

# **Interphone Limited**

## **Report and Financial Statements**

31 March 2008

# 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 2008.

### Results and dividends

The profit for the year after taxation amounted to £865,993 (2007 – profit of £599,356). No dividend was paid during the year (2007 – £nil). The directors do not recommend a final dividend on the ordinary shares.

### Principal activity and review of the business

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 financial statements 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 are as listed on page 1.

### 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 directors' report.

### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

### 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

29 JAN 2009

## 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 2008 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 17. 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

## 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 31 March 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the Directors' Report is consistent with the financial statements.



Ernst & Young LLP  
Registered Auditor  
London

30 January 2009

## Profit and loss account

for the year ended 31 March 2008

	<i>Notes</i>	2008 £	2007 £
<b>Turnover</b>	2	4,192,322	3,546,572
Cost of sales		(1,758,264)	(1,797,548)
		<hr/>	<hr/>
<b>Gross profit</b>		2,434,058	1,749,024
Administrative expenses		(1,693,922)	(1,292,744)
Other operating income		2,821	6,552
		<hr/>	<hr/>
<b>Operating profit</b>	3	742,957	462,832
Interest receivable		58,972	83,524
		<hr/>	<hr/>
<b>Profit on ordinary activities before taxation</b>		801,929	546,356
Tax on ordinary activities	6	64,064	53,000
		<hr/>	<hr/>
<b>Net Profit for the financial year</b>		865,993	599,356
		<hr/> <hr/>	<hr/> <hr/>

## Statement of total recognised gains and losses


for the year ended 31 March 2008

There are no recognised gains or losses other than the profit attributable to the shareholders of the company of £865,993 in the year ended 31 March 2008 (2007 – profit of £599,356).

**Balance sheet**

at 31 March 2008

	<i>Notes</i>	<i>2008</i> £	<i>2007</i> £
<b>Fixed assets</b>			
Tangible assets	7	582,308	495,725
<b>Current assets</b>			
Stocks	8	832,073	501,028
Debtors – due after more than one year	9	7,511,160	7,216,714
Debtors – due within one year	9	4,346,571	3,438,412
Cash at bank and in hand		13,572	2,450,095
		12,703,376	13,606,249
<b>Creditors:</b> amounts falling due within one year	10	(9,972,102)	(11,590,321)
<b>Net current assets</b>		2,731,274	2,015,928
<b>Total assets less current liabilities</b>		3,313,582	2,511,653
<b>Provisions for liabilities</b>			
Deferred taxation	11	(1,032,936)	(1,097,000)
		2,280,646	1,414,653
<b>Capital and reserves</b>			
Called up share capital	12	20,000	20,000
Profit and loss account	13	2,260,646	1,394,653
<b>Shareholders' funds</b>	13	2,280,646	1,414,653



Director

29 JAN 2009

## Notes to the financial statements

at 31 March 2008

### 1. Accounting policies

#### *Basis of preparation*

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 statement of cash flows 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.

## Notes to the financial statements

at 31 March 2008

### 1. Accounting policies (continued)

#### *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 exceptions:

- 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.

#### *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.

#### *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.

#### *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.

## Notes to the financial statements

at 31 March 2008

### 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 activities, as stated in the directors' report.

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

	2008	2007
	£	£
Income from finance leases	3,740,502	3,227,906
Income from maintenance	330,989	222,203
Outright sales	52,413	27,970
Trade and sundry sales	68,418	68,493
	<u>4,192,322</u>	<u>3,546,572</u>

### 3. Operating profit

This is stated after charging:

	2008	2007
	£	£
Auditors' remuneration	17,500	17,500
Depreciation of tangible fixed assets	141,866	102,909
Loss on disposal of tangible fixed assets	18,410	1,166
Operating lease rentals – land and buildings	51,045	51,750
– other	121,211	62,411

## Notes to the financial statements

at 31 March 2008

### 4. Directors' emoluments

	2008 £	2007 £
Emoluments	290,350	308,804
Company contributions paid to defined contribution pension schemes	20,000	26,577
	<i>No.</i>	<i>No.</i>
Members of defined contribution pension schemes	2	4

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

	2008 £	2007 £
Emoluments	169,583	165,000
Company contributions paid to defined contribution pension schemes	16,500	16,802

### 5. Staff costs

	2008 £	2007 £
Wages and salaries	2,111,116	2,054,420
Social security costs	230,242	224,365
Other pension costs	88,134	110,425
Less: reimbursed by related company	(1,232,920)	(1,249,154)
	1,196,572	1,140,056

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

	2008 <i>No.</i>	2007 <i>No.</i>
Sales	9	8
Engineering	24	24
Other	24	24
Full time	57	56

## Notes to the financial statements

at 31 March 2008

### 6. Tax

#### (a) Tax on ordinary activities

The tax charge is made up as follows:

	2008	2007
	£	£
<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 11)	(64,064)	(53,000)
Tax on ordinary activities	(64,064)	(53,000)

#### (b) Factors affecting tax charge for the year

The tax assessed for the year is (2008 – 30%), (2007 – 30%).

	2008	2007
	£	£
Profit on ordinary activities before tax	801,929	546,356
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2008 – 30%)	240,579	163,907
<i>Effects of:</i>		
Non taxable income		–
Expenses not deductible for tax purposes	30,825	16,700
Depreciation in excess of capital allowances	186,779	12,315
Group relief received for nil payment	(461,617)	(199,132)
Other tax adjustments	3,434	6,210
Current tax for the year (note 6(a))	–	–

## Notes to the financial statements

at 31 March 2008

### 7. 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 31 March 2007	146,157	683,707	231,336	49,912	1,111,112
Additions	187,673	79,158	5,501	–	272,332
Disposals	(34,870)	–	–	(24,058)	(58,928)
At 31 March 2008	298,960	762,865	236,837	25,854	1,324,516
Depreciation:					
At 31 March 2007	111,287	296,975	172,691	37,434	618,387
Provided during the year	–	123,849	11,552	6,465	141,866
Disposals	–	–	–	(18,045)	(18,045)
At 31 March 2008	111,287	420,824	184,243	25,854	742,208
Net book value:					
At 31 March 2008	187,673	342,041	52,594	–	582,308
At 31 March 2007	34,870	389,732	58,645	12,478	495,725

### 8. Stocks

	2008	2007
	£	£
Raw materials and consumables	574,985	463,331
Work in progress	257,088	37,697
	832,073	501,028

### 9. Debtors

	2008	2007
	£	£
Trade debtors	466,650	683,649
Amounts owed by group undertakings	3,069,739	1,984,730
Other debtors	89,392	82,876
Prepayments and accrued income	51,790	81,578
Net investments in finance leases – due within one year	669,000	605,579
Debtors – amounts due within one year	4,346,571	3,438,412
Net investments in finance leases – due after more than one year	7,511,160	7,216,714
	11,857,731	10,655,126

## Notes to the financial statements

at 31 March 2008

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

	2008	2007
	£	£
Trade creditors	325,765	625,506
Amounts due to group undertakings	6,998,348	8,524,049
Current corporation tax	1,999	10,732
Other taxes and social security costs	101,352	237,275
Accruals and deferred income	2,544,638	2,192,759
	<u>9,972,102</u>	<u>11,590,321</u>

### 11. Provisions for liabilities

Deferred taxation provided in the financial statements is as follows:

	2008	2007
	£	£
Capital allowances in advance of depreciation	1,296,936	1,429,000
Undiscounted provision for deferred tax	1,296,936	1,429,000
Discount	(264,000)	(332,000)
Discounted provision for deferred tax	<u>1,032,936</u>	<u>1,097,000</u>
		£
At 31 March 2007		1,097,000
Deferred tax credit in profit and loss account for the year (note 6(a))		(64,064)
At 31 March 2008		<u>1,032,936</u>

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

### 12. Authorised and issued share capital

<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2008</i>		<i>2007</i>	
		<i>£</i>	<i>No.</i>	<i>£</i>	<i>No.</i>
Ordinary shares of £1 each	20,000	20,000	20,000	20,000	20,000

## Notes to the financial statements

at 31 March 2008

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

	<i>Share capital</i>	<i>Profit and loss account</i>	<i>Total share- holders' funds</i>
	£	£	£
At 31 March 2006	20,000	795,297	815,297
Profit for the year		599,356	599,356
At 31 March 2007	20,000	1,394,653	1,414,653
Profit for the year		865,993	865,993
At 31 March 2008	20,000	2,260,646	2,280,646

### 14. Pension commitments

	<i>Defined contribution</i>	
	<i>2008</i>	<i>2007</i>
	£	£
Contributions payable by the company for the year	88,134	110,425

All contributions were paid during the year.

### 15. Other financial commitments

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>2008</i>		<i>2007</i>	
	<i>Land and buildings</i>	<i>Other</i>	<i>Land and buildings</i>	<i>Other</i>
	£	£	£	£
Operating leases which expire:				
Within one year	–	18,783	–	17,339
In two to five years		263,710	–	172,536
In over five years	51,045	–	51,750	–
	51,045	282,493	51,750	189,875

## **Notes to the financial statements**

at 31 March 2008

### **16. 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.

### **17. Ultimate parent undertaking 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