

COMPANY NO: 2549786  
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OF COMPANIES"  
PAGE 1

ILCO UNICAN (UK) LIMITED

REPORT AND ACCOUNTS  
YEAR ENDED 30 JUNE 1996

DIRECTORS

P BLAIKIE (CANADA)  
S MAZOFF (CANADA)  
F MORITZ (FRANCE)

SECRETARY

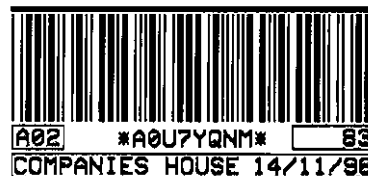
SP SECRETARIAL SERVICES LIMITED

REGISTERED OFFICE

62 NEW CAVENDISH STREET  
LONDON  
W1M 7LD

AUDITORS

SINGER HOME DESAI & CO  
REGISTERED AUDITOR  
CERTIFIED ACCOUNTANTS  
62 NEW CAVENDISH STREET  
LONDON W1M 7LD



ANNUAL REPORT AND STATEMENT OF ACCOUNTS  
YEAR ENDED 30 JUNE 1996

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REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 1996

The Directors present their Annual Report to the members together with the Audited Accounts and Notes thereto.

PRINCIPAL ACTIVITY

The Principal Activity of the company in the year under review was that of Distributors of Specialised Locking Systems.

REVIEW OF BUSINESS

The Directors report the results shown in the accounts for the year under review and anticipate improved results for the current year.

DIVIDEND

The Directors recommend that no dividend be declared for the year under review.

The Directors propose that no formal transfer be made to or from reserves for the year.

DIRECTORS

The constitution of the board, their interests (and those of their immediate families) in the Capital of the company were as follows:

	<u>Beneficial Holdings</u>	
	<u>Shares of £1 Each</u>	
	<u>30 June</u>	<u>30 June</u>
	<u>1996</u>	<u>1995</u>
S Mazoff	-	-
F Moritz	-	-
P Blaikie	-	-
	----	----
	-	-
	====	====

The following changes in the constitution of the Board have taken place during the year.

F Moritz was appointed a Director on 25 March 1996 and C F Sandler resigned as a Director on 30 April 1996.

FIXED ASSETS

Information relating to changes in Fixed Assets is given in Note: 2 to the accounts.

REPORT OF THE DIRECTORS  
FOR THE YEAR ENDED 30 JUNE 1996 (CONTINUED)

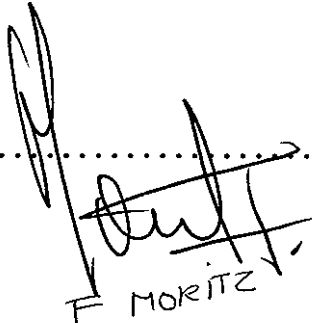
PARENT COMPANY

The Company is a wholly owned subsidiary of Unican Security Systems Limited, a Canadian company, and the interests of the Directors in the shares of the holding company are shown in the accounts and report thereof.

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a resolution proposing the re-appointment of Singer Home Desai & Co as Auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD

X ..... X  
CHAIRMAN  
  
F MORITZ

X ..... 15-10-1996 X  
DATE

STATEMENT OF 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 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.

ILCO UNICAN (UK) LIMITED

We have audited the Financial Statements on pages 7 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of Directors and Auditors

As described on page 5 the company's directors are responsible for the preparation of Financial Statements. It is our responsibility to form an independent opinion, based on our audit, of those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with 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 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 of the state of the company's affairs as at 30 June 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Singer Home Desai & Co.*  
**SINGER HOME DESAI & Co.**  
Registered Auditor  
Certified Accountants  
62 New Cavendish Street  
London W1M 7LD

*13 November 1996*

BALANCE SHEET AS AT 30 JUNE 1996

<u>FIXED ASSETS</u>	<u>NOTES</u>	<u>1996</u>	<u>1995</u>
Tangible Assets	2	£ 3,518	£ 4,397
<u>CURRENT ASSETS</u>			
Stock	3	£ 95,552	£ 20,089
Debtors	4	201,639	17,554
Cash at Bank and in Hand		5,207	17,970
		-----	-----
		£ 302,398	£ 55,613
		=====	=====
<u>CREDITORS</u>			
Amounts falling due within one year	5	£ 314,423	£ 63,119
		=====	=====
<u>NET CURRENT LIABILITIES</u>		( 12,025)	( 7,506)
		-----	-----
		( 8,507)	( 3,109)
<u>CREDITORS</u>			
Amounts falling due after more than One Year	6	( 96,775)	( 93,750)
		-----	-----
		£(105,282)	£( 96,859)
		=====	=====
<u>CAPITAL AND RESERVES</u>			
<u>CALLED UP SHARE CAPITAL</u>	7	£ 75,000	£ 75,000
<u>PROFIT AND LOSS ACCOUNT</u>		(180,282)	(171,859)
		-----	-----
		£(105,282)	£( 96,859)
		=====	=====

..... DIRECTOR  
F MORITZ

..... DIRECTOR  
S MAZOFF

Approved by the Board on .....15-10.... 1996.

The Notes on pages 9 to 12 form part of these Accounts.

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 1996

	<u>NOTES</u>	<u>1996</u>	<u>1995</u>
<u>TURNOVER</u>	8	£ 245,924	£ 145,898
<u>LESS: Cost of Sales</u>		85,759	36,888
		-----	-----
<u>GROSS PROFIT</u>		160,165	109,010
<u>OPERATING EXPENSES</u>			
Administration		(168,588)	(172,871)
		-----	-----
<u>LOSS ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>	9	( 8,423)	( 63,861)
<u>TAXATION</u>	10	-	-
		-----	-----
<u>LOSS FOR THE YEAR</u>		( 8,423)	( 63,861)
<u>DIVIDEND</u>		-	-
		-----	-----
<u>RETAINED FOR THE YEAR</u>		( 8,423)	( 63,861)
<u>PROFIT AND LOSS ACCOUNT</u> <u>BALANCE BROUGHT FORWARD</u>		(171,859)	(107,998)
		-----	-----
<u>PROFIT AND LOSS ACCOUNT</u> <u>BALANCE CARRIED FORWARD</u>		£(180,282)	£(171,859)
		=====	=====
<u>TOTAL RECOGNISED GAINS OR LOSSES</u>			

The company has no recognised gains or losses other than that included in the Profit and Loss Account for 1995 and 1996.



NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 1996

NOTE: 1

ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce a Cashflow Statement on the grounds that it is a Small Company.

1.2 STOCK AND WORK IN PROGRESS

Stock and Work In Progress is stated at the lower of Cost and Net Realisable Value.

1.3 TURNOVER

Turnover represents the total income receivable by the company (exclusive of Valued Added Tax) in respect of goods sold and services rendered.

1.4 DEPRECIATION

Depreciation of Fixed Assets is provided at the following annual rates in order to write off each asset over its estimated useful working life less its residual value.

Office Equipment    20% p.a - on a reducing balance basis.

1.5 DEFERRED TAXATION

In compliance with Statement of Standard Accounting Practice No.15, no provision is considered necessary for any potential taxation liability in respect of timing differences arising between results as computed for taxation purposes and results as stated in these accounts as, in the opinion of the Directors, they do not foresee any liability arising as a result of the reversal of timing differences for some considerable period ahead and there is no indication that, after this period, the situation is likely to change so as to create liabilities for which a provision is considered necessary.

1.6 FOREIGN CURRENCIES

Assets and Liabilities in Foreign Currencies are translated into Sterling at the rate of exchange ruling at the Balance Sheet date. Transactions in Foreign Currencies are converted into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating results for the year.

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 1996 (CONTINUED)

## NOTE: 2

## TANGIBLE FIXED ASSETS

		OFFICE EQUIPMENT	TOTAL
<u>Cost</u>			
Balance:	1 July 1995	£ 5,853	£ 5,853
Additions		-	-
Disposals		-	-
<u>Balance:</u>		£ 5,853	£ 5,853
<u>Depreciation:</u>			
Balance:	1 July 1995	£ 1,456	£ 1,456
Charge for Year		879	879
Adjustment in respect of Disposals		-	-
<u>Balance:</u>		£ 2,335	£ 2,335
<u>NET BOOK VALUE:</u>		£ 3,518	£ 3,518
<u>NET BOOK VALUE:</u>		£ 4,397	£ 4,397

## NOTE: 3

1996

1995

## STOCK

Stock	£ 95,552	£ 20,089
	=====	=====

## NOTE: 4

1996

1995

## DEBTORS

Trade Debtors	£ 188,528	£ 8,765
Sundry Debtors and Prepayments	13,111	8,789
	-----	-----
	£ 201,639	£ 17,554
	=====	=====

## NOTE: 5

CREDITORS: AMOUNTS FALLING DUE  
WITHIN ONE YEAR

1996

1995

Social Security and Other Taxes	£ 1,403	£ 1,594
Sundry Creditors and Accruals	38,132	27,847
Inter-Company Account - Unican Security Systems Ltd	126,153	33,678
Sales Invoiced in Advance	148,735	-
	-----	-----
	£ 314,423	£ 63,119
	=====	=====

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 1996 (CONTINUED)

NOTE: 6CREDITORS: AMOUNTS FALLING DUE

<u>AFTER MORE THAN ONE YEAR</u>	<u>1996</u>	<u>1995</u>
Parent Company Loan	£ 96,775 =====	£ 93,750 =====

The Parent Company Loan of US\$150,000 has no fixed repayment date. Interest is chargeable at 3% over US Bank Prime Rate.

The Parent Company waived their entitlement to the loan interest for the year ended 30 June 1996 in the sum of £5,439.

NOTE: 7CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
<u>Authorised</u>		
100,000 Ordinary Shares of £1 Each	£ 100,000 =====	£ 100,000 =====
<u>Issued and Fully Paid</u>		
75,000 Ordinary Shares of £1 Each	£ 75,000 =====	£ 75,000 =====

NOTE: 8TURNOVER

The Turnover is attributable to the one Principal Activity of the company.

An analysis of Turnover is as follows:

	<u>1996</u>	<u>1995</u>
UK	£ 63,086	£ 140,326
Overseas	182,838 -----	5,572 -----
	£ 245,924 =====	£ 145,898 =====

NOTE: 9OPERATING RESULTS

	<u>1996</u>	<u>1995</u>
The operating results are stated after charging:		
Depreciation	£ 879	£ 1,099
Directors Emoluments	2,500	3,000
Staff Costs (including		
Directors Emoluments)	(Note: 9.1) 53,747	55,479
Interest Payable	(Note: 9.2) -	4
Auditors Remuneration	£ 2,000 =====	£ 1,950 =====

NOTES TO AND FORMING PART OF THE ACCOUNTS  
FOR THE YEAR ENDED 30 JUNE 1996 (CONTINUED)

NOTE: 9

OPERATING RESULTS (CONTINUED)

NOTE: 9.1

<u>STAFF COSTS</u>	<u>1996</u>	<u>1995</u>
Wages and Salaries	£ 46,581	£ 47,344
Social Security Costs	4,666	5,135
Directors Emoluments	2,500	3,000
	-----	-----
	£ 53,747	£ 55,479
	=====	=====

The average weekly number of employees during the year was as follows:

	<u>1996</u> <u>Number</u>	<u>1995</u> <u>Number</u>
Office and Management	1	1
Production and Sales	2	1
	---	---
	3	2
	===	===

NOTE: 9.2

INTEREST PAYABLE

Amounts payable on the company's Bank Overdraft and Loan facilities.

	<u>1996</u>	<u>1995</u>
Bank Overdraft Interest	£ -	£ 4
	=====	=====

NOTE: 10

TAXATION

No provision for Corporation Tax is required to be made as a result of there being no assessable profit for the year.

ANNUAL REPORT AND STATEMENT OF ACCOUNTS

YEAR ENDED 30 JUNE 1996

THE INFORMATION WHICH APPEARS ON THE FOLLOWING PAGES HAS BEEN PREPARED AT THE REQUEST OF THE COMPANY'S MANAGEMENT AND FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE STATUTORY ACCOUNTS AND IS SUBMITTED TO THE INLAND REVENUE AND TO OTHER THIRD PARTIES AS INSTRUCTED BY THE DIRECTORS.

SUCH AUDIT WORK HAS BEEN CARRIED OUT BY THE AUDITORS IN RELATION THERETO AS HAS BEEN CONSIDERED NECESSARY BY THEM FOR THE PURPOSES OF THEIR REPORT TO THE MEMBERS ON THE PRECEDING STATUTORY ACCOUNTS.