

# Pentagon Protection UK Limited

## FINANCIAL STATEMENTS

for the year ended

30 September 2009



Company Registration No 3750339

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# Pentagon Protection UK Limited

## COMPANY INFORMATION

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DIRECTOR	S D Harrhy
SECRETARY	C R B Mather
COMPANY NUMBER	3750339
REGISTERED OFFICE	Solar House Amersham Road Chesham Buckinghamshire HP5 1NG
AUDITOR	Warrener Stewart Harwood House 43 Harwood Road London SW6 4QP

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# Pentagon Protection UK Limited

## DIRECTOR'S REPORT

For the year ended 30 September 2009

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The director presents his report and financial statements for Pentagon Protection UK Limited (Company Registration No 3750339) for the year ended 30 September 2009

### PRINCIPAL ACTIVITIES

The principal activity of the company continued to be that of the supply of solar control, safety and security film

### DIRECTORS

The following directors have held office since 1 October 2008

S D Harrhy

A R Nicholl

(Resigned 2 March 2009)

### AUDITOR

Warrener Stewart, Chartered Accountants, of Harwood House, 43 Harwood Road, London, SW6 4QP will be proposed for reappointment at the forthcoming annual general meeting

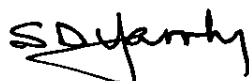
### STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The director who is in office on the date of approval of these financial statements has confirmed that, as far as he is aware, there is no relevant audit information of which the auditors are unaware. The director has confirmed that he has taken all the steps that he ought to have taken as director in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemptions

This report was approved on 23 March 2010

Signed



S D Harrhy  
DIRECTOR

Dated 23 March 2010

# Pentagon Protection UK Limited

## DIRECTOR'S RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing the directors' 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view. 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, 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

## **PENTAGON PROTECTION UK LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PENTAGON PROTECTION UK LIMITED**

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We have audited the financial statements of Pentagon Protection UK Limited for the year ended 30 September 2009 which comprise the Profit and Loss Account, Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 purposes. 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view 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 whether the financial statements have been properly prepared in accordance with the Companies Act 2006. 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 adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of directors' remuneration specified by law are not made.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Scope of the audit of the financial statements**

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 evaluate the overall adequacy of the presentation of information in the financial statements.

**PENTAGON PROTECTION UK LIMITED**

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF PENTAGON PROTECTION UK LIMITED**

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**Opinion on the financial statements**

In our opinion

- the financial statements give a true and fair view of the company's affairs as at 30 September 2009 and of its loss for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the Companies Act 2006

**Opinion on other matter prescribed by the Companies Act 2006**

the information given in the Directors' Report is consistent with the financial statements


**Emphasis of matter – Going Concern**

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in the accounting policies applied to the preparation of the financial statements as to the availability of insurance proceeds to cover a potential warranty claim. If the insurance claim is unsuccessful, that fact may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would arise if the company were unable to continue as a going concern.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

  
Colin Edney (Senior Statutory Auditor)  
for and on behalf of Warrener Stewart

**Chartered Accountants  
Registered Auditor**

23 March 2010

Harwood House  
43 Harwood Road  
London SW6 4QP

# Pentagon Protection UK Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 30 September 2009

	Notes	2009 £	2008 £
TURNOVER	1	1,430,531	1,444,247
Cost of sales		(1,102,931)	(1,067,626)
GROSS PROFIT		327,600	376,621
Distribution costs		(119,618)	(256,691)
Administrative expenses		(632,698)	(591,702)
Exceptional item - provision	15	(925,800)	-
OPERATING LOSS		(1,350,516)	(471,772)
Investment income	3	-	26
Interest payable and similar charges	4	(5,923)	(2,916)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(1,356,439)	(474,662)
Taxation	8	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION	18	(1,356,439)	(474,662)

The Profit and Loss Account has been prepared on the basis that all operations are continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

# Pentagon Protection UK Limited

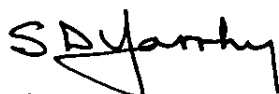
## BALANCE SHEET

As at 30 September 2009

Company Registration No 3750339

	Notes	2009 £	2008 £
<b>FIXED ASSETS</b>			
Intangible assets	9	18,540	27,810
Tangible assets	10	23,769	27,451
		<u>42,309</u>	<u>55,261</u>
<b>CURRENT ASSETS</b>			
Stocks	11	60,358	71,911
Debtors	12	651,395	498,650
Cash at bank and in hand		2,721	28,970
		<u>714,474</u>	<u>599,531</u>
<b>CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	13	<u>(2,505,729)</u>	<u>(1,967,882)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(1,791,255)</u>	<u>(1,368,351)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(1,748,946)</u>	<u>(1,313,090)</u>
<b>CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	14	(4,348)	(9,565)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	15	<u>(925,800)</u>	<u>-</u>
<b>NET LIABILITIES</b>		<u><u>(2,679,094)</u></u>	<u><u>(1,322,655)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	17	99	99
Profit and loss account	18	<u>(2,679,193)</u>	<u>(1,322,754)</u>
<b>SHAREHOLDERS' FUNDS</b>	19	<u><u>(2,679,094)</u></u>	<u><u>(1,322,655)</u></u>

The financial statements on pages 5 to 17 were approved and authorised for issue on 23 March 2010 and are signed by



S D Harry  
DIRECTOR



# Pentagon Protection UK Limited

## ACCOUNTING POLICIES

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### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention. The company has taken advantage of the exemption in FRS 1 Cash flow statements (revised 1996) from the requirement to produce a cash flow statement on the grounds that its ultimate parent undertaking, Pentagon Protection Plc, prepares consolidated financial statements which include a cash flow statement and which are publicly available.

The Company has received notification of a warranty claim by one of its customers in respect of some goods that were supplied directly to that customer by a third party manufacturer (see note 15). Those goods were not in accordance with the specification made on the purchase order. The directors have been advised that the Company has a valid claim against that manufacturer, although this will take time to pursue through legal channels. In the meantime, the directors have also been advised that the cost is fully covered by the Company's insurance policy, and a valid claim is currently in progress. Therefore the Directors have prepared the accounts on a going concern basis.

### TURNOVER

Turnover represents amounts receivable for goods and services, net of Value Added Tax and trade discounts.

### TANGIBLE FIXED ASSETS AND DEPRECIATION

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:

Plant and machinery	25% reducing balance
Fixtures, fittings & equipment	25% reducing balance
Motor vehicles	25% reducing balance

### LEASING

The annual rentals on 'operating leases' are charged to the profit and loss account on a straight line basis over the lease term.

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

### STOCK AND WORK IN PROGRESS

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

### RETIREMENT BENEFITS

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

### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

# Pentagon Protection UK Limited

## ACCOUNTING POLICIES (CONTINUED)

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### FOREIGN CURRENCY TRANSLATION

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Assets, liabilities, and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

### INTANGIBLE ASSETS PRE-CONTRACT COSTS

Directly attributable pre-contract costs are recognised as an intangible fixed asset. Such costs are amortised over the contract period.

Costs that are directly attributable to the contract from the date of securing the contract to its final completion, as well as those costs that are incurred in securing the contract, are capitalised if they can be separately identified, measured reliably and if it is probable the contract will be obtained.

# Pentagon Protection UK Limited

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 2009

### 1 TURNOVER

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

### 2 OTHER OPERATING EXPENSES

	2009 £	2008 £
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Distribution costs	119,618	256,691
Administrative expenses	1,558,498	591,702
	<u>1,678,116</u>	<u>848,393</u>

### 3 INVESTMENT INCOME

	2009 £	2008 £
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Bank interest	-	26
	<u>-</u>	<u>26</u>

### 4 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £	2008 £
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On other loans wholly repayable within five years	5,923	2,916
	<u>5,923</u>	<u>2,916</u>

### 5 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2009 £	2008 £
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Loss is stated after charging

Depreciation of tangible assets

- Owned assets	12,434	4,397
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- Leased assets	3,856	1,174
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Loss on disposal of tangible assets	-	1,721
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Loss on foreign exchange transactions	-	2,694
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Exceptional item - provision (note 15)	925,800	-
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Operating lease rentals	26,394	24,900
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Auditor's remuneration		
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- For non-audit work	-	-
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and after crediting

Profit on foreign exchange transactions	23,346	-
	<u>23,346</u>	<u>-</u>

### 6 DIRECTORS' EMOLUMENTS

	2009 £	2008 £
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Emoluments	181,928	249,676
	<u>181,928</u>	<u>249,676</u>

# Pentagon Protection UK Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2009

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### 7 EMPLOYEES

#### NUMBER OF EMPLOYEES

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

	2009 Number	2008 Number
Operations	5	7
Administration	7	8
Sales	1	2
	<u>13</u>	<u>17</u>

#### EMPLOYMENT COSTS

	2009 £	2008 £
Wages and salaries	464,227	527,526
Social security costs	51,753	21,872
Other pension costs	3,278	3,525
	<u>519,258</u>	<u>552,923</u>

# Pentagon Protection UK Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2009

8	TAXATION	2009 £	2008 £
	UK CORPORATION TAX		
	Current tax on loss of the period	-	-
	CURRENT TAX CHARGE	-	-
	TAX ON LOSS ON ORDINARY ACTIVITIES	-	-
	FACTORS AFFECTING THE TAX CHARGE FOR THE YEAR		
	The tax assessed for the year is higher than the standard rate of corporation tax (21%) as explained below		
	Loss on ordinary activities before taxation	(1,356,439)	(474,662)
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2008 - 29.00%)	(284,852)	(137,652)
	Effects of		
	Non deductible expenses	656	2,673
	Depreciation in excess of capital allowances	1,474	1,616
	Capital allowances	-	(5,871)
	Tax losses carried forward	282,664	139,234
	Other timing differences	58	-
		284,852	137,652
	CURRENT TAX CHARGE	-	-

The company has estimated losses of £3,188,000 (2008 - £1,844,000) available for carry forward against future trading profits

No provision for deferred tax arising on these losses has been recognised due to the uncertainty of their recovery

**Pentagon Protection UK Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 September 2009

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9 INTANGIBLE FIXED ASSETS

	Development Costs £
<b>COST</b>	
At 1 October 2008 & at 30 September 2009	27,810
<b>AMORTISATION</b>	
At 1 October 2008	-
Charge for the year	9,270
At 30 September 2009	9,270
<b>NET BOOK VALUE</b>	
At 30 September 2009	18,540
At 30 September 2008	27,810

**Pentagon Protection UK Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 September 2009

**10 TANGIBLE FIXED ASSETS**

	<i>Plant and machinery</i>	<i>Fixtures, fittings &amp; equipment</i>	<i>Motor vehicles</i>	<i>Total</i>
	£	£	£	£
Cost				
1 October 2008	44,163	10,929	17,485	72,577
Additions	3,338	-	-	3,338
30 September 2009	47,501	10,929	17,485	75,915
Depreciation				
1 October 2008	34,821	9,131	1,174	45,126
Charge in the year	2,753	411	3,856	7,020
30 September 2009	37,574	9,542	5,030	52,146
Net book value				
30 September 2009	9,927	1,387	12,455	23,769
30 September 2008	9,341	1,799	16,311	27,451

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

	<i>Motor vehicles</i>
	£
NET BOOK VALUES	
At 30 September 2009	12,455
At 30 September 2008	16,311
DEPRECIATION CHARGE FOR THE YEAR	
At 30 September 2009	3,856
At 30 September 2008	1,174

The depreciation charge in the year on motor vehicles held under hire purchase contracts was £3,856 (2008 £1,174)

**Pentagon Protection UK Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 September 2009

<b>11 STOCKS AND WORK IN PROGRESS</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Work in progress	-	4,447
Finished goods and goods for resale	60,358	67,464
	<u>60,358</u>	<u>71,911</u>
	<u><u>60,358</u></u>	<u><u>71,911</u></u>
 <b>12 DEBTORS</b>	 <b>2009</b>	 <b>2008</b>
	<b>£</b>	<b>£</b>
Trade debtors	541,622	449,660
Amounts owed by parent and fellow subsidiary undertakings	24,645	-
Other debtors	54,362	48,990
Prepayments and accrued income	30,766	-
	<u>651,395</u>	<u>498,650</u>
	<u><u>651,395</u></u>	<u><u>498,650</u></u>
 <b>13 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	 <b>2009</b>	 <b>2008</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts	-	34,695
Net obligations under finance leases	5,217	5,217
Trade creditors	127,235	187,597
Amounts owed to parent and fellow subsidiary undertakings	2,214,690	1,714,658
Taxes and social security costs	10,340	17,511
Other creditors	78,292	8,204
Accruals and deferred income	69,955	-
	<u>2,505,729</u>	<u>1,967,882</u>
	<u><u>2,505,729</u></u>	<u><u>1,967,882</u></u>

The bank loan is secured by way of a fixed and floating charge over all of the assets, both present and future, of the company



**Pentagon Protection UK Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 September 2009

14 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2009 £	2008 £
Net obligations under finance leases	4,348	9,565
<b>NET OBLIGATIONS UNDER FINANCE LEASES</b>		
Repayable within one year	5,217	5,217
Repayable between one and five years	4,348	9,565
	9,565	14,782
Included in liabilities falling due within one year	(5,217)	(5,217)
	4,348	9,565

**15 PROVISIONS FOR LIABILITIES AND CHARGES**

	Other £
Charged in the year	925,800
Balance at 30 September 2009	925,800

The other provision relates to a notification of a warranty claim by one of the Company's customers in respect of some goods that were supplied directly to that customer by a third party manufacturer. Those goods were not in accordance with the specification made on the purchase order. The directors have been advised that the Company has a valid claim against that manufacturer, although this will take time to pursue through legal channels. In the meantime, the directors have also been advised that the cost is fully covered by the Company's insurance policy, and a valid claim is currently in progress. However in accordance with applicable accounting standards, the anticipated insurance income cannot be recognised in this reporting period, rather it shall be recognised in the period in which it is received. The directors anticipate that cash flows relating to the replacement cost and the insurance income will arise in the next financial year.

**16 PENSION COSTS**

**DEFINED CONTRIBUTION**

	2009 £	2008 £
Contributions payable by the company for the year	3,278	3,525

**Pentagon Protection UK Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the year ended 30 September 2009

17	SHARE CAPITAL	2009	2008
		£	£
	AUTHORISED		
	10,000 Ordinary shares of 10p each	1,000	1,000
		<u>          </u>	<u>          </u>
	ALLOTTED, CALLED UP AND FULLY PAID		
	990 Ordinary shares of 10p each	99	99
		<u>          </u>	<u>          </u>

18	RESERVES		Profit and loss account
			£
	Balance at 1 October 2008		(1,322,754)
	Loss for the year		(1,356,439)
			<u>          </u>
	Balance at 30 September 2009		(2,679,193)
			<u>          </u>

19	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2009	2008
		£	£
	Loss for the financial year	(1,356,439)	(474,662)
	Opening shareholders' funds	(1,322,655)	(847,993)
		<u>          </u>	<u>          </u>
	Closing shareholders' funds	(2,679,094)	(1,322,655)
		<u>          </u>	<u>          </u>

20 FINANCIAL COMMITMENTS

At 30 September 2009 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2010

	2009	Other 2008
	£	£
Operating leases which expire		
Within one year	4,704	19,265
Between two and five years	4,260	6,650
	<u>          </u>	<u>          </u>
	8,964	25,915
	<u>          </u>	<u>          </u>

21 CONTROL

The company is a wholly owned subsidiary of Pentagon Protection Plc, a company registered in England and listed on the Alternative Investment Market

There is no individual controlling party

# Pentagon Protection UK Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 September 2009

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### 22 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning related parties for those subsidiaries who are wholly owned and whose results are included in consolidated financial statements which are publicly available