Company Registration No. 1941721 (England and Wales)

VIDEX SECURITY LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2002

CARTWRIGHTS
Chartered Accountants
Registered Auditors
Regency House
33 Wood Street
Barnet
Herts
EN5 4BE

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A24
COMPANIES HOUSE
0345
26/07/03

VIDEX SECURITY LIMITED

COMPANY INFORMATION

Directors	J D Rickard K E Andrews J Bennett P Hill R Sands
Secretary	J D Rickard
Company number	1941721
Registered office	Regency House 33 Wood Street Barnet Herts EN5 4BE
Auditors	Cartwrights Chartered Accountants Registered Auditors Regency House 33 Wood Street Barnet, Herts EN5 4BE
Business address	1 Osprey Trinity Park Trinity Way London E4 8TD

VIDEX SECURITY LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 16

VIDEX SECURITY LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2002

The directors present their report and financial statements for the year ended 31 December 2002.

Principal activities and review of the business
The principal activity of the company in the year under review continued to be that of retail suppliers of locks and entryphone systems.

The directors are pleased with the growth of the company during the year.

Results and dividends
The results for the year are set out on page 4.

An interim ordinary dividend was paid amounting to £50,800 . The directors do not recommend payment of a final dividend.

Research and development
Design and development consultancy costs on new and existing products are incurred by the company on an ongoing basis.

Post balance sheet events
There have been no material post balance sheet events after the year end.

Future developments
The directors anticipate that the company will show continued profitability in the new financial year.

Directors
The following directors have held office since 1 January 2002:

J D Rickard
K E Andrews
J Bennett
P Hill
R Sands

Directors' interests
The directors' and their family's interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2002	**1 January 2002**
J D Rickard	100	100
K E Andrews	-	-
J Bennett	-	-
P Hill	-	-
R Sands	-	-

Charitable donations	**2002**	**2001**
	£	**£**
During the year the company made the following payments:		
Charitable donations	1,050	550

VIDEX·SECURITY LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2002

Taxation status

The company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Cartwrights be reappointed as auditors of the company will be put to the Annual General Meeting.

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.

On behalf of the board

.....

J D Rickard

Director

18 JULY 2003

VIDEX SECURITY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF VIDEX SECURITY LIMITED

We have audited the financial statements of Videx Security Limited on pages 4 to 16 for the year ended 31 December 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

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 auditor's 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 2 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 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.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Cartwrights
Chartered Accountants
Registered Auditors
Regency House
33 Wood Street
Barnet, Herts
EN5 4BE

Date 22 JULY 2003

VIDEX SECURITY LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
Turnover	2	4,519,048	4,104,070
Cost of sales		(2,655,390)	(2,490,874)
Gross profit		1,863,658	1,613,196
Distribution costs		(80,644)	(73,102)
Administrative expenses		(1,502,145)	(1,391,884)
Operating profit	3	280,869	148,210
Investment income	4	4,131	3,810
Other interest receivable and similar income		5,103	13,645
Amounts written off investments	5	(34,017)	(605)
Interest payable and similar charges	6	(5,866)	(3,598)
Profit on ordinary activities before taxation		250,220	161,462
Tax on profit on ordinary activities	7	(108,241)	(37,318)
Profit on ordinary activities after taxation		141,979	124,144
Dividends	8	(50,800)	(22,500)
Retained profit for the year	19	91,179	101,644

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

VIDEX SECURITY LIMITED

BALANCE SHEET
AS AT 31 DECEMBER 2002

	Notes	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	9 and 10		617,394		275,882
Current assets					
Stocks	11	434,363		417,163	
Debtors	12	993,919		906,563	
Investments	13	198,498		230,535	
Cash at bank and in hand		383,855		379,223	
		2,010,635		1,933,484	
Creditors: amounts falling due within one year	14	(1,152,759)		(1,124,471)	
Net current assets			857,876		809,013
Total assets less current liabilities			1,475,270		1,084,895
Creditors: amounts falling due after more than one year	15		(330,454)		(48,764)
Provisions for liabilities and charges	16		(17,506)		-
			1,127,310		1,036,131
Capital and reserves					
Called up share capital	18		100		100
Profit and loss account	19		1,127,210		1,036,031
Shareholders' funds - equity interests	20		1,127,310		1,036,131

The financial statements were approved by the Board on 18 JULY 2003

J D Rickard
Director

VIDEX SECURITY LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002

		2002 £		2001 £
Net cash inflow from operating activities		197,240		225,149
Returns on investments and servicing of finance				
Interest received	5,103		13,645	
Interest paid	(5,866)		(3,598)	
Dividends received	5,171		3,810	
Net cash inflow for returns on investments and servicing of finance		4,408		13,857
Taxation		(34,985)		(42,818)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(418,741)		(120,046)	
Receipts from sales of tangible assets	12,144		4,500	
Receipts from sales of investments	(1,040)		-	
Net cash outflow for capital expenditure		(407,637)		(115,546)
Equity dividends paid		(50,800)		(22,500)
Net cash (outflow)/inflow before management of liquid resources and financing		(291,774)		58,142
Management of liquid resources				
Current asset investments		(1,980)		(3,409)
Financing				
New long term bank loan	350,000		60,000	
Repayment of long term bank loan	(32,708)		(15,271)	
Capital element of hire purchase contracts	(24,217)		(22,782)	
Net cash inflow from financing		293,075		21,947
Increase in cash in the year		(679)		76,680

VIDEX SECURITY LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002

1 Reconciliation of operating profit to net cash inflow from operating activities

	2002	2001
	£	£
Operating profit	280,869	148,210
Depreciation of tangible assets	68,593	63,566
Loss on disposal of tangible assets	4,532	3,057
(Increase)/decrease in stocks	(17,200)	6,329
Increase in debtors	(92,500)	(160,897)
(Decrease)/Increase in creditors within one year	(47,054)	164,884
Net cash inflow from operating activities	197,240	225,149

2 Analysis of net funds

	1 January 2002	Cash flow	Other non-cash changes	31 December 2002
	£	£	£	£
Net cash:				
Cash at bank and in hand	379,223	4,632	-	383,855
Bank overdrafts	-	(5,311)	-	(5,311)
	379,223	(679)	-	378,544
Liquid resources:				
Current asset investments	230,535	(32,037)	-	198,498
Debt:				
Finance leases	(45,398)	21,321	-	(24,077)
Debts falling due within one year	(30,000)	(13,722)	-	(43,722)
Debts falling due after one year	(25,000)	(303,570)	-	(328,570)
	(100,398)	(295,971)	-	(396,369)
Net funds	509,360	(328,687)	-	180,673

3 Reconciliation of net cash flow to movement in net funds

	2002	2001
	£	£
(Decrease)/increase in cash in the year	(679)	76,680
Cash inflow/(outflow) from decrease/(increase) in liquid resources	(32,037)	2,804
Cash inflow from increase in debt and lease financing	(295,971)	(43,877)
Movement in net funds in the year	(328,687)	35,607
Opening net funds	509,360	473,753
Closing net funds	180,673	509,360

VIDEX SECURITY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1 .1 Accounting convention

The financial statements are prepared under the historical cost convention.

1 .2 Compliance with accounting standards

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

1 .3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1 .4 Research and development

Research expenditure is written off to the profit and loss account in the year in 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.

1 .5 Tangible fixed assets and depreciation

Tangible fixed assets include investment properties professionally valued by Chartered Surveyors on an existing use open market value basis. Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	20% on cost
Plant and machinery	20% on cost
Fixtures, fittings & equipment	10% on cost
Motor vehicles	25% on cost

Investment properties are included in the balance sheet at their open market value. Depreciation is provided only on those investment properties which are leasehold and where the unexpired lease term is less than 20 years.

Although this accounting policy is in accordance with the applicable accounting standard, SSAP 19, Accounting for investment properties, it is a departure from the general requirement of the Companies Act 1985 for all tangible assets to be depreciated. In the opinion of the directors compliance with the standard is necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount of this which might otherwise have been charged cannot be separately identified or quantified.

1 .6 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

1 Accounting policies

1 .7 Investments

Current asset investments are stated at the lower of cost and net realisable value.

Dividend income is brought into account in the profit and loss account when received.

1 .8 Stock

Stock is valued at the lower of cost and net realisable value.

1 .9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

1 .10 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. 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.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 **Operating profit**	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	68,593	63,566
Loss on disposal of tangible assets	4,532	3,057
Research and development	20,728	8,393
Operating lease rentals	106,187	71,032
Auditors' remuneration	7,588	7,875

4 **Investment income**	2002	2001
	£	£
Income from listed investments	5,171	3,810
Loss on disposal of listed investments	(1,040)	-
	4,131	3,810

5	**Amounts written off investments**	**2002**	**2001**
		£	**£**
	Amounts written off current asset investments	34,017	605

6	**Interest payable**	**2002**	**2001**
		£	**£**
	On bank loans and overdrafts	3,277	826
	Hire purchase interest	2,589	2,772
		5,866	3,598

7	**Taxation**	**2002**	**2001**
		£	**£**
	Domestic current year tax		
	U.K. corporation tax	93,750	38,000
	Adjustment for prior years	(3,015)	(682)
	Current tax charge	90,735	37,318
	Deferred tax		
	Deferred tax charge current year	17,506	-
		108,241	37,318
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	250,220	161,462
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.25 % (2001 : 20.00 %)	48,167	32,292
	Effects of:		
	Non deductible expenses	2,788	3,456
	Depreciation	13,193	12,713
	Capital allowances	(13,452)	(11,718)
	Adjustments to previous periods	34,485	682
	Dividends and distributions received	(995)	(762)
	Other tax adjustments	6,549	655
		42,568	5,026
	Current tax charge	90,735	37,318

8 Dividends

	2002	2001
	£	£
Ordinary interim paid	50,800	22,500

9 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 January 2002	79,403	202,549	60,076	118,919	460,947
Additions	-	22,751	9,234	32,245	64,230
Disposals	-	-	-	(21,126)	(21,126)
At 31 December 2002	79,403	225,300	69,310	130,038	504,051
Depreciation					
At 1 January 2002	14,177	110,652	27,142	33,094	185,065
On disposals	-	-	-	(9,594)	(9,594)
Charge for the year	4,969	32,238	5,895	25,490	68,592
At 31 December 2002	19,146	142,890	33,037	48,990	244,063
Net book value					
At 31 December 2002	60,257	82,410	36,273	81,048	259,988
At 31 December 2001	65,226	91,897	32,934	85,825	275,882

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

	Motor vehicles
	£
Net book values	
At 31 December 2002	41,535
At 31 December 2001	64,966
Depreciation charge for the year	
31 December 2002	18,776
31 December 2001	17,863

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

10 Tangible fixed assets

	Investment properties £
Cost	
At 1 January 2002	-
Additions	357,406
At 31 December 2002	357,406

The company acquired the freehold investment property in October 2002. No formal valuation of the investment property has been made as at 31 December 2002 as the directors do not consider that the market value is significantly different from the purchase price. No depreciation is provided in respect of the property.

11 Stocks

	2002 £	2001 £
Finished goods and goods for resale	434,363	417,163

12 Debtors

	2002 £	2001 £
Trade debtors	942,666	856,443
Other debtors	356	2,666
Prepayments and accrued income	50,897	47,454
	993,919	906,563

13 Current asset investments

	2002 £	2001 £
Listed investments	198,498	230,535
Market valuation of listed investments	198,498	225,885

14 Creditors: amounts falling due within one year

	2002 £	2001 £
Bank loans and overdrafts	49,033	30,000
Net obligations under hire purchase contracts	22,193	21,634
Trade creditors	743,931	750,465
Corporation tax	56,250	500
Other taxes and social security costs	178,828	227,973
Directors' current accounts	31,511	75,400
Accruals and deferred income	71,013	18,499
	1,152,759	1,124,471
Debt due in one year or less	44,134	30,000

15 Creditors: amounts falling due after more than one year	2002 £	2001 £
Bank loans	328,570	25,000
Net obligations under hire purchase contracts	1,884	23,764
	330,454	48,764
Analysis of loans		
Not wholly repayable within five years by instalments:	372,292	-
Wholly repayable within five years	-	55,000
	372,292	55,000
Included in current liabilities	(43,722)	(30,000)
	328,570	25,000
Instalments not due within five years	234,548	-
Loan maturity analysis		
In more than one year but not more than two years	412	25,000
In more than five years	328,158	-

The bank loans are secured by a fixed and floating charge over the assets of the company.

Net obligations under hire purchase contracts		
Repayable within one year	22,483	24,218
Repayable between one and five years	4,330	26,495
	26,813	50,713
Finance charges and interest allocated to future accounting periods	(2,736)	(5,315)
	24,077	45,398
Included in liabilities falling due within one year	(22,193)	(21,634)
	1,884	23,764

16 Provisions for liabilities and charges

	Deferred tax liability £
Profit and loss account	17,506
Balance at 31 December 2002	17,506

The deferred tax liability is made up as follows:

	2002 £	2001 £
Accelerated capital allowances	17,506	-

17 Pension costs

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

	2002 £	2001 £
Contributions payable by the company for the year	70,014	59,692

18 Share capital

	2002 £	2001 £
Authorised		
100 Ordinary shares of £ 1 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares of £ 1 each	100	100

19 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2002	1,036,031
Retained profit for the year	91,179
Balance at 31 December 2002	1,127,210

20 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Profit for the financial year	141,979	124,144
Dividends	(50,800)	(22,500)
Net addition to shareholders' funds	91,179	101,644
Opening shareholders' funds	1,036,131	934,487
Closing shareholders' funds	1,127,310	1,036,131

21 Financial commitments

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings 2002 £	2001 £
Expiry date:		
Between two and five years	66,105	66,105

22 Directors' emoluments

	2002 £	2001 £
Emoluments for qualifying services	508,441	551,921
Company pension contributions to money purchase schemes	62,255	57,303
	570,696	609,224

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 5 (2001 - 5).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	338,108	290,877
Company pension contributions to money purchase schemes	50,000	47,208

23 Transactions with directors

At the year end Mr J.D. Rickard was owed £31,511 (2001: £75,400) to the company. On November 2002 the company paid for the purchase of the property in the name of Mr J D Rickard , a director, and his wife. The legal right and ownership of the property is held with the company.

24 Employees

Number of employees

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

	2002 Number	2001 Number
Management	5	4
Administration	21	18
	26	22

Employment costs

	£	£
Wages and salaries	768,858	807,184
Social security costs	83,730	69,374
Other pension costs	70,014	59,692
	922,602	936,250

25 Control

The ultimate controlling party is J D Rickard by virtue of his shareholding.

26 Related party transactions

There were no related party transactions other than as stated in the transactions with directors note.