

# **Interphone Limited**

## **Report and Financial Statements**

31 March 2007

# Interphone Limited

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Registered No: 0692333

## **Directors**

I Aziz  
J J Synett

## **Secretary**

J M Carr

## **Auditors**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF

## **Bankers**

Bank of Scotland  
PO Box 267  
38 Threadneedle Street  
London  
EC2P 2EM

## **Registered office**

12-22 Herga Road  
Wealdstone  
Harrow  
Middlesex  
HA3 5AS

## Directors' report

The directors present their report and financial statements for the year ended 31 March 2007.

### Results and dividends

The profit for the year after taxation amounted to £599,356 (2006 - profit of £191,626). No dividend was paid during the year (2006 - £450,000). The directors do not recommend a final dividend on the ordinary shares.

### Principal activity, review of the business and future developments

The company's principal activity during the year continued to be the supply, installation and maintenance of internal communication, CCTV surveillance security, door entry equipment and related systems on long term rental and outright sale principally to the building industry, property management companies and local authorities.

Key financial and other performance indicators are monitored on a group basis and details can be found in the accounts of Interphone Security Group Limited. The directors are satisfied with the company's results for the year and its prospects. The company will continue to pursue its principal activity.

### Financial instruments, liquidity and credit risks

The company's financial instruments, liquidity, cash flows and credit risks are managed on a group basis by the company's parent undertaking, Roadweald Limited. Full details of the policies are detailed in the financial statements of the parent undertaking.

### Directors

The directors who served the company during the year were as follows:

P C Cammidge (Engineering)	(resigned 31 August 2007)
C B Steinbock	(resigned 31 December 2006)
R Metzger FCA	(resigned 14 October 2006)
I Aziz (Sales)	(appointed 1 September 2006)
M H Jankowski	(resigned 3 May 2007)
J J Pederson	(resigned 8 December 2006)
J J Synett (Chief Executive)	

### Directors' qualifying third party indemnity provision

The company has granted an indemnity to one or more directors against liability in respect of proceedings brought by third parties, subject to conditions set out in the Companies Act 1985. Such qualifying third party indemnity provision remains in force as at the date of approving the director's report.

### Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

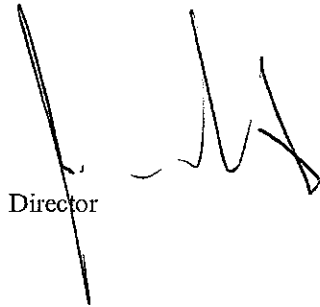
- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

## Directors' report

### Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On Behalf of the board



Director

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 that 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.

# Independent auditors' report

to the members of Interphone Limited

We have audited the company's financial statements for the year ended 31 March 2007 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 19. These financial statements have been prepared on the basis of 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 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 directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and 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 are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we 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.

## 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.

# Independent auditors' report

to the members of Interphone Limited (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 affairs of the company as at 31 March 2007 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.



Ernst & Young LLP  
Registered Auditor  
London

15 February 2008

## Profit and loss account

for the year ended 31 March 2007

	<i>Notes</i>	<i>2007</i> £	<i>2006</i> £
<i>Turnover</i>	2	3,546,572	3,537,129
Cost of sales		(1,797,548)	(1,511,461)
		<hr/>	<hr/>
<i>Gross profit</i>		1,749,024	2,025,668
Administrative expenses		(1,292,744)	(1,944,957)
Other operating income		6,552	4,125
		<hr/>	<hr/>
<i>Operating profit</i>	3	462,832	84,836
Interest receivable		83,524	71,790
		<hr/>	<hr/>
<i>Profit on ordinary activities before taxation</i>		546,356	156,626
Taxation	6	53,000	35,000
		<hr/>	<hr/>
<i>Profit for the financial year</i>		599,356	191,626
		<hr/> <hr/>	<hr/> <hr/>

*All results relate to continuing activities.*

## Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £599,356 attributable to the shareholders for the year ended 31 March 2007 (2006 - profit of £191,626).

**Balance sheet**

at 31 March 2007

	<i>Notes</i>	<i>2007</i> £	<i>2006</i> £
<b>Fixed assets</b>			
Tangible assets	8	495,725	273,480
<b>Current assets</b>			
Stocks	9	501,028	665,700
Debtors - due after more than one year	10	7,216,714	6,948,273
Debtors - due within one year	10	3,438,412	1,178,113
Cash at bank and in hand		2,450,095	2,835,715
		13,606,249	11,627,801
<b>Creditors:</b> amounts falling due within one year	11	(11,590,321)	(9,935,984)
<b>Net current assets</b>		2,015,928	1,691,817
<b>Total assets less current liabilities</b>		2,511,653	1,965,297
<b>Provisions for liabilities</b>			
Deferred taxation	12	(1,097,000)	(1,150,000)
		1,414,653	815,297
<b>Capital and reserves</b>			
Called up share capital	13	20,000	20,000
Profit and loss account	14	1,394,653	795,297
<b>Shareholders' funds</b>	14	1,414,653	815,297

The financial statements were approved by the Board on 8 February 2008


  
Director

## Notes to the financial statements

at 31 March 2007

### 1. Accounting policies

#### *Accounting convention*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Statement of cash flows*

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking of a company producing publicly available group financial statements.

#### *Depreciation*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Leasehold additions	-	over the length of the lease
Computer equipment	-	25% on cost per annum
Fixtures, fittings and equipment	-	15% on cost per annum
Motor vehicles	-	25% on cost per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Stocks*

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Stock	-	purchase cost on a first-in, first-out basis.
Work in progress	-	cost of direct materials and labour

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Income derived from finance leases*

Equipment leased under finance leases in accordance with SSAP 21 is deemed to be sold at normal end user selling prices, and is included in turnover at the inception of the lease. Income from finance leases (after deducting the proportion attributable to maintenance) is recognised over the primary period of the lease so as to give a constant rate of return.

## Notes to the financial statements

at 31 March 2007

### 1. Accounting policies (continued)

#### *Income derived from maintenance services*

Income derived from maintenance contracts is accrued on a straight line basis over the term of the contract. Other maintenance income is recognised on provision of the service.

#### *Income derived from outright sales*

Income derived from outright sales is recognised on delivery or completion of installation. Previously income had been recognised on an invoiced basis.

#### *Operating leases*

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

#### *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.

#### *Provisions for liabilities*

A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

### 2. Turnover

Turnover, which is stated net of value added tax and is generated wholly in the United Kingdom, represents amounts invoiced to third parties in respect of the company's continuing activity as stated in the directors' report.

An analysis of turnover by class of business is given below:

	2007	2006
	£	£
Income from finance leases	3,227,906	2,973,326
Income from maintenance	222,203	373,191
Outright sales	27,970	63,687
Trade and sundry sales	68,493	126,925
	<u>3,546,572</u>	<u>3,537,129</u>

### 3. Operating profit

This is stated after charging:

	2007	2006
	£	£
Auditors' remuneration	17,500	17,500
Depreciation of tangible fixed assets	102,909	46,728
Loss on disposal of tangible fixed assets	1,166	-
Operating lease rentals - land and buildings	51,750	51,750
- other	128,381	117,977

## Notes to the financial statements

at 31 March 2007

### 4. Directors' remuneration

	2007	2006
	£	£
Emoluments	308,804	329,923
Company contributions paid to defined contribution pension schemes	26,577	52,708
	No.	No.
Members of defined contribution pension schemes	4	4

The amounts in respect of the highest paid director are as follows:

	2007	2006
	£	£
Emoluments	165,000	101,563
Company contributions paid to defined contribution pension schemes	16,802	31,625

### 5. Staff costs

	2007	2006
	£	£
Wages and salaries	2,054,420	1,811,411
Social security costs	224,365	205,626
Other pension costs	110,425	117,626
Less: reimbursed by related company	(1,249,154)	(760,763)
	1,140,056	1,373,900

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

	2007	2006
	No.	No.
Sales	8	6
Engineering	24	23
Other	24	23
Full time	56	52

## Notes to the financial statements

at 31 March 2007

### 6. Tax

#### (a) Tax on profit on ordinary activities

The tax credit is made up as follows:

	2007	2006
	£	£
<i>Current tax:</i>		
UK corporation tax on the profit for the year	-	-
Total current tax (note 6(b))	-	-
<i>Deferred tax:</i>		
Origination and reversal of timing differences (note 12)	(53,000)	(35,000)
Total tax credit for year	(53,000)	(35,000)

#### (b) Factors affecting the current tax for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%). The differences are explained below:

	2007	2006
	£	£
Profit on ordinary activities before tax	546,356	156,626
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	163,907	46,988
<i>Effects of:</i>		
Non taxable income	-	(34,691)
Expenses not deductible for tax purposes	16,700	-
Depreciation in excess of capital allowances	12,315	111,174
Group relief received for nil payment	(199,132)	(123,471)
Other tax adjustments	6,210	-
Current tax for the year (note 6(a))	-	-

### 7. Dividends

	2007	2006
	£	£
Ordinary approved	-	450,000

## Notes to the financial statements

at 31 March 2007

### 8. Tangible fixed assets

	<i>Leasehold additions</i>	<i>Computer equipment</i>	<i>Fixtures, fittings and equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£	£
Cost or valuation:					
At 1 April 2006	146,157	410,333	186,205	49,912	792,607
Additions	-	277,739	48,631	-	326,370
Disposals	-	(1,365)	(3,500)	-	(4,865)
At 31 March 2007	146,157	686,707	231,336	49,912	1,114,112
Depreciation:					
At 1 April 2006	108,551	220,144	165,476	24,956	519,127
Provided during the year	2,736	79,456	8,239	12,478	102,909
Disposals	-	(2,625)	(1,024)	-	(3,649)
At 31 March 2007	111,287	296,975	172,691	37,434	618,387
Net book value:					
At 31 March 2007	34,870	389,732	58,645	12,478	495,725
At 1 April 2006	37,606	190,189	20,729	24,956	273,480

### 9. Stocks

	2007	2006
	£	£
Raw materials and consumables	463,331	651,870
Work in progress	37,697	13,830
	501,028	665,700

### 10. Debtors

	2007	2006
	£	£
Trade debtors	683,649	490,056
Amounts owed by group undertakings	1,984,730	-
Other debtors	82,876	75,429
Prepayments and accrued income	81,578	74,068
Net investments in finance leases - due within one year	605,579	538,560
	3,438,412	1,178,113
Net investments in finance leases - due after more than one year	7,216,714	6,948,273
	10,655,126	8,126,386

## Notes to the financial statements

at 31 March 2007

### 11. Creditors: amounts falling due within one year

	2007	2006
	£	£
Trade creditors	625,506	636,977
Current corporation tax	10,732	-
Other taxes and social security costs	237,275	665,780
Amounts due to group undertakings	8,524,049	6,553,773
Accruals and deferred income	2,192,759	2,079,454
	<u>11,590,321</u>	<u>9,935,984</u>

### 12. Provisions for liabilities

Deferred taxation provided in the financial statements is as follows:

	2007	2006
	£	£
Capital allowances in advance of depreciation	1,429,000	1,598,000
Undiscounted provision for deferred tax	1,429,000	1,598,000
Discount	(332,000)	(448,000)
Discounted provision for deferred tax	<u>1,097,000</u>	<u>1,150,000</u>
		£
At 1 April 2006		1,150,000
Deferred tax credit in profit and loss account for the year (note 6(a))		(53,000)
At 31 March 2007		<u>1,097,000</u>

There are no unprovided deferred tax balances in the current or previous year.

### 13. Share capital

	<i>Authorised, allotted, called up and fully paid</i>			
	2007		2006	
	No.	£	No.	£
Ordinary shares of £1 each	20,000	20,000	20,000	20,000
		<u>20,000</u>		<u>20,000</u>

## Notes to the financial statements

at 31 March 2007

### 14. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total</i>
	£	£	£
At 1 April 2005	20,000	1,053,671	1,073,671
Profit for the year	-	191,626	191,626
Dividends	-	(450,000)	(450,000)
	<u>20,000</u>	<u>795,297</u>	<u>815,297</u>
At 31 March 2006	20,000	795,297	815,297
Profit for the year	-	599,356	599,356
	<u>20,000</u>	<u>1,394,653</u>	<u>1,414,653</u>
At 31 March 2007	<u>20,000</u>	<u>1,394,653</u>	<u>1,414,653</u>

### 15. Pension commitments

	<i>Defined contribution</i>	
	2007	2006
	£	£
Contributions payable by the company for the year	110,425	117,626
	<u>110,425</u>	<u>117,626</u>

All contributions were paid during the year.

### 16. Other financial commitments

At 31 March 2007 the company had annual commitments under non-cancellable operating leases as set out below:

	2007		2006	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire:				
within one year	-	17,339	-	20,230
in two to five years	-	172,536	-	80,489
in over five years	51,750	-	51,750	-
	<u>51,750</u>	<u>189,875</u>	<u>51,750</u>	<u>100,719</u>
	<u>51,750</u>	<u>189,875</u>	<u>51,750</u>	<u>100,719</u>

### 17. Transactions with directors

During the year rent in the sum of £5,052 (2006 - £5,500) was receivable from John Strand (MK) Limited. Mr R Metzger, a former director of the company, has beneficial interest in 50% of the shares in John Strand (MK) Limited and is also a director of John Strand (MK) Limited.

### 18. Related party transactions

The company has taken advantage of the exemptions available under FRS 8 not to disclose transactions with group companies, where consolidated financial statements are publicly available. No other transactions which require disclosure by FRS8 took place during the year.

## Notes to the financial statements

at 31 March 2007

### 19. Parent undertakings and controlling party

The company is a wholly owned subsidiary of Interphone Security Group Limited, the immediate parent undertaking, which is the smallest group for which consolidated financial statements are drawn up. The intermediate parent company is Roadweald Limited, which is the largest group for which consolidated financial statements are drawn up. The consolidated financial statements for both these groups are available from 12-22 Herga Road, Wealdstone, Harrow, Middlesex HA3 5AS. The ultimate parent undertaking is Amora Limited. The controlling party is the Tchenguiz Family Trust