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**CUSTOM MICRO PRODUCTS
LIMITED**

Report and Financial Statements

Year ended

30 April 2008

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BDO Stoy Hayward
Chartered Accountants

CUSTOM MICRO PRODUCTS LIMITED

Annual report and financial statements for the year ended 30 April 2008

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Directors

B G Beecraft
D Blethyn
E Dew
M Rapoport
A S Reid

Secretary and registered office

B G Beecraft, 57 Grosvenor Street, London W1K 3JA

Company number

1015185

Bankers

HSBC Bank PLC, 242 High Street North, Longfleet, Poole, Dorset BH15 1DZ

Auditors

BDO Stoy Hayward LLP, 2 City Place, Beehive Ring Road,
Gatwick, West Sussex RH6 0PA

CUSTOM MICRO PRODUCTS LIMITED

Report of the directors for the year ended 30 April 2008

The directors present their report together with the audited financial statements for the year ended 30 April 2008

Results

The profit and loss account is set out on page 6 and shows the profit for the year

An interim dividend of £360,000 was paid in the year (2007 £Nil) No final dividend is proposed (2007 £Nil).

Principal activities, trading review and future developments

The principal activity of the company continued to be the supply of electronic and electrical equipment and related services. The company's balance sheet as detailed on page 7 shows a satisfactory position, shareholder's funds amounting to £13,919 (2007 £140,921). The company made an operating profit of £322,755 (2007 £106,820), after a Group management charge of £88,079 (2007 £93,348).

On 12 June 2007 we announced the strategic merger of Grosvenor Technology and Custom Micro Products. The two companies merged under the name of Grosvenor Technology and continue to operate from their facilities in Bishop's Stortford in Hertfordshire and Poole in Dorset respectively. In accordance with a merger agreement dated 31 January 2008, the business assets and liabilities of the company were transferred to Grosvenor Technology Limited.

CUSTOM MICRO PRODUCTS LIMITED

Report of the directors for the year ended 30 April 2008 (*Continued*)

Directors

The directors of the company during the year were

B G Beecraft
D Blethyn
E Dew
L J Maynard (resigned 19 July 2007)
M Rapoport
A S Reid

B G Beecraft, M Rapoport and A S Reid were also directors of the ultimate parent company, Newmark Security PLC

Directors' responsibilities

The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 year. 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,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements

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

CUSTOM MICRO PRODUCTS LIMITED

Report of the directors for the year ended 30 April 2008 (Continued)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

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

By order of the Board



B G Beecraft

Secretary

Date 28 July 2008

CUSTOM MICRO PRODUCTS LIMITED

Report of the independent auditors

To the shareholder of Custom Micro Products Limited

We have audited the financial statements of Custom Micro Products Limited for the year ended 30 April 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 have been properly prepared in accordance with the Companies Act 1985 and whether the information given in the directors' report is consistent with those financial statements. We also 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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 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.

CUSTOM MICRO PRODUCTS LIMITED

Report of the independent auditors (Continued)

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 April 2008 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

BDO Stoy Hayward LLP

BDO STOY HAYWARD LLP

Chartered Accountants

and Registered Auditors

Gatwick

Date 28 July 2008

CUSTOM MICRO PRODUCTS LIMITED**Profit and loss account for the year ended 30 April 2008**

	Note	2008	2007
Turnover	2	2,551,974	2,731,004
Cost of sales		(1,549,273)	(1,806,753)
Gross profit		<u>1,002,701</u>	<u>924,251</u>
Administrative expenses		(679,946)	(817,431)
Operating profit	3	<u>322,755</u>	<u>106,820</u>
Interest payable and similar charges	6	(18,800)	(20,013)
Profit on ordinary activities before taxation		<u>303,955</u>	<u>86,807</u>
Tax on profit on ordinary activities	7	(70,957)	22,619
Profit on ordinary activities after taxation		<u><u>232,998</u></u>	<u><u>109,426</u></u>

All amounts relate to activities discontinued during the year

There were no recognised gains and losses other than those included in the profit and loss account

The notes on pages 8 to 17 form part of these financial statements

CUSTOM MICRO PRODUCTS LIMITED

Balance sheet at 30 April 2008

	Note	2008 £	2008 £	2007 £	2007 £
Fixed assets					
Tangible assets	9		-		149,131
Current assets					
Stocks	10	-		217,436	
Debtors	11	84,876		480,572	
Cash at bank and in hand		-		17,543	
		84,876		715,551	
Creditors: amounts falling due within one year	12	(70,957)		(723,761)	
Net current liabilities			13,919		(8,210)
Total assets less current liabilities			13,919		140,921
Creditors: amounts falling due after more than one year			-		-
Net assets			13,919		140,921
Capital and reserves					
Called up share capital	13		4,300		4,300
Profit and loss account	14		9,619		136,621
Shareholder's funds-Equity	15		13,919		140,921

The financial statements were approved by the Board and authorised for issue on 28 July 2008



B G Beecraft
Director

The notes on pages 8 to 17 form part of these financial statements

CUSTOM MICRO PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 30 April 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention. The following principal accounting policies have been applied:

Turnover

Turnover is stated net of value added tax. Sales of equipment are recognised when the equipment is shipped to the customer or installed. Other sales are either recognised on completion of work, or spread evenly over the term of the contract.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Leasehold improvements	-	Straight line over the remaining term of the lease
Plant and machinery	-	33 1/3% per annum straight line
Motor vehicles	-	25% per annum straight line
Fixtures and fittings	-	16 2/3% per annum straight line

Research and development

All expenditure in respect of research and development is written off as it is incurred, except for expenditure on related fixed assets which is written off over the expected life of those assets.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Work in progress includes cost of direct materials and labour.

Hire purchase agreements

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amount payable to the lessor.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

CUSTOM MICRO PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 30 April 2008 (*Continued*)

1 Accounting policies (*Continued*)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Deferred income

Amounts charged to customers in advance for maintenance contracts and warranties are deferred and credited to the profit and loss account on a straight line basis over the period of commitment. The unamortized amount is included in amounts received on account or warranty provisions as appropriate.

Operating lease agreements

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

Dividends

Following the adoption of FRS 21 "Events after the balance sheet date", equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

CUSTOM MICRO PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 30 April 2008 (Continued)

2 Turnover

The turnover attributable to the different classes of the company's business are

	2008 £	2007 £
By activity		
Provision of security hardware	2,382,861	2,549,509
Maintenance contracts	169,113	181,495
	<u>2,551,974</u>	<u>2,731,004</u>

The analysis of turnover by geographical area is as follows

	2008 £	2007 £
United Kingdom	1,145,451	1,089,338
Europe	835,641	813,457
USA	531,248	793,894
Rest of the world	39,634	34,315
	<u>2,551,974</u>	<u>2,731,004</u>

3 Operating profit

	2008 £	2007 £
The operating profit is stated after charging/(crediting)		
Auditors' remuneration -audit fees	9,000	11,550
-other services	750	5,500
Operating lease rentals -land and buildings	30,202	45,304
-other		17,545
Depreciation of tangible fixed assets - owned assets	32,804	67,193
- leased assets	3,746	4,870
Research and development -salaries and wages	230,328	292,393
Group management charge	88,079	93,348
Profit on sale of fixed assets	(2,525)	(1,100)
	<u></u>	<u></u>

CUSTOM MICRO PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 30 April 2008 (Continued)

4 Directors emoluments

	2008 £	2007 £
Directors' emoluments consist of		
Aggregate emoluments	47,925	205,344
Company pension contributions	2,500	12,168
	<u>50,425</u>	<u>217,512</u>
Emoluments of the highest paid director		
Emoluments	<u>26,250</u>	<u>106,865</u>

There was one director in the company's defined contribution pension scheme during the year (2007 1)

Company contributions to the defined contribution pension scheme for the highest paid director amounted to Nil (2007 £12,168)

5 Employees

	2008 Number	2007 Number
The average number of employees, including directors, during the period was		
Management, administration and sales	6	8
Manufacturing	12	15
	<u>18</u>	<u>23</u>
Staff costs for the above persons were -		
	2008 £	2007 £
Wages and salaries	656,194	839,994
Social security costs	73,327	100,426
Pension contributions	14,715	23,964
	<u>744,236</u>	<u>964,384</u>

CUSTOM MICRO PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 30 April 2008 (Continued)

6 Interest payable and similar charges

	2008	2007
	£	£
Bank interest payable	18,584	19,346
Hire purchase interest	216	667
	<u>18,800</u>	<u>20,013</u>

7 Taxation on profit on ordinary activities

	Year ended 30 April 2008	Year ended 30 April 2007
	£	£
<i>UK Corporation tax</i>		
Current tax on profits of the year	70,957	-
Group relief	-	(5,399)
Adjustment in respect of previous periods	-	(17,220)
	<u>70,957</u>	<u>(22,619)</u>
Total current tax charge/(credit)		
	<u>70,957</u>	<u>(22,619)</u>
Reconciliation of taxation charge		
	Year ended 30 April 2008	Year ended 30 April 2007
	£	£
Profit on ordinary activities before taxation	303,955	86,807

The tax assessed for the period is less than (2007 same) the standard rate of corporation tax in the UK. The differences are explained below

Profit on ordinary activities at the standard rate of corporation tax of 30 % (2007 – 30%)	91,186	26,042
Effects of		
Depreciation for the period in excess of capital allowances	9,101	2,944
Research and development allowance	(29,330)	(34,385)
Group relief	-	5,399
Payment for Group relief	-	(5,399)
Prior year tax adjustment	-	(17,220)
	<u>70,957</u>	<u>(22,619)</u>
Current tax charge/(credit) for period		
	<u>70,957</u>	<u>(22,619)</u>

CUSTOM MICRO PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 30 April 2008 (Continued)

8 Dividends

	Year ended 30 April 2008 £	Year ended 30 April 2007 £
<i>Equity shares</i>		
Interim paid of £83 72 (2007 £ Nil) per share	360,000	-
Final proposed of £Nil (2007 £Nil) per share	-	-
	<u>360,000</u>	<u>-</u>

9 Tangible assets

	Short Leasehold Improvements £	Plant and Equipment £	Motor Vehicles £	Fixtures and Fittings £	Total £
<i>Cost</i>					
At 30 April 2007	119,105	236,165	52,977	43,690	451,937
Additions	-	19,210	-	-	19,210
Disposals	-	-	(15,995)	-	(15,995)
Transfer of assets on merger with Grosvenor Technology	(119,105)	(255,375)	(36,982)	(43,690)	(455,152)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2008	-	-	-	-	-
<i>Depreciation</i>					
At 30 April 2007	88,436	145,808	43,612	24,950	302,806
Charge for the year	11,501	19,815	3,371	1,863	36,550
Disposals	-	-	(15,995)	-	(15,995)
Transfer of assets on merger with Grosvenor Technology	(99,937)	(165,623)	(30,988)	(26,813)	(323,361)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2008	-	-	-	-	-
<i>Net book value-</i>					
At 30 April 2008	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2007	30,669	90,357	9,365	18,740	149,131
	<u>30,669</u>	<u>90,357</u>	<u>9,365</u>	<u>18,740</u>	<u>149,131</u>

The net book value of tangible assets includes an amount of £Nil (2007. £9,376) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £3,746(2007. £4,870)

CUSTOM MICRO PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 30 April 2008 (Continued)

10 Stocks

	2008 £	2007 £
Raw materials	-	95,075
Work in progress	-	70,319
Finished goods	-	52,042
	<u>-</u>	<u>217,436</u>

There was no material difference between the replacement cost of stocks and the amounts stated above

11 Debtors

	2008 £	2007 £
Trade debtors	-	432,106
Amounts due from group undertakings	84,876	-
Other debtors	-	17,832
Prepayments and accrued income	-	30,634
	<u>84,876</u>	<u>480,572</u>

All amounts shown under debtors fall due for payment within one year

12 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank overdraft (secured)	-	149,713
Trade creditors	-	324,896
Corporation tax	70,957	-
Amount due to group undertakings	-	87,949
Other taxation and social security	-	28,153
Other creditors	-	33,369
Accruals and deferred income	-	92,581
Hire purchase creditors	-	7,100
	<u>70,957</u>	<u>723,761</u>

The overdraft was secured by fixed and floating charges over the assets of the company, together with the charge over the lease at 450 Blandford Road, Hamworthy.

CUSTOM MICRO PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 30 April 2008 (Continued)

13 Share capital

	2008 £	2007 £
Authorised 10,000 Ordinary shares of £1 each	10,000	10,000
Alotted, called up and fully paid 4,300 Ordinary shares of £1 each	4,300	4,300

14 Reserves

	Profit and loss account £
At 1 May 2007	136,621
Profit for the year	232,998
Interim dividend paid in the year	(360,000)
At 30 April 2008	9,619

15 Reconciliation of movements in shareholder's funds

	Year ended 30 April 2008 £
Opening shareholder's funds	140,921
Profit on ordinary activities after taxation	232,998
Interim dividend paid in the year	(360,000)
Closing shareholder's funds	13,919

CUSTOM MICRO PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 30 April 2008 (Continued)

16 Cash flow statement

The company has used the exemption under Financial Reporting Standard 1, "Cash flow statements", not to prepare a cash flow statement as it is consolidated in the financial statements of its ultimate parent company

17 Commitments under operating leases

At 30 April 2008 the company had annual commitments under non-cancellable operating leases as follows

	2008	2008	2007	2007
	Land and	Other	Land and	Other
	buildings		buildings	
	£	£	£	£
<i>Expiring within</i>				
One year	-	-	-	5,205
In more than one but less than two years	-	-	45,304	6,181
In more than two but less than three years	-	-	-	4,440
Total	-	-	45,304	15,826

All operating leases were transferred to Grosvenor Technology Limited (another group company) with effect from 31 January 2008

18 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with undertakings in which 90% or more of the voting rights are controlled by Newmark Security PLC. These undertakings results have been included within the consolidated financial statements of Newmark Security PLC

19 Ultimate parent company

As at 30 April 2008 the directors regard Newmark Security PLC as the immediate and ultimate parent undertaking, a company registered in England and Wales which is the parent of both the smallest and largest groups of which the company is a member. Copies of the parent company's consolidated financial statements may be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ