold	Nil
Land and buildings Leasehold	over period of lease
Plant and Machinery	10% - 33.3% of cost per annum
Motor vehicles	25% of cost per annum

The freehold properties are subject to an annual revaluation. No depreciation has been provided on freehold property as the asset has a high residual value and a useful economic life over 50 years causing depreciation to be immaterial.

As the useful economic life is in excess of 50 years it is subject to an impairment review which has been undertaken in the form of the annual revaluation. Maintenance costs are charged to the profit and loss account in the year incurred.

f Leasing and hire purchase commitments

Assets acquired under hire purchase and finance leases are recorded in the balance sheet as tangible fixed assets at their equivalent capital value. The corresponding liability is included under creditors due within or after one year. The interest element is charged to profit and loss account and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

g Investments

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

h Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is represented by direct materials and labour together with attributable amounts of fixed and variable overheads incurred in bringing each product to its present location and condition. Net realisable value is estimated selling price less further costs expected to be incurred to completion and disposal.

i 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.

j Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as it is not anticipated that any tax will crystallise on the future sale of the property.

2 Turnover

Geographical market

	Turnover	
	2004	2003
	£	£
United Kingdom	9,142,829	9,443,136
Other European Countries	474,210	245,934
	<u>9,617,039</u>	<u>9,689,070</u>

3 Operating loss

Operating loss is stated after charging:

	2004	2003
	£	£
Depreciation of tangible assets	586,276	541,080
Research and development	97,787	688,026
Operating lease rentals	77,234	96,916
Auditors' remuneration	13,000	15,000
Remuneration of auditors for non-audit work	-	34,966
	<u>-</u>	<u>34,966</u>

4 Interest payable

	2004	2003
	£	£
On bank loans and overdrafts	109,818	92,252
On other loans wholly repayable within 5 years	95,499	112,347
Hire purchase interest	19,088	47,534
On overdue tax	37,724	6,361
Other interest	6,910	5,302
	<u>269,039</u>	<u>263,796</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2004

5 Taxation	2004	2003
Domestic current year tax	£	£
U.K corporation tax	(23,469)	(165,127)
Adjustment for prior years	(49)	(35,394)
Current tax charge	(23,518)	(200,521)
Deferred tax		
Origination and reversal of timing differences	-	(295,776)
	<u>(23,518)</u>	<u>(496,297)</u>

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 19%. The actual tax charge for the year is lower than the standard rate for the reasons set out in the following reconciliation.

Factors affecting the tax charge for the year	£	£
Loss on ordinary activities before taxation	<u>(878,454)</u>	<u>(2,031,127)</u>
Loss on ordinary activities before taxation multiplied by the company's rate of UK corporation tax of 19% (2003 19%)	<u>(166,906)</u>	<u>(385,914)</u>
Effects of:	£	£
Non deductible expenses	13,559	1,173
Depreciation in excess of capital allowances	30,189	(8,537)
Tax losses not utilised	108,930	258,120
Research and development enhanced allowance	(9,290)	(65,363)
	<u>143,388</u>	<u>185,393</u>
Current tax charge	<u>(23,518)</u>	<u>(200,521)</u>

6 Tangible fixed assets

	Land & buildings Freehold £	Land & buildings Leasehold £	Plant & Machinery £	Motor Vehicles £	Total £
Cost or valuation					
At 1 July 2003	2,500,000	279,028	3,862,391	458,322	7,099,741
Additions	-	-	61,522	-	61,522
Revaluation	209,784	-	-	-	209,784
Disposals	-	(4,872)	(511,005)	(31,967)	(547,844)
At 30 June 2004	<u>2,709,784</u>	<u>274,156</u>	<u>3,412,908</u>	<u>426,355</u>	<u>6,823,203</u>
Depreciation					
At 1 July 2003	-	227,147	2,247,344	276,175	2,750,666
On disposals	-	(3,473)	(495,645)	(28,048)	(527,166)
Charge for the year	-	25,091	477,418	83,767	586,276
At 30 June 2004	<u>-</u>	<u>248,765</u>	<u>2,229,117</u>	<u>331,894</u>	<u>2,809,776</u>
Net book value					
At 30 June 2004	<u>2,709,784</u>	<u>25,391</u>	<u>1,183,791</u>	<u>94,461</u>	<u>4,013,427</u>
At 30 June 2003	<u>2,500,000</u>	<u>51,881</u>	<u>1,615,047</u>	<u>182,147</u>	<u>4,349,075</u>

6 Tangible fixed assets (cont'd)

The freehold land and buildings were valued at an open market for existing use basis at £2,500,000 by Donaldsons, Chartered Surveyors as at 12 June 2003. On 30 June 2004 the Directors revalued the land and buildings to £2,709,784 based on the expected sales proceeds. On 30 September 2004 the company sold the land and buildings and entered into a sale and lease back arrangement for their future use (see note 22).

Included within plant and machinery are computer consultancy costs with a net book value of £295,681 relating to modifications to the computer systems. The directors are of the opinion that in accordance with FRS11 Impairment of Fixed Assets and Goodwill that the future cash flows generated from the software will be equal to or in excess of the carrying value.

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 July 2003 & at 30 June 2004	<u>2,009,952</u>
Depreciation based on cost	
At 1 July 2003	-
Charge for the year	<u>-</u>
At 30 June 2004	<u>-</u>
Net book value	
At 30 June 2004	<u>2,009,952</u>
At 30 June 2003	<u>2,009,952</u>

Included in the revaluation reserve is £138,491 relating to depreciation on freehold properties which was transferred to reserves when the company changed its accounting policy to revalue freehold properties on a basis consistent with FRS 15, Tangible Fixed Assets.

Included below are assets held under finance leases or hire purchase contracts as follows:

	Plant & Machinery £	Motor Vehicles £	Total £
Net book values			
At 30 June 2004	<u>311,548</u>	<u>85,905</u>	<u>397,453</u>
At 30 June 2003	<u>210,511</u>	<u>176,536</u>	<u>387,047</u>
Depreciation charge for the year			
30 June 2004	<u>75,055</u>	<u>54,362</u>	<u>129,417</u>
30 June 2003	<u>34,749</u>	<u>84,247</u>	<u>118,996</u>

Fixed assets include £245,304 in respect of land which is not subject to depreciation, all other assets are depreciable and amount to £ 5,398,727 at cost.

7 Fixed asset investments

	Unlisted invest'ts	Shares in group undertak'gs	Total
Cost or valuation	£	£	£
At 30 June 2003 and 30 June 2004	302,953	1	302,954

Unlisted Investments

The unlisted investment relates to the company's 25% interest in a joint venture based in China, Beijing Four Dimensions Johnson Security Co Limited. The summarised balance sheet for the joint venture as at 31 December 2003 is as follows:

	2004 £
Fixed assets	
- Intangible	2,039,484
- Tangible	1,980,490
Stocks	594,259
Current assets	733,376
Current liabilities	(2,261,699)
	<u>3,085,910</u>
Capital and reserves	<u>3,085,910</u>

The above figures have been taken from the joint venture's audited accounts for the year ended 31 December 2003 and restated into UK sterling using the exchange rate prevailing at the balance sheet date. These accounts were prepared by a professional firm of accountants which are subject to government scrutiny.

Group Undertakings

The company holds more than 20% of the share capital of the following company:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Transafe Europe Limited	Great Britain	Ordinary	60

The aggregate amount of capital and reserves and the results of the undertaking for the last relevant financial year were as follows.

	Capital and reserves £	Profit for the year £
Transafe Europe Limited	<u>196</u>	<u>-</u>

The total capital and reserves of the company and the profit for the year as stated above relate to the last financial statements of Transafe Europe Limited which have been prepared up to 30 November 2003. The results have not been consolidated as the effect would have been immaterial.

Johnson Security Europe Cz, s.r.o Czech Republic Ordinary 100

Johnson Security Europe Cz, s.r.o was incorporated on 21 August 2002 with an authorised and issued share capital of £4,204. No accounts are available, although the directors are of the opinion that the results will not be material to the group.

8 Stocks and work in progress	2004	2003
	£	£
Raw materials and consumables	520,986	738,346
Work in progress	623,208	805,911
	<u>1,144,194</u>	<u>1,544,257</u>
9 Debtors	£	£
Trade debtors	1,499,031	1,586,413
Corporation tax	188,645	165,127
Other debtors	22,983	32,419
Prepayments and accrued income	53,212	110,287
	<u>1,763,871</u>	<u>1,894,246</u>
10 Creditors: amounts falling due within one year	£	£
Bank loans and overdrafts	1,580,583	2,000,892
Payments received on account	409,597	924,353
Net obligations under hire purchase contracts	125,684	141,398
Trade creditors	1,012,529	1,367,038
Other taxes and social security costs	867,247	758,084
Other creditors	346,090	217,283
Accruals and deferred income	166,316	157,181
Proposed dividend	90,942	100,192
	<u>4,598,988</u>	<u>5,666,421</u>
The bank loans and overdrafts are secured as stated in note 11.		
11 Creditors: amounts falling due after more than one year	£	£
Bank loans	1,540,279	1,638,716
Amount due to Holding Company	1,000,000	-
Net obligations under hire purchase contracts	68,968	126,286
	<u>2,609,247</u>	<u>1,765,002</u>
Analysis of bank loans	£	£
Not wholly repayable within five years by instalments:	1,605,284	1,770,826
Included in current liabilities	(65,005)	(132,110)
	<u>1,540,279</u>	<u>1,638,716</u>
Bank loan maturity analysis	£	£
In more than one year but not more than two years	70,018	101,064
In more than two years but not more than five years	244,157	275,893
In more than five years	<u>1,226,104</u>	<u>1,261,759</u>

A loan of £1,000,000 was made by the holding company Four Dimension Johnson Security UK Limited on 8 April 2004. This loan is unsecured and interest free with no fixed terms of repayment. The loan cannot be repaid until all loans outstanding have been repaid to the company's bankers.

The bank loans and overdraft are secured by a fixed charge over the freehold land and buildings and by a fixed and floating charge over the remaining assets of the company. Interest is charged on the bank loan at 2.5% above base rate.

	£	£
Net obligations under hire purchase contracts		
Repayable within one year	125,684	141,398
Repayable between two and five years	68,968	126,286
	<u>194,652</u>	<u>267,684</u>

12 Provisions for liabilities and charges

	Deferred taxation	
	2004	2003
	£	£
Balance at 1 July 2003	-	295,776
Profit and loss account	-	(295,776)
Balance at 30 June 2004	<u>-</u>	<u>-</u>

	£	£
Deferred taxation provided in the financial statements is as follows:		
Accelerated capital allowances	-	321,898
Tax losses available	-	(321,898)
	<u>-</u>	<u>-</u>

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as no tax liability is expected to crystallise on the future sale of the property.

13 Share Capital

Authorised		£	£
272,478	Ordinary of £1 each	272,478	272,478
195,833	A Ordinary of £1 each	195,833	195,833
181,250	B Ordinary of £1 each	181,250	181,250
		<u>649,561</u>	<u>649,561</u>
Allotted, called up and fully paid		£	£
272,478	Ordinary of £1 each	272,478	272,478
37,500	A Ordinary of £1 each	37,500	37,500
		<u>309,978</u>	<u>309,978</u>

14 Statement of movement on reserves

	Revaluation Reserve	Profit & Loss Account
	£	£
Balance at 1 July 2003	628,539	(705,011)
Revaluation on Land and Buildings	209,784	-
Retained loss for the year	-	(854,936)
Balance at 30 June 2004	<u>838,323</u>	<u>(1,559,947)</u>

15 Reconciliation of movements in shareholders funds

	£	£
Loss for the financial year	(854,936)	(1,534,830)
Dividends	-	-
	<u>(854,936)</u>	<u>(1,534,830)</u>
Other recognised gains and losses (See Note 14)	209,784	-
Net (reduction)/ addition to shareholder funds	<u>(645,152)</u>	<u>(1,534,830)</u>
Opening shareholders funds	662,006	2,196,836
Closing shareholders funds	<u>16,854</u>	<u>662,006</u>

16 Financial commitments

At 30 June 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiry date:				
Between two and five years	-	62000	15,824	10,366
More than five years	<u>74,500</u>	<u>-</u>	<u>-</u>	<u>-</u>

At 30 September 2004 the company sold its freehold land and buildings and entered into a 20 year lease back agreement at an annual rental of £275,000 (see note 22).

17 Directors' emoluments

	2004	2003
	£	£
Emoluments for qualifying services	<u>455,425</u>	<u>487,998</u>
Emoluments disclosed above include the following amounts paid to the highest paid director:		
	£	£
Emoluments for qualifying services	98,992	87,256
Company pension contributions to money purchase schemes	<u>4,608</u>	<u>5,948</u>

The company paid a total of £22,141 (2003 : £25,839) during the year by way of contributions to a money purchase pension scheme on behalf of 7 directors (2003: 5 directors).

18 Transactions with directors

The following directors had interest free loans during the year in respect of staff purchases. The balance outstanding (which were also the maximum amounts outstanding during the year) at 30 June 2004 are as follows:

	£
R J Johnson	427
J V Field	<u>3,000</u>

19 Employees**Number of employees**

The average monthly number of employees (including directors) during the year was:

	2004	2003
	£	£
Production	96	121
Administration	71	68
	<u>167</u>	<u>189</u>

Employment costs

	£	£
Wages and salaries	3,929,355	4,014,263
Social security costs	382,776	410,500
Other pension costs - defined contribution scheme	90,687	202,560
	<u>4,402,818</u>	<u>4,627,323</u>

20 Contingent Liability

The company has entered into a cross guarantee securing the bank loans and overdrafts where applicable of Four Dimension Johnson Security UK Limited.

21 Holding Company and Ultimate Controlling Party

The company is a wholly owned subsidiary of Four Dimension Johnson Security UK Limited, a company incorporated in the United Kingdom.

22 Post balance sheet events

On 30 September 2004, the company sold its freehold land and buildings units 17 to 20 for £2.71 million and on the same date it entered into a leaseback agreement in respect of the land and buildings. The agreement is covered by a non-cancellable 20 year lease at an initial annual rental of £275,000.

Following the sale and leaseback agreement, the company repaid the £1.6m Treasury Loan, and has reduced the overdraft facility from £1.7m to £1.4m.

23 Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	2004	2003
	£	£
Operating loss	(609,415)	(1,767,331)
Depreciation of tangible assets	586,276	541,080
Loss/(profit) on disposal of tangible assets	6,678	(7,336)
Decrease in stocks	400,063	184,880
Decrease in debtors	153,892	794,127
(Decrease)/increase in creditors within one year	(555,160)	277,325
Net cash (outflow)/inflow from operating activities	<u>(17,666)</u>	<u>22,745</u>

24 Analysis of net debt	1st July 2003 £	Cash flow £	Other non- cash changes £	30 June 2004 £
Net cash:				
Cash at bank and in hand	2,897	(2,254)	-	643
Bank overdrafts	(1,868,782)	353,203	-	(1,515,579)
	<u>(1,865,885)</u>	<u>350,949</u>	<u>-</u>	<u>(1,514,936)</u>
Debt:				
Finance leases	(267,684)	134,554	(61,522)	(194,652)
Debts falling due within one year	(132,110)	67,105		(65,005)
Debts falling due after one year	(1,638,716)	(901,563)		(2,540,279)
	<u>(2,038,510)</u>	<u>(699,904)</u>	<u>(61,522)</u>	<u>(2,799,936)</u>
Net debt:	<u>(3,904,395)</u>	<u>(348,955)</u>	<u>(61,522)</u>	<u>(4,314,872)</u>

25 Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
Decrease in cash in the year	350,949	(817,457)
Cash (inflow)/outflow from the (increase)/decrease in debt and lease financing	(699,904)	401,143
Change in net debt resulting for cash flows	<u>(348,955)</u>	<u>(416,314)</u>
New finance lease	(61,522)	(53,988)
Movement in net debt in the year	<u>(410,477)</u>	<u>(470,302)</u>
Opening net debt	(3,904,395)	(3,434,093)
Closing Net Debt	<u>(4,314,872)</u>	<u>(3,904,395)</u>

26 Related Party Transactions

During the year the company reimbursed trading expenses incurred by Johnson Security Europe Cz s.r.o, a wholly owned subsidiary based in the Czech Republic, of £144,333. There were no amounts outstanding at the year end.