

Registered no. 2251935

R & D SECURITY MANUFACTURING LIMITED

**UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2006**

**ROWLAND HALL
CHARTERED CERTIFIED ACCOUNTANTS
44/54 ORSETT ROAD
GRAYS, ESSEX
RM17 5ED**



R & D SECURITY MANUFACTURING LIMITED

CONTENTS

PAGE

Directors' report	1
Accountants' report	2
Profit and loss account	3
Balance sheet	4
Notes to the accounts	5

For information of the directors only:

Detailed trading and profit and loss account	1
Schedule of overhead expenses	2

R & D SECURITY MANUFACTURING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 28 FEBRUARY 2006

The directors present their report and the financial statements of the company for the year ended 28 February 2006.

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 or 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;
- prepare the financial statements on a 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.

Directors

M. Topping
Mrs. D. Topping

Secretary

Mr. M Topping

Registered Office

22a Station Lane
Hornchurch
Essex
RM12 6NJ

Principal Activities

The principal activities of the company throughout the year were that of supply, installation and maintenance of security equipment.

Directors

The present directors are as shown above. All served on the board throughout the year.

The company's Articles of Association do not require directors to retire by rotation.

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

ON BEHALF OF THE BOARD


.....
MR. M TOPPING - SECRETARY

Date: 11/09/06

R & D SECURITY MANUFACTURING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28 FEBRUARY 2006

	Note	2006 £	2005 £
TURNOVER	2	1,490,794	1,512,353
Cost of sales		1,036,284	1,015,150
GROSS PROFIT		454,510	497,203
Net operating expenses	3	471,862	446,123
OPERATING (LOSS)/PROFIT	4	(17,352)	51,080
Other interest receivable and similar income		281	848
Interest payable and similar charges		(537)	(1,093)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(17,608)	50,835
Tax on (loss)/profit on ordinary activities	5	5,663	15,463
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(23,271)	35,372
Dividends	6	90,000	90,000
RETAINED LOSS FOR THE FINANCIAL YEAR		(113,271)	(54,628)
Retained profit brought forward		77,021	131,651
RETAINED (LOSS)/PROFIT CARRIED FORWARD		(36,250)	77,023

The annexed notes form part of these financial statements.

R & D SECURITY MANUFACTURING LIMITED

BALANCE SHEET AT 28 FEBRUARY 2006

	Note	2006 £	2005 £
FIXED ASSETS			
Tangible assets	7	24,081	27,068
CURRENT ASSETS			
Stocks		11,320	33,000
Debtors	8	217,814	301,188
Cash at bank and in hand		1,535	91,083
		<u>230,669</u>	<u>425,271</u>
CREDITORS			
Amounts falling due within one year	9	286,000	370,316
NET CURRENT (LIABILITIES)/ASSETS		(55,331)	54,955
NET (LIABILITIES)/ASSETS		<u>(31,250)</u>	<u>82,023</u>
CAPITAL AND RESERVES			
Called up share capital	10	5,000	5,000
Profit and loss account		(36,250)	77,023
SHAREHOLDERS' FUNDS		<u>(31,250)</u>	<u>82,023</u>

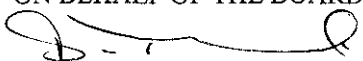
The directors are satisfied that the company was entitled to exemption under subsection (1) of section 249A of the Companies Act 1985 and that no member or members have requested an audit pursuant to subsection (2) of section 249B in relation to the accounts for the financial year.

The directors acknowledge their responsibilities for:

- i ensuring that the company keeps accounting records which comply with section 221; and
- ii preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

These financial statements were approved by the board on 11/09/06
ON BEHALF OF THE BOARD


MRS. D. TOPPING - DIRECTOR

The annexed notes form part of these financial statements.

R & D SECURITY MANUFACTURING LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28 FEBRUARY 2006

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same accounts.

Basis of Preparation of Financial Statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

The effects of events in relation to the year ended 28 February 2006 which occurred before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 28 February 2006 and of the results for the year ended on that date.

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Leasehold property	- equal instalments over the period of the lease
Fixtures and fittings	- 20% per annum on reducing balance
Motor vehicles	- 25% per annum on reducing balance

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Deferred Taxation

Deferred taxation is accounted for in accordance with the requirements of FRS19.

Leasing

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

Pension Costs

The company operates a pension scheme for the benefit of all its employees. The scheme is a defined contribution scheme, and the contributions are charged against profits as they are paid.

R & D SECURITY MANUFACTURING LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28 FEBRUARY 2006 (CONT)

2. TURNOVER

The company's turnover represents the value, excluding Value Added Tax, of goods and services supplied to customers during the year.

3. NET OPERATING EXPENSES

	2006 £	2005 £
Distribution costs	44,963	13,242
Administrative expenses	426,899	432,881
	<u>471,862</u>	<u>446,123</u>

4. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2006 £	2005 £
Directors' emoluments	18,240	18,240
Loss on sale of fixed assets	-	6,134
Depreciation and amortisation of owned assets	7,987	8,780
	<u></u>	<u></u>

R & D SECURITY MANUFACTURING LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28 FEBRUARY 2006 (CONT)

5. TAXATION

Analysis of charge in period	2006 £	2005 £
Current tax:		
UK corporation tax on (losses)/profits of the year	5,663	13,038
Adjustments in respect of prior periods	-	2,425
Total current tax	5,663	15,463
Tax on (loss)/profit on ordinary activities	5,663	15,463

Factors affecting tax charge for the period

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2006 £	2005 £
(Loss)/profit on ordinary activities before tax	(17,608)	50,835
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2005:19%)	(3,346)	9,659
Effects of		
Permanent timing differences	10,238	3,668
Notional deferred tax	(378)	(289)
Marginal relief	(768)	-
Adjustments to charge in respect of previous periods	-	2,425
Current tax charge for year	5,663	15,463

R & D SECURITY MANUFACTURING LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28 FEBRUARY 2006 (CONT)

6. DIVIDENDS

	2006 £	2005 £
On ordinary shares		
Final dividend paid at 1,800 pence per share	90,000	90,000
	<u> </u>	<u> </u>

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 March 2005	8,620	17,612	57,060	83,292
Additions	-	-	5,000	5,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 28 February 2006	8,620	17,612	62,060	88,292
Depreciation				
At 1 March 2005	8,290	12,056	35,879	56,225
Charge for the year	330	1,111	6,545	7,986
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 28 February 2006	8,620	13,167	42,424	64,211
Net book value				
At 28 February 2006	-	4,445	19,636	24,081
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 28 February 2005	330	5,556	21,182	27,068
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

R & D SECURITY MANUFACTURING LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28 FEBRUARY 2006 (CONT)

8. DEBTORS

	2006 £	2005 £
Trade debtors	203,221	268,553
Other debtors	14,593	32,635
	<u>217,814</u>	<u>301,188</u>

9. CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	2006 £	2005 £
Bank loans and overdrafts	63,607	88,596
Trade creditors	111,862	169,237
Corporation tax payable	6,983	11,402
Social security and other taxes	31,073	34,400
Other creditors	72,475	66,681
	<u>286,000</u>	<u>370,316</u>

The bank overdraft is secured.

10. SHARE CAPITAL

	2006 £	2005 £
Authorised		
10,000 ordinary shares of £1 each	10,000	10,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
5,000 ordinary shares of £1 each	5,000	5,000
	<u> </u>	<u> </u>

R & D SECURITY MANUFACTURING LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 28 FEBRUARY 2006 (CONT)

11. LEASING COMMITMENTS

At 28 February 2006 the company had annual commitments under non-cancellable operating leases as detailed below:

	2006 £	2005 £
Operating leases which expire:		
Within one year	34,072	14,664
Within two to five years	18,276	51,037
	<hr/> 64,385 <hr/>	<hr/> 65,701 <hr/>

12. PENSION COSTS

The company operates a contributory pension scheme. It is a defined contribution scheme and contributions are charged in the profit and loss account as they accrue. The charge for the year was £- (2005 - £-).

13. RELATED PARTIES

The directors had overdrawn loan accounts at the 28th February 2006 as follows :-

Mr. M. and Mrs. D. Topping £29 CR (2005-£7,830 DR)

Management Charges

Management charges of £18,720 (2005-£18,720) were paid to R & D Holdings Limited during the year.

Year End Balances

At the year-end the company was owed £12,635 (2005-£9,074) by R & D Holdings Limited.

Directors Guarantees

Mr. M. Topping and Mr. R. LeCount have given personal guarantees to the company's bankers in respect of the company's overdraft facility.

14. CONTROLLING PARTY

The company is controlled by Mr M & Mrs D Topping by virtue of their shareholding in the company's parent company.

15. PARENT UNDERTAKINGS

The ultimate parent company is R & D Holdings Limited, a company registered in Great Britain.