02974642

21st Century Technology plc

Annual Report

31 December 2011

Registered No 2974642

Contents

Directors

Non-executive Chairman
J G L Holmstrom

Non-executive directors
M W Elliott
D A H Voss

Executive directors
N Grimond (Chief Executive)
W W Jennings (Finance Director)

Company Secretary
W W Jennings

Auditors
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25 Moorgate
London
EC2R 6AY

Bankers
NatWest Bank
Carlyle House
Carlyle Road
Cambridge
CB4 3DH

Solicitors
Ashurst
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5 Appold Street
London
EC2A 2HA

Registered office
National Control Centre
Drake Road
Mitcham
Surrey
CR4 4HQ

Brokers and financial advisers
Daniel Stewart & Co
Becket House
36 Old Jewry
London
EC2R 8DD

Registrars
Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Chairman's statement

Trading results

I am delighted to report that the group results for the year show an increase in profit after tax from continuing activities of 89% to £1 2m (2010 £0 6m) on revenues up 29% at £14 0m (2010 £10 8m) The basic earnings per share from all activities has more than doubled to 1 31p (2010 0 61p) We have also increased our cash position significantly at the year end to £2 8m compared to £1 1m at the start of the year The year end cash position was boosted early in the New Year following the sale of our underutilised head office building which realised a net consideration of £2 3m and consequently our cash at bank stood at £4 0m at 29 February 2012

	2011	2010
Continuing operations	**£m**	£m
Revenue	**14.0**	10 8
Gross profit	**7.8**	6 3
Gross profit percentage	***56%***	*58%*
Net operating expenses	**(6.3)**	(5 4)
Operating profit from continuing operations	**1.5**	0 9
Finance costs	**-**	-
Profit before taxation	**1.5**	0 9
Taxation	**(0.3)**	(0 3)
Profit on continuing operations after tax	**1.2**	0 6
Profit/(loss) for the period from discontinued operations	**-**	-
Profit from continuing and discontinued operations	**1.2**	0 6
Basic earnings per share	**Pence**	Pence
– Continuing operations	**1.27**	0 67
– Continuing and discontinued operations	**1.31**	0 61

The group is focused on the supply of CCTV and other monitoring systems to the public transport market These embrace the supply and installation of mobile (on vehicle) and fixed (on premises) CCTV, EcoManager driver monitoring and passenger counting systems

CCTV

In the UK we are the preferred supplier of mobile CCTV to three of the largest bus operators – Arriva UK Bus, the Go-Ahead Group and First Group UK Bus First Group UK Bus was added to our client list at the start of 2010 and I am pleased to report that in 2011 sales to First Group increased by 78% to £1 6m (2010 £0 9m)

During the year we invested in additional overseas sales staff, established a Scandinavian subsidiary based in Stockholm and a Paris office to support expansion outside of the UK I was therefore delighted to announce in early 2011 that the group was awarded two mobile CCTV contracts with a total value of £7 2m by the Swedish subsidiary of a major French transport group - Keolis

EcoManager

To date we have sold EcoManager in nine countries in Europe and currently have major trials of EcoManager running with four potential new customers in Europe and one in the Middle East Cumulatively we have sold almost 7,000 EcoManager units of which approximately 2,000

Chairman's statement (continued)

are the latest version which generate web based reports for the customer on individual driver behaviour and vehicle performance This on-going service yields a rolling three year recurring gross revenue stream for the company of between £15 and £20 per bus per month In 2011 we made our first EcoManager sales in the Czech Republic and we have now appointed distributors for EcoManager in two further territories in mainland Europe

Land and buildings and tax provision on the property revaluation surplus

Since the disposal of the group's remaining car and motorcycle accessory and security distribution businesses at the end of 2009 and the cessation of our insurance Vehicle Installation Services at the start of 2010, the group's large head office and warehouse premises have been significantly underutilised and so the company has been actively marketing the property for sale Consequently, in 2010 the carrying value of the land and buildings was reclassified from non-current assets in to current assets classified as held for sale

On 28 December 2011 the company exchanged contracts for the sale of the premises for cash consideration of £2,350,000 The completion date for the sale was subsequent to the year end and the net amount realised after costs was £2,292,000 The company is now leasing back part of the site from the purchaser on a short term lease at an annualised rental of £100,000

The carrying value of the land and buildings at 31 December 2011 along with various other items included in tangible fixed assets which were disposed of along with the property have been written down to the net amount realised on the property sale in the current year and consequently £300,000 has been written off the carrying value of the property and £26,000 has been written off tangible fixed assets in the Consolidated Statement of Financial Position

The 2010 Consolidated Statement of Financial Position included a provision of £362,000 in respect of potential deferred tax payable on the revaluation surplus included in the carrying value of the property In light of the actual sale price achieved and the impact of indexation allowance to be deducted before assessing the taxable gain on the property, the directors now believe that the deferred tax provision is not required and so this has been credited back to the Statement of Comprehensive Income for 2011

The write down of the carrying value of the property and tangible fixed assets along with the deferred tax credit referred to above have been included in the results from discontinued operations within the Statement of Comprehensive Income resulting in a net credit of £36,000 in respect of discontinued operations in 2011

Proposed return of capital, cancellation of share premium account and dividends

Following receipt of the proceeds from the disposal of the group's freehold property in the current year, the board has undergone a strategic review of its growth strategy and capital requirements Following this review the board has concluded that the group can achieve its growth targets from the cash being generated from operations and accordingly has resolved to return approximately £3 2m to shareholders The board intends to make this exceptional return, which equates to 3 5p per ordinary share, by way of a return of capital The return of capital will require shareholder approval and the company expects to post a circular to shareholders in April for consideration at the Annual General Meeting to be held in May 2012 If the resolution proposing the return of capital is passed by shareholders, the distribution will be made once approval of the High Court has been obtained A full timetable will be set out within the circular

£3,387,000 standing on the credit of the parent company's share premium account along with £1,249,000 of special and other reserves have been transferred to distributable reserves Consequently the deficit on the parent company's distributable reserves, which had prevented the company from paying a dividend, has now been eliminated The board will give consideration to a further distribution to shareholders within the next 12 months by way of

Chairman's statement (continued)

dividend if the company has sufficient surplus distributable reserves and cash and the board considers the distribution is in the best interests of the company

Current trading and outlook

We are currently trading in line with the company's growth plans and the new financial year has started well with the award of a contract worth £3 3m (of which £2 7m is scheduled for delivery in the current year) to supply on board CCTV, passenger counting systems, depot infrastructure, related maintenance and software hosting for a substantial part of a fleet of public transport vehicles operated by Arriva in Stockholm With a number of trials underway in the UK and overseas we also anticipate that EcoManager will become an increasing part of our business in the current year

Jan G Holmstrom
Chairman

27 March 2012

Directors' biographical details

Jan Holmstrom, Non-executive Chairman

Jan Holmstrom, 59, joined the company in July 2010 as Non-executive Chairman Jan is an internationally experienced director, having spent 25 years of his career in operational management and reinsurance in Stockholm, London and Hong Kong He is currently the Managing Director of Browallia AB and a Director of Browallia Holdings Limited, both part of Bronsstädet Group, the property and investment group controlled by Peter Gyllenhammar and a Director of The Union Discount Company of London Limited also owned by Peter Gyllenhammar Through Bronsstädet Group and The Union Discount Company, Peter Gyllenhammar has a 29 08% interest in 21st Century Technology plc Jan is also Chairman of Densitron Technologies plc and a non-executive director of Chapelthorpe plc, Dawson International plc, International Fibres Group Limited, Johnson and Starley Limited, Leeds Group plc, Pittards plc and Somerset AB (Sweden)

Nicholas Grimond, Chief Executive

Nick Grimond, 45, was Group Operations Director of Sextons, which he joined in 1984, until it was acquired by 21st Century He joined the board of the holding company in 1998 and was made Chief Executive in October 2005

Wilson Jennings, Finance Director and Company Secretary

Wilson Jennings, 51, is a Chartered Accountant who joined 21st Century from Isis Research plc, a multi-national market research company where he was Finance Director for five years Prior to the international experience gained with Isis, Wilson gained extensive corporate finance experience with PricewaterhouseCoopers Wilson was appointed to the board in March 2000

Mark Elliott, Non-executive Director

Mark Elliott, 53, joined the company in December 2010 Mark is a Chartered Accountant and has spent the last 10 years as Managing Director of a private equity group, ICE Partners Limited, having previously worked as an equity partner specialising in corporate finance with Baker Tilly

David Voss, Non-executive Director and Senior Independent Director

David Voss, 62, who joined the board in 2002, was formerly Managing Director of PHH Services and PHH Leasing in the UK and a director of Hertz Europe He was also founder and Managing Director of VELO Ltd, a subsidiary of Dresdner Kleinwort Benson and a director of Kleinwort Benson Limited He is currently Chairman of Pinpoint Visualisation Limited and a director of Frogmill Management Company

Report on corporate governance

The workings of the board and its committees

The Board

The board currently comprises three non-executive directors and two executive directors and is responsible for the management of the group The board meets at least ten times a year, setting and monitoring group strategy, reviewing trading performance and formulating policy on key issues Day to day operational decisions are delegated to the senior management team Key issues reserved for the board include the consideration of potential acquisitions, share issues and fund raising, the setting of group strategy, City public relations and the review and evaluation of significant risks facing the business Briefing papers are distributed by the Company Secretary to all directors in advance of board meetings All directors have access to the advice and services of the Company Secretary who is responsible for ensuring that board procedures are followed and that applicable rules and regulations are complied with The appointment and removal of the Company Secretary is a matter for the board as a whole In addition, procedures are in place to enable directors to obtain independent professional advice in the furtherance of their duties if necessary, at the company's expense

Biographies of the directors including details of their experience and role within the group are set out on page 5

Attendance at meetings

The full board met eleven times in 2011 All of the directors were in attendance at these meetings

The Audit Committee

During the year the audit committee comprised the non-executive directors with David Voss as its chairman The audit committee's remit is set out in its terms of reference The committee met with the auditors twice during the year The committee assists the board in ensuring that the group's published financial statements give a true and fair view and, where the auditors provide non-audit services, that their objectivity and independence is safeguarded The audit committee reviews arrangements by which employees may in confidence raise concerns about possible inappropriateness in the financial reporting of the company or other matters The audit committee has procedures in place for the investigation and follow up of any such matters reported to it by staff

The Remuneration Committee

During the year the remuneration committee comprised the non-executive directors with David Voss as its chairman Three meetings of the committee were held during 2011 The committee is responsible for making recommendations to the board on the remuneration of senior executives and all directors

The Nomination Committee

The nomination committee is comprised of the non-executive directors with Jan Holmstrom as its chairman It meets as necessary and is responsible for making recommendations to the board on the appointments of executive and non-executive directors When required, it is the usual practice of the nomination committee to employ specialist external search and selection consultants to assist in the appointment process for new executive and non-executive directors

Election and re-election of directors

All directors of the company are subject to election by shareholders at the first Annual General Meeting following their appointment by the nomination committee Thereafter each director is subject to re-election by rotation at intervals of no more than three years

Report on corporate governance (continued)

Terms of reference

The terms of reference for the audit, remuneration and nomination committees are available on request from the Company Secretary and are available for inspection on the company's website – www 21stplc com

Internal controls

The directors acknowledge that they are responsible for the group's system of internal control and for reviewing its effectiveness The internal control systems are reviewed annually by the board Internal control systems are designed to meet the particular needs of the group and the risks to which it is exposed In accordance with the guidance of the Turnbull Committee on internal control, the procedures are regularly reviewed in the light of an ongoing process to identify, evaluate and manage the significant risks faced by the group The procedures are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss The process has been in place for the full year under review and up to the date of approval of the annual report and accounts

The key procedures which the directors have established with a view to providing effective internal control are as follows

Management structure

The board has overall responsibility for the group and there is a formal schedule of matters specifically reserved for decision by the board Each executive director has been given responsibility for specific aspects of the group's affairs The executive directors, together with key senior executives, constitute the management committee, which meets weekly to discuss day-to-day operational matters

Control environment

The group's control environment is the responsibility of the group's directors and managers at all levels A review of the key risks facing the business and the effectiveness of the group's internal controls was last performed in November 2011 During the year the board reviewed and updated its internal control arrangements to ensure they remained appropriate

Main control procedures

The directors have established control procedures in response to key risks Standardised financial control procedures operate throughout the group to ensure the integrity of the group's financial statements The board has established procedures for authorisation of capital and revenue expenditure

Monitoring system used by the board

The board reviews the group's performance against budgets on a monthly basis The group's cash flow is monitored monthly by the board

Internal audit

The group does not have an independent internal audit function, as the board does not consider the current scale of operations warrants such a function However, the board will keep this under review, with a view to creating an internal audit function when it is warranted

Going concern

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of this report For this reason, they continue to adopt the going concern basis in preparing the financial statements

Report on directors' remuneration

As an AIM company the company is not required to comply with Schedule 8 to the Accounting Regulations under the Companies Act 2006 Nevertheless, the board prefers to follow best practice and has therefore prepared the following report which meets the majority of these regulations and will be put to the shareholders for approval at the Annual General Meeting

This remuneration report sets out the company's policy on the remuneration of executive and non-executive directors together with detail of directors' remuneration packages and service contracts

Remuneration committee

For the financial year ended 31 December 2011, remuneration policy for executive and non-executive directors and the determination of individual executive directors' remuneration packages have been delegated to the board's remuneration committee

In setting the remuneration policy the remuneration committee considers a number of factors including

(a) the basic salaries and benefits available to executive directors of comparable companies,

(b) the need to attract and retain directors of an appropriate calibre,

(c) the need to ensure executive directors' commitment to the continued success of the company by means of incentive schemes, and

(d) the need for the remuneration awarded to reflect performance

Remuneration of the non-executive directors

The non-executive directors receive fees for their services, which are agreed by the board following recommendation by the Chief Executive with a view to rates paid in comparable organisations and appointments

The non-executive directors did not receive any pension or other benefits from the company, nor did they participate in any bonus or incentive schemes other than by way of the share options awarded in prior years to David Voss and detailed at note 24 of the group financial statements

Remuneration policy for executive directors

The company's remuneration policy for executive directors is to

(a) have regard to the directors' experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality,

(b) link individual remuneration packages to the group's long-term performance through the award of share options and discretionary bonus schemes,

(c) provide employment-related benefits including life assurance, insurance relating to the director's duties and medical insurance

The remuneration committee meets at least once a year in order to consider and set the annual salaries for executive directors, having regard to personal performance and information regarding the remuneration practices of companies of similar size and of industry competitors

The directors' annual basic pay increases normally mirror those awarded to the staff although no pay rises were awarded to the executive directors at the pay review for the year to 31 December

Report on directors' remuneration (continued)

2011 It is the intention to gradually increase the proportion of directors' remuneration which is linked to performance criteria

A key focus for the board has been to try to improve the profitability and share price of the company and to put the company in a position to pay a dividend To this end the performance criteria attaching to the share options have been linked to growth in either the earnings per share or share price from the date of grant and, where appropriate, future bonuses will be linked to dividends

Directors' service contracts

Details of individual director's service contracts are as follows

	Contract date	*Unexpired term*	*Notice period*
Executive			
N Grimond	1 January 2001	None	12 months
W W Jennings	1 January 2001	None	12 months

The non-executive directors do not have service contracts but their terms are set out in letters of appointment

	Date of letter of appointment	*Notice period*
Non-executive		
M W Elliott	8 December 2010	None
J G L Holmstrom	22 February 2011	3 months
D A H Voss	26 February 2002	6 months

The directors are required to retire by rotation and the appointment of new directors has to be approved at the next Annual General Meeting subsequent to their appointment by the board The director retiring by rotation at the forthcoming Annual General Meeting is David Voss

Other than the notice periods afforded to some of the directors, there are no special provisions for compensation in the event of loss of office The remuneration committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly

Non-executive directorships

With the permission of the board the executive directors may accept appointments as non-executive directors Any fees related to such employment may be retained by the director concerned

Report on directors' remuneration (continued)

Directors' detailed emoluments

Details of individual director's emoluments for the year are as follows

	Salary and fees	Bonuses	Benefits	**Total 2011**	Total 2010
Executive	£	£	£	**£**	£
N Grimond	170,035	83,152	1,613	**254,800**	254,515
WW Jennings	140,719	55,968	1,041	**197,728**	197,514
Non-executive					
MW Elliott *Note 1*	20,000	-	-	**20,000**	1,667
JGL Holmstrom *Note 2*	35,000	-	-	**35,000**	17,500
DAH Voss	26,000	-	-	**26,000**	26,000
PT Ward *Note 3*	-	-	-	**-**	61,259
	391,754	139,120	2,654	**533,528**	558,455

Notes

1. *Appointed 8 December 2010*
2. *Appointed 21 July 2010*
3. *Resigned 24 May 2010*

Share options

At 31 December 2011 the company had three employee share option schemes the 1997 Unapproved Executive Share Option Scheme, the 1997 Approved Employee Share Option Plan and the 2004 Enterprise Management Incentive (EMI) Plan and three (2010 four) individual non-executive director schemes

The 1997 Unapproved Scheme was approved by shareholders of the company on 6 January 1997 and amended by resolution of shareholders on 18 May 2004 The scheme is administered by the remuneration committee and options may only be granted to employees and directors of the group at the discretion of the committee At 31 December 2011 there were no share options remaining in issue under this scheme

The 1997 Approved Scheme was established by the company on 20 October 1997, and approved by the Inland Revenue under Schedule 9 of the Income and Corporation Taxes Act 1988

The 2004 EMI Scheme was approved by shareholders on 18 May 2004 The EMI Scheme operates in substantially the same way as the 1997 Unapproved Scheme but participants are able to take advantage of tax concessions applicable to EMI options The vesting of any new options issued under this scheme has been linked to the achievement of profit growth targets

The non-executive director schemes were established on 22 March 2002, 9 May 2005 and 12 April 2006

Report on directors' remuneration (continued)

Directors' interests in share options

Directors' interests in the share options are disclosed in note 24 to the group financial statements

Directors' interests in shares

Directors' interests in the share capital of the company are disclosed in the Directors' Report

Directors' report

The directors present their report and the group financial statements for the year ended 31 December 2011

Results and dividend

The group achieved a profit of £1 2m for the year (2010 £0 6) The directors do not recommend the payment of a dividend (2010 £nil)

Principal activities and business review

The company's principal activities are the supply and installation of CCTV, black-box and other monitoring systems for use on public transport vehicles

Business environment

The group has enjoyed considerable success during 2011 particularly in overseas markets Early in 2011 the group was awarded two mobile CCTV contracts with a total value of £7 2m by the Swedish subsidiary of a major French transport group – Keolis

Strategy and key performance indicators

Future success will come through a continuing expansion of our existing customer base and developing new products and services A key performance indicator therefore is the number of new customers won during the period

During 2011 the group was awarded preferred supplier status for mobile CCTV by First Group UK Bus The group is now the preferred supplier of mobile CCTV to three of the largest bus operators in the UK Also during 2011 the group was also awarded preferred supplier status for mobile CCTV in Stockholm by Keolis Sverige AB

Net debt and cash generation

A key objective for the group has been to manage cash flow through tight working capital control and having repaid the bank debt, the focus has been on building the group's cash reserves Key performance indicators are therefore the amount of cash generated by the group, the volume of order generation and the management of working capital During the year the group generated £1 8m of cash (2010 £0 7m) from operating activities and the closing cash position was £2 8m at the year end (2010 £1 1m) Since the year end the cash position has increased further following completion of the sale of the group's freehold property which realised net consideration of £2 29m

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks Risks are formally reviewed by the board and where possible appropriate processes put in place to monitor and mitigate them If more than one event occurred, it is possible that the overall effect of such events would compound the possible adverse effects on the company The key business risks affecting the company are set out below

Dependence on major customers

The business has a high dependence on a relatively small number of customers and the loss of any single major customer would have a significant impact on the business This risk is mitigated by monitoring and managing the business's key performance indicators, such as response times, which are agreed with these customers A key focus is to win new business with public transport companies in the UK and overseas and thereby reduce reliance on the existing customer base

Directors' report (continued)

Dependence on key suppliers

Wherever possible the group endeavours to retain a choice of suppliers for its components and finished goods and in instances where we are currently reliant on one supplier we are constantly looking for potential alternative suppliers

Competition

The group operates in highly competitive markets and there is significant pressure to reduce costs while maintaining the quality of service The sales team have ready access to market pricing information so that they can respond appropriately to price movements Quality of service is monitored through internal audits on the work performed by our installation engineers and through reviews of the key performance indicators agreed with our customers

Technology

The continued success of the group's activities depends upon it keeping pace with changes and improvements in technology The group has dedicated resources to enhancing its existing products and is investing in the development of new products

Financial risk management

The group's principal financial instruments comprise bank facilities and cash The main purpose of these financial instruments is to raise finance for the group's operations The group has various other financial instruments such as trade receivables and trade payables that arise directly from its operations

The main risks from the group's financial instruments are credit, liquidity, interest rate and foreign exchange risk The board reviews and agrees policies for managing each of these risks and they are summarised below

Credit risk

The group is exposed to credit risk primarily in respect of its trade receivables, which are stated net of provision for estimated doubtful receivables Exposure to this risk is mitigated by careful evaluation of the granting of credit and close monitoring and management of collections from trade receivables

Liquidity and interest rate risk

The group's policy on funding capacity is to ensure that we have sufficient long term funding and facilities in place to meet foreseeable peak borrowing requirements During 2011, the company had a Sterling overdraft facility of £1,000,000 (2010 £1,000,000) The facility was at floating rates of interest linked to LIBOR At 31 December 2011 the group had net cash at bank of £2,822,000 (2010 £1,146,000) The group's policy is to ensure that sufficient resources are available to service all debt by monitoring prudent cash flow forecasts

Foreign currency risk

Several components used in our public transport monitoring systems are sourced from overseas suppliers who invoice in US Dollars In addition, as the group extends its operations into Europe, an increasing proportion of transactions will be denominated in Euro and Swedish Krona Consequently the group is exposed to fluctuations in Sterling against the US Dollar, the Euro and Swedish Krona Where appropriate, the group uses forward exchange contracts to hedge foreign exchange exposures arising on forecast payments in foreign currencies and our selling prices in overseas markets are linked to movements in Sterling

Directors' report (continued)

Future outlook

A summary of the outlook for the group is given within the Chairman's Statement on page 2

Directors' interests in shares

The directors during the year and their interests in the share capital of the company, other than in respect of options to acquire ordinary shares (which are detailed in the analysis of options included at note 24 to the financial statements) were as follows

	Number of ordinary 10p shares in the company	
	31 December 2011	31 December 2010
M W Elliott	-	-
N Grimond	**2,021,739**	2,021,739
J G L Holmstrom	-	-
W W Jennings	**784,921**	784,921
D A H Voss	**859,913**	859,913

The share interests of D A H Voss are held in Self Invested Personal Pension schemes and nominee accounts

Apart from the interests disclosed above no directors held interests at any time in the year in the share capital or loan stock of the company or other group companies

On 16 January 2012 D A H Voss acquired a further 175,000 10p ordinary shares in the company following the exercise of 100,000 of his share options which were due to lapse on 22 March 2012 and 75,000 which were due to lapse on 9 May 2015 There have been no other changes between the year end and the date of this report

Major interests in shares

As at 29 February 2012, according to the company's register or notifications received, the following shareholders each held 3% or more of the company's issued share capital

	Ordinary 10p shares in the company	
	Number	**% Holding**
Peter Gyllenhammar	26,893,344	29 08%
Slater Investments Limited	14,350,000	15 52%

Land and buildings and events since the reporting date

Since the disposal of the group's remaining car and motorcycle accessory and security distribution businesses and the cessation of our insurance Vehicle Installation Services at the end of 2009, the group's large head office and warehouse premises have been significantly underutilised and so the company has been actively marketing the property for sale Consequently, in 2010 the carrying value of the land and buildings was reclassified from non-current assets in to current assets classified as held for sale

Directors' report (continued)

Land and buildings and events since the reporting date (continued)

On 28 December 2011 the company exchanged contracts for the sale of the premises for cash consideration of £2,350,000 The completion date for the sale was subsequent to the year end and the net amount realised after costs was £2,292,000 The company is now leasing back part of the site from the purchaser on a short term lease at an annualised rental of £100,000

The carrying value of the land and buildings at 31 December 2011 along with various other items included in tangible fixed assets which were disposed of along with the property have been written down to the net amount realised on the property sale in the current year and consequently £300,000 has been written off the carrying value of the property and £26,000 has been written off tangible fixed assets in the Consolidated Statement of Financial Position

The 2010 Consolidated Statement of Financial Position included a provision of £362,000 in respect of the potential tax payable on the revaluation surplus included in the carrying value of the property In light of the actual sale price achieved and the impact of indexation allowance to be deducted before assessing the taxable gain on the property, the directors now believe that this tax provision is not required and so this has been credited back to the Statement of Comprehensive Income for 2011

The write down of the carrying value of the property and tangible fixed assets and the deferred tax credit referred to above have been included in the results from discontinued operations within the Statement of Comprehensive Income resulting in a net credit of £36,000 in respect of discontinued operations in 2011

Cancellation of share premium account

At the Annual General Meeting held on 1 June 2011 a special resolution was passed to transfer the remaining £3,387,000 standing on the credit of the company's share premium account to distributable reserves Following the AGM an application to the High Court was made and this completed on 23 June 2011

Special and other reserves transferred to distributable reserves

A special reserve of £1,206,000 was created on 29 June 2006 pursuant to an undertaking for the protection of the company's creditors at that time which the company gave to the Court in connection with the reduction of its share premium account None of the company's creditors as at 29 June 2006 remain outstanding and consequently the special reserve has been transferred to distributable reserves

A reserve of £43,000 was created in 1996 representing share capital to be issued as contingent consideration relating to an acquisition in that year The directors consider that this contingent consideration will never have to be paid and so this other reserve has also been transferred to distributable reserves

Research and development activities

The group maintains sufficient research and development resource in-house to ensure its market leading public transport monitoring systems remain cutting edge

We constantly review the market place for any new technologies which might make a profitable contribution to the business and look to research and develop innovative solutions to produce new and improved products and services

Charitable donations

The group made charitable donations totalling £250 (2010 £680) to the Anthony Nolan Bone Marrow Trust

Directors' report (continued)

Disabled employees

The group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person

Where existing employees become disabled, it is the group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled persons wherever appropriate

Employee involvement

The group's policy is to consult and discuss with employees, through meetings, matters likely to affect employees' interests The meetings seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance

All employees are eligible to receive share options Membership of the share option scheme is reviewed annually The number of options granted varies according to seniority and experience

Creditor payment policy

The group's policy in relation to its suppliers is to

(a) settle the terms of payment with those suppliers when agreeing the terms of each transaction,

(b) ensure that those suppliers are aware of the terms of payment by inclusion of the relevant terms in contracts, and

(c) pay in accordance with contractual and other legal obligations

The group's average creditor payment period at 31 December 2011 was 23 days (2010 41 days)

Disclosure of information to auditors

In the case of each person who was a director at the time this report was approved

(a) so far as the director is aware there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006

By order of the board

W W Jennings
Secretary
27 March 2012

Statement of directors' responsibilities in respect of the financial statements

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 group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as regards the parent company financial statements, in accordance with the provisions of the Companies Act 2006 and United Kingdom Generally Accepted Accounting Practice (UK GAAP) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the company/group for that period

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- in respect of the group financial statements state whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements,
- in respect of the parent company financial statements 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 group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Auditor's report on the group financial statements

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 21ST CENTURY TECHNOLOGY PLC

We have audited the group financial statements of 21st Century Technology plc for the year ended 31 December 2011 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Financial Position, the Consolidated Statement of Cash Flows and the related notes 1 to 27 The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the group financial statements

- give a true and fair view of the state of the group's affairs as at 31 December 2011 and of its profit for the year then ended,

Auditor's report on the group financial statements (continued)

- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the group financial statements are prepared is consistent with the group financial statements

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

- 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

Other matter

We have reported separately on the parent company financial statements of 21st Century Technology plc for the year ended 31 December 2011

Nexia Smith & Williamson

Philip Quigley
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson,
Statutory Auditor
Chartered Accountants

25 Moorgate, London, EC2R 6AY

27 March 2012

Consolidated statement of comprehensive income

for the year ended 31 December 2011

	Notes	2011 £'000	2010 £'000
Continuing operations			
Revenue	3	**14,006**	10,840
Cost of sales		**(6,214)**	(4,550)
Gross profit		**7,792**	6,290
Other operating income		**-**	88
Administrative expenses		**(6,296)**	(5,508)
Operating profit		**1,496**	870
Finance costs	5	**(15)**	(10)
Profit before taxation	6	**1,481**	860
Taxation	7	**(311)**	(240)
Profit for the year from continuing operations		**1,170**	620
Discontinued operations			
Profit/(loss) for the year from discontinued operations	8	**36**	(57)
Profit for the year being total comprehensive income		**1,206**	563
Earnings per share	10		
From continuing operations			
Basic		**1.27p**	0 67p
Diluted		**1.26p**	0 67p
From continuing and discontinued operations			
Basic		**1.31p**	0 61p
Diluted		**1.30p**	0 61p

Consolidated statement of changes in equity

for the year ended 31 December 2011

	Share capital	Share premium	Special reserve	Other reserve	Retained earnings	Total equity share-holders' funds
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2010	9,223	3,387	1,206	43	(5,824)	8,035
Total comprehensive income for the year	-	-	-	-	563	563
Balance at 31 December 2010	9,223	3,387	1,206	43	(5,261)	8,598
Cancellation of share premium	-	(3,387)	-	-	3,387	-
Transfer to distributable reserves	-	-	(1,206)	(43)	1,249	-
Total comprehensive income for the year	-	-	-	-	1,206	1,206
Balance at 31 December 2011	**9,223**	-	-	-	**581**	**9,804**

At the Annual General Meeting held on 1 June 2011 a special resolution was passed to transfer the remaining £3,387,000 standing on the credit of the company's share premium account to distributable reserves Following the AGM an application to the High Court was made and this completed on 23 June 2011

The Special Reserve was created on 29 June 2006 pursuant to an undertaking for the protection of the company's creditors at that time which the company gave to the Court in connection with the reduction of its share premium account None of the company's creditors as at 29 June 2006 remain outstanding and consequently the Special Reserve has been transferred to distributable reserves

The Other Reserve represented share capital to be issued as contingent consideration relating to an acquisition in 1996 The directors consider that this contingent consideration will never have to be paid and so the Other Reserve has also been transferred to distributable reserves

Consolidated statement of financial position

at 31 December 2011

	Notes	**2011** **£'000**	2010 £'000
Assets			
Non-current assets			
Goodwill	11	**4,318**	4,318
Other intangible assets	12	**161**	183
Property, plant and equipment	13	**87**	115
Deferred tax asset	14	**120**	160
		4,686	4,776
Current assets			
Inventories	15	**1,989**	1,058
Trade and other receivables	16	**1,407**	1,840
Cash and cash equivalents	17	**2,822**	1,146
		6,218	4,044
Assets classified as held for sale	18	**2,292**	2,592
		8,510	6,636
Total assets		**13,196**	11,412
Liabilities			
Current liabilities			
Trade and other payables	19	**(2,445)**	(1,863)
Current tax liabilities	20	**(370)**	(282)
Provisions	21	**(352)**	(247)
		(3,167)	(2,392)
Net current assets		**5,343**	4,244
Non-current liabilities			
Provisions	21	**(225)**	(60)
Deferred tax liabilities	22	**-**	(362)
		(225)	(422)
Total liabilities		**(3,392)**	(2,814)
Net assets		**9,804**	8,598

Consolidated statement of financial position

at 31 December 2011 (continued)

	Notes	2011 £'000	2010 £'000
Shareholders' equity			
Share capital	24	**9,223**	9,223
Share premium account		**-**	3,387
Special reserve		**-**	1,206
Other reserve		**-**	43
Retained earnings		**581**	(5,261)
Total equity		**9,804**	8,598

The financial statements were approved by the board of directors and authorised for issue on 27 March 2012 and were signed on its behalf by

J G L Holmstrom
Chairman

W W Jennings
Finance Director

Consolidated statement of cash flows

for the year ended 31 December 2011

	Notes	**2011**	2010
		£'000	£'000
Net cash generated from operating activities	26	**1,811**	690
Cash flow from investing activities			
Disposal of discontinued operations	8	**-**	100
Purchases of property, plant and equipment		**(93)**	(11)
Purchases of intangible fixed assets		**(42)**	(155)
Net cash used in investing activities		**(135)**	(66)
Cash flow from financing activities			
Repayment of borrowings		**-**	(250)
Decrease in bank overdrafts		**-**	(1)
Net cash used in financing activities		**-**	(251)
Net increase in cash and cash equivalents		**1,676**	373
Cash and cash equivalents at beginning of year		**1,146**	773
Cash and cash equivalents at end of year		**2,822**	1,146

Other than the disposal proceeds disclosed above there was no cash flow from investing activities relating to the discontinued operations Cash flows from operating and financing activities attributable to the discontinued operations cannot be meaningfully distinguished from those relating to continuing operations

The cash in flow from disposal of discontinued activities in 2010 was in respect of deferred consideration on disposals made in 2009

Notes to the consolidated financial statements

for the year ended 31 December 2011

1. General information

21st Century Technology plc is a public limited company incorporated in England Its principal trading subsidiary is 21st Century Technology Solutions Limited and its registered and head office address is The National Control Centre, Drake Road, Mitcham, Surrey, CR4 4HQ Its principal place of business is in the UK and mainland Europe and its principal activities are described in the Directors' Report on page 12

2. Significant accounting policies applied to the consolidated financial statements of the group

Basis of preparation

The group financial statements are prepared in accordance with International Financial Reporting Standards and IFRS IC interpretations issued and effective or issued and adopted early and endorsed by the European Union at the time of preparing these financial statements and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS The financial statements have been prepared under the historical cost convention A summary of the more important group accounting policies is set out below

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates The significant judgements made by management in applying the group's accounting policies and the key sources of estimation uncertainty were

(i) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated The value in use calculation requires the group to estimate future cash flows expected to arise from the cash generating unit at a suitable discount rate in order to calculate the present value A discount rate of 16% is applied to the cash flow forecasts from the most recent financial budgets which are extrapolated in perpetuity assuming no growth

(ii) Provision for obsolete and slow moving inventory

Determining the level of provision necessary for obsolete and slow moving inventory requires management to make judgements in estimating the net realisable value of the group's inventory based upon stock turnover statistics and management's knowledge of market changes

(iii) Onerous lease provisions

Determining the level of provision necessary for onerous leases requires management to make judgements in estimating the potential void period for leased properties which are not occupied based upon input from property specialists with knowledge of the local property market

Basis of consolidation

The group financial statements include the results of the company and entities controlled by the company (its subsidiary undertakings) made up to 31 December each year Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities The acquisition of subsidiaries is accounted for using the purchase method The results of subsidiaries sold or acquired are included in the consolidated statement of comprehensive income up to, or from, the date control passes Intra-group sales and profits are eliminated fully on consolidation

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

2. Significant accounting policies applied to the consolidated financial statements of the group (continued)

Segmental reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker as required by IFRS 8 "Operating Segments" The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors

Segment expenses are expenses that are directly attributable to a segment together with the relevant portion of other expenses that can reasonably be allocated to the segment Tax is not allocated by segment

Segment assets and liabilities include items that are directly attributable to a segment plus an allocation on a reasonable basis of shared items

Goodwill

Goodwill arising on acquisitions prior to 22 December 1998 was written off immediately against reserves Goodwill arising on acquisitions between 23 December 1998 and 31 December 2005 was capitalised, classified as an asset on the consolidated statement of financial position and amortised on a straight line basis over its useful economic life of 10 years From 1 January 2006 goodwill is recognised as an intangible asset and reviewed for impairment at least annually Any impairment is recognised immediately in the statement of comprehensive income and may not be subsequently reversed Goodwill previously eliminated has not been reinstated on implementation of IAS 38 as permitted by IFRS 1

On disposal of a subsidiary or business, the attributable goodwill is included in the determination of profit or loss on disposal

Revenue

Revenue represents amounts invoiced to customers, net of value added tax and trade discounts Revenue from sales of equipment is recognised on delivery to the customer Where the sale of equipment includes installation of mobile (on vehicle) CCTV, the turnover is recognised once the installation has been completed Revenue from fixed price construction contracts for the installation of fixed (on premises) CCTV is recognised on the percentage of completion method, measured by reference to labour hours incurred to date as a percentage of the estimated total labour hours for each contract

Taxation

Income tax on profit or loss for the year comprises current and deferred tax Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided using the year end liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities

A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

2. Significant accounting policies applied to the consolidated financial statements of the group (continued)

Earnings per ordinary share

Basic earnings per share ("EPS") is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year For diluted earnings, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares

Property, plant and equipment

The cost of property, plant and equipment is their purchase price or, in the case of property included at its valuation prior to the adoption of IFRS, the revalued amount is taken as deemed cost

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight line basis to their estimated residual values over the expected useful economic lives of the assets concerned Periodic reviews are made of estimated remaining useful lives and residual values and the depreciation rates applied are

	%
Freehold buildings	2
Motor vehicles	25
Plant and equipment	20-33

Freehold land is not depreciated

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss Where the asset does not generate cash flows that are independent from other assets, estimates are made of the recoverable amount of the cash generating unit to which the asset belongs

Recoverable amount is the higher of fair value, less costs to sell, and value in use In assessing value in use, estimated future cash flows are discounted to their present value using a discount rate appropriate to the specific asset or cash generating unit and by comparing the internal rate of return generated by the cash flows to target return rates established by management

If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying value of the asset or cash generating unit is reduced to its recoverable amount Impairment losses are recognised immediately in the statement of comprehensive income

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortisation, if that impairment loss had not been recognised Impairment losses in respect of goodwill are not reversed

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

2. Significant accounting policies applied to the consolidated financial statements of the group (continued)

Intangible assets

Software which can be separately identified is capitalised as intangible assets at cost of acquisition and amortised over their estimated useful economic lives of between 3 and 20 years on a straight line basis

Research and development

Expenditure on research is written off in the period in which it is incurred

Development expenditure is capitalised where it relates to a specific project where technical feasibility has been established, adequate technical, financial and other resources exist to complete the project, the expenditure attributable to the project can be measured reliably and overall project profitability is reasonably certain In this case, it is recognised as an intangible asset and amortised over its useful economic life pro-rata to the number of units sold All other development expenditure is recognised as an expense in the period in which it is incurred

Inventories

Inventory held for resale is stated at the lower of cost and net realisable value Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition Where necessary, provision is made for obsolete, slow moving and defective inventory

Cash and cash equivalents

Cash and cash equivalents comprises cash balances and call deposits with maturity of less than or equal to three months and are measured on initial recognition at their fair value and subsequently at amortised cost

Financial instruments

Derivative financial instruments

The group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates The group uses foreign exchange forward contracts and interest rate swap contracts to hedge these exposures if appropriate These financial instruments are included in the statement of financial position as assets or liabilities at their fair values The group does not use derivative financial instruments for speculative purposes but its financial instruments do not qualify for hedge accounting and consequently changes in their fair values are recognised in the statement of comprehensive income as they arise There were no foreign exchange forward contracts or interest rate swaps at the end of the year or prior year

Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, which is ordinarily equal to the proceeds received, net of direct issue costs These liabilities are subsequently measured at amortised cost, using the effective interest rate method Other finance charges including interest are accounted for on an accruals basis in the statement of comprehensive income in the period in which they are incurred

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

2. Significant accounting policies applied to the consolidated financial statements of the group (continued)

Trade receivables and trade payables

Trade receivables and trade payables are measured on initial recognition which is the trade date, at fair value, and are subsequently measured at amortised cost using the effective interest rate method Appropriate allowances for estimated irrecoverable trade receivables are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired

Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the statement of comprehensive income on a straight line basis over the lease term

Pensions

The group operates a defined contribution scheme The pension cost charge to the statement of comprehensive income is the contributions payable to the pension scheme for the period

Provisions

Provisions are recognised when the group has a present obligation as a result of a past event and it is probable that the group will be required to settle that obligation Provisions are measured at the directors' best estimate of the net expenditure required to settle the obligation at the year end date and are discounted to present value where the effect is material

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward currency contract Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the year end date or if appropriate at the forward contract rate All differences are taken to the statement of comprehensive income

Share capital and share premium

Ordinary shares are classified as equity Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs

Share based payments

Share options granted after 7 November 2002 are measured at their fair value at the date of grant using a Black Scholes model The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based upon the group's estimate of participants eligible to receive shares at the point of vesting

Discontinued operations

Activities are classified as discontinued operations where they represent a major line of business that meets the criteria in IFRS 5

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

2. Significant accounting policies applied to the consolidated financial statements of the group (continued)

Assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell

Non-current assets and liabilities are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition Management are committed to the sale which is expected to be completed within one year from the date of classification and therefore qualifies for recognition as such

Impact of standards not yet effective

The International Accounting Standards Board has issued a number of international financial reporting standards which are effective for future accounting periods of the group * The directors do not anticipate that the adoption of any of these would make a material impact on these financial statements *(*Relevant amendments IFRS9, IFRS7, IFRS10, IFRS11, IFRS12, IFRS13, IAS1, IAS19, IAS27, IAS28, IAS32)*

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

3. Segmental reporting

The analysis by business area is based upon the group's reporting structure

2011 - Continuing operations	**Public Transport Monitoring Systems £'000**
Total revenue	**14,006**
Operating profit	**1,496**
Depreciation	**(95)**
Amortisation	**(64)**
Capital expenditure	**108**
Total assets	**13,196**
Total liabilities	**(3,392)**

Total revenue from continuing operations includes £593,000 (2010 £1,444,000) in respect of construction contract revenue recognised in the period

2011 - Discontinued operations	**Vehicle Installation Services and Distribution £'000**
Total revenue	**-**
Inter-segment sales	**-**
External revenue	**-**
Operating loss	**(326)**
Depreciation	**-**
Amortisation	**-**
Capital expenditure	**27**
Total assets	**-**
Total liabilities	**-**

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

3. Segmental reporting (continued)

2010 - Continuing operations	Public Transport Monitoring Systems £'000
Total revenue	10,840
Operating profit	870
Depreciation	(124)
Amortisation	(162)
Capital expenditure	166
Total assets	11,412
Total liabilities	(2,814)

Total revenue from continuing operations includes £1,444,000 (2009 £nil) in respect of construction contract revenue recognised in the period

2010 - Discontinued operations	Vehicle Installation Services and Distribution £'000
Total revenue	66
Inter-segment sales	-
External revenue	66
Operating loss	(57)
Depreciation	-
Amortisation	(57)
Capital expenditure	-
Total assets	-
Total liabilities	-

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

3. Segmental reporting (continued)

Geographical Segments

Revenue by location of customer

	2011 £'000	2010 £'000
Continuing operations		
UK	**7,373**	9,804
Scandinavia	**6,477**	90
Czech Republic	**60**	-
Spain	**53**	176
Italy	**32**	272
France	**2**	12
Holland	**-**	486
Other EU	**9**	-
	14,006	10,840
Discontinued operations		
UK	**-**	66
Total revenue	**14,006**	10,906

Assets and liabilities by location

	2011 £'000	2010 £'000
Continuing operations		
Assets		
UK	**13,101**	11,412
Scandinavia	**95**	-
Total assets	**13,196**	11,412
Liabilities		
UK	**(3,322)**	(2,814)
Scandinavia	**(70)**	-
Total liabilities	**(3,392)**	(2,814)

Notes to the consolidated financial statements
for the year ended 31 December 2011 (continued)

4. Employee information

The average monthly number of persons (including executive directors) employed by the group during the year was

	2011 Number	2010 Number
By activity		
Administration	**20**	18
Technical	**12**	13
Operations	**36**	36
	68	67

Staff costs (for the above persons):	**2011 £'000**	2010 £'000
Short-term employee benefits	**3,019**	2,827
Social security costs	**399**	286
Post employment costs	**22**	18
	3,440	3,131

Key management compensation	**2011 £'000**	2010 £'000
Salaries and short-term employee benefits	**938**	926
Social security costs	**108**	108
Termination benefits	**-**	30
Post-employment benefits	**15**	17
	1,061	1,081

The key management personnel are the board of directors, the directors of each of the group's business segments and the senior management team responsible for the call centre, personnel and IT Directors' emoluments included above are

	2011 £'000	2010 £'000
Total directors' emoluments	**534**	558
Highest paid director emoluments	**255**	255

Directors' detailed emoluments are disclosed in the Report on Directors' Remuneration

5 Finance costs

	Continuing operations		Discontinued operations		Total	
	2011 £'000	2010 £'000	**2011 £'000**	2010 £'000	**2011 £'000**	2010 £'000
Interest payable on bank loans and overdrafts	**15**	10	**-**	-	**15**	10

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

6. Profit on ordinary activities before taxation

This is stated after charging

	Continuing operations		Discontinued operations			Total
	2011	2010	**2011**	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Operating lease rentals						
- Rent of land and buildings	**24**	78	-	-	**24**	78
- Hire of plant and machinery	**200**	186	-	-	**200**	186
Depreciation						
- Property, plant and equipment owned	**95**	124	-	-	**95**	124
Amortisation of intangible fixed assets	**64**	162	-	57	**64**	219
Write down of property, plant and equipment owned	-	-	**26**	-	**26**	-
Write down of asset classified as held for sale	-	-	**300**	-	**300**	-
Inventories – consumed and recognised as expense in cost of sales	**7,145**	3,950	-	-	**7,145**	3,950
Write down of inventories	**36**	44	-	-	**36**	44
Trade receivables impairment	**24**	12	-	-	**24**	12

Profit on ordinary activities before taxation is also stated after charging

	2011	2010
	£'000	£'000
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's annual financial statements	**5**	5
Fees payable to the company's auditors for the audit of the company's subsidiaries of the company pursuant to legislation	**26**	40
Total audit fees	**31**	45
Tax services	**17**	17

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

7. Taxation

(a) Analysis of charge in year

	2011	2010
	£'000	£'000
Current tax		
Prior year overprovision	(99)	-
UK corporation tax on the profit for the year (26%)	370	200
Deferred tax charge	40	40
Total tax charge for the year	311	240

There was no tax payable on discontinued operations

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

The tax assessed for the year differs from the standard rate of corporation tax in the UK (26%) The differences are explained below

	2011	2010
	£'000	£'000
Profit on ordinary activities before tax	1,481	860
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 26% (2010 28%)	385	241
Effects of		
Loss on discontinued activities	-	(16)
Expenses not deductible for tax purposes	5	35
Depreciation in excess of capital allowances	28	22
Research and development tax credits	(8)	(28)
Utilisation of tax losses	-	(14)
Prior year overprovision	(99)	-
Total tax charge for the year	311	240

(c) Deferred tax

The unrecognised and recognised deferred tax asset comprises the following

Group	Unrecognised		Recognised	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
Tax losses	3	6	-	-
Decelerated capital allowances	-	-	120	160
	3	6	120	160

The group has £11,000 of unutilised tax losses (2010 £22,000)

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

7. Taxation (continued)

The movement on deferred tax is as follows

	Asset £'000	Liability £'000
Balance brought forward at 1 January 2011	160	(362)
(Charge)/credit to profit and loss account	(40)	362
Balance carried forward at 31 December 2011	**120**	-

The recognised deferred tax asset represents the decelerated capital allowances which the directors consider it probable will reverse in the future

The deferred tax liability represents the potential tax payable on the unrealised revaluation surplus relating to the group's freehold property Following the sale of the property which completed on 6 January 2012, the directors believe that there will be no tax liability on the transaction

The net credit/(charge) to the statement of comprehensive income for the year comprises

	2011 £'000	2010 £'000
Net reduction in deferred tax liability/(asset)	**322**	(40)

The charge to deferred tax in respect of the reduction in the deferred tax asset of £40,000 has been included in the results from continuing activities
The credit in respect of deferred tax on the property disposal of £362,000 has been included within the results from discontinued operations (see note 8)

8. Discontinued operations

The results of discontinued operations which have been included in the consolidated statement of comprehensive income for the year were as follows

	2011 £'000	2010 £'000
Revenue	-	66
Expenses	**(326)**	(123)
Loss before tax	**(326)**	(57)
Taxation	**362**	-
Net profit/(loss) after tax attributable to discontinued operations	**36**	(57)

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

8. Discontinued operations (continued)

2011 - Discontinued operations

Since the disposal of the group's remaining car and motorcycle accessory and security distribution businesses at the end of 2009 and the cessation of the group's insurance Vehicle Installation Services at the start of 2010, the group's large head office and warehouse premises have been significantly underutilised

On 28 December 2011 the company exchanged contracts for the sale of these freehold premises for cash consideration of £2,350,000 The sale completed on 6 January 2012 and the net amount realised after costs was £2,292,000

The carrying value of the land and buildings at 31 December 2011 along with various other items included in tangible fixed assets which were disposed of along with the property have been written down to the net amount realised on the property sale in the current year and consequently £300,000 has been written off the carrying value of the property and £26,000 has been written off tangible fixed assets in the Consolidated Statement of Financial Position

The 2010 Consolidated Statement of Financial Position included a provision of £362,000 in respect of potential deferred tax payable on the revaluation surplus included in the carrying value of the property In light of the actual sale price achieved and the impact of indexation allowance to be deducted before assessing the taxable gain on the property, the directors now believe that the deferred tax provision is not required and so this has been credited back to the Statement of Comprehensive Income for 2011

The write down of the carrying value of the property and tangible fixed assets and the deferred tax credit referred to above have both been included in the results from discontinued operations within the Statement of Comprehensive Income resulting in a net credit of £36,000 in respect of discontinued operations in 2011

2010 – Discontinued operations

The company ceased its insurance Vehicle Installation Services in early 2010

9. Loss for the year of the parent company

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements The parent company's loss for the year was £341,000 (2010, profit £2,579,000)

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

10. Earnings per ordinary share

Basic earnings per share ("EPS") is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year

For diluted earnings, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares

	2011 Earnings £'000	**2011** Per share amount Pence	2010 Earnings £'000	2010 Per share amount Pence
From continuing and discontinued operations				
Basic EPS				
Earnings attributable to ordinary shareholders	**1,206**	**1.31**	563	0 61
Diluted EPS				
Earnings	**1,206**	**1.30**	563	0 61
From continuing operations				
Basic EPS				
Earnings attributable to ordinary shareholders	**1,206**	**1.31**	563	0 61
Adjustment to exclude (profit)/loss from discontinued operations	**(36)**	**(0.04)**	57	0 06
Earnings from continuing operations	**1,170**	**1 27**	620	0 67
Diluted EPS				
Earnings from continuing operations (as above)	**1,170**	**1.26**	620	0 67

Details of the weighted average number of ordinary shares used as the denominator in calculating the earnings per ordinary share is given below

	2011 '000	2010 '000
Basic weighted average number of shares	**92,229**	92,229
Dilutive potential ordinary shares	**276**	-
Diluted weighted average number of shares	**92,505**	92,229

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

11. Goodwill

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units that are expected to benefit from that business combination The carrying amount of goodwill has been allocated as follows

	Total goodwill 21st Century (CPS) £'000
Deemed cost	
At 1 January 2010, 31 December 2010 and **31 December 2011**	**4,318**

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired The recoverable amounts of the cash generating units are determined from value in use calculations The key assumptions for the value in use calculations are those regarding cash flow forecasts, growth rates and discount rates The cash flow forecasts are derived from the most recent financial budgets approved by management and extrapolated in perpetuity assuming no growth The discount rates needed to equate the net present value from these cash flows to the carrying value of goodwill are then compared to the required rate of return from the cash generating unit based upon an assessment of the time value of money, prevailing interest rates and the risks specific to the cash generating unit If this discount rate is in excess of the required rate of return then it is assumed that no impairment has occurred to the carrying value of goodwill The discount rate applied to equate the net present value of the forecast cash flows to the carrying value of goodwill was 22% In view of this, the directors consider that no impairment of goodwill is required

12. Other intangible fixed assets

2011 movements	Development costs £'000	Purchased software £'000	**Total £'000**
Cost			
At 1 January 2011	616	621	**1,237**
Additions	42	-	**42**
Disposals	(162)	(81)	**(243)**
At 31 December 2011	496	540	**1,036**
Amortisation			
At 1 January 2011	440	614	**1,054**
Disposals	(162)	(81)	**(243)**
Charge for the year	57	7	**64**
At 31 December 2011	335	540	**875**
Net book value			
At 31 December 2011	161	-	**161**
At 31 December 2010	176	7	183

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

12. Other intangible fixed assets (continued)

2010 movements	Development costs £'000	Purchased software £'000	Total £'000
Cost			
At 1 January 2010	461	621	1,082
Additions	155	-	155
At 31 December 2010	616	621	1,237
Amortisation			
At 1 January 2010	288	547	835
Charge for the year	152	67	219
At 31 December 2010	440	614	1,054
Net book value			
At 31 December 2010	176	7	183
At 31 December 2009	173	74	247

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

13. Property, plant and equipment

2011 movements	Plant and equipment	**Total**
	£'000	**£'000**
Cost		
At 1 January 2011	2,660	**2,660**
Additions	93	**93**
Disposals	(2,434)	**(2,434)**
At 31 December 2011	319	**319**
Depreciation		
At 1 January 2011	2,545	**2,545**
Disposals	(2,408)	**(2,408)**
Charge for the year	95	**95**
At 31 December 2011	232	**232**
Net book amounts		
At 31 December 2011	87	**87**
At 31 December 2010	115	115

2010 movements	Freehold land and buildings	Plant and equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2010	3,786	2,649	6,435
Additions	-	11	11
Transferred to assets classified as held for sale (note 18)	(3,786)	-	(3,786)
At 31 December 2010	-	2,660	2,660
Depreciation			
At 1 January 2010	1,140	2,475	3,615
Charge for the year	54	70	124
Transferred to assets classified as held for Sale (note 18)	(1,194)	-	(1,194)
At 31 December 2010	-	2,545	2,545
Net book amounts			
At 31 December 2010	-	115	115
At 31 December 2009	2,646	174	2,820

The freehold property was transferred to assets classified as held for sale at 31 December 2010 (see note 18)

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

14. Deferred tax asset – non current

The movement on the deferred tax non current asset is as follows

Deferred tax asset on decelerated capital allowances

	£'000
Balance brought forward at 1 January 2011	160
Charge to profit and loss account	(40)
Balance carried forward at 31 December 2011	**120**

15. Inventories

	2011 £'000	2010 £'000
Finished goods and goods for resale	**1,989**	1,058

16. Trade and other receivables

	2011 £'000	2010 £'000
Trade receivables	**1,252**	1,767
Less provision for impairment of receivables	**(95)**	(80)
Trade receivables – net	**1,157**	1,687
Other receivables and prepayments	**250**	153
	1,407	1,840

Included in trade receivables are gross receivables due from customers for construction contract work of £Nil (2010 £517,000)

The average credit period taken on sales of goods is 28 days (2010 48 days) Trade receivables are provided for to the extent that management have reason to believe that the recoverability of the debt is questionable Before granting credit terms to any new customer, the group uses an external credit checking company to assess the customer's credit quality and to assist in the definition of credit limits for that customer

The following customers represented more than 5 per cent of the total balance of net trade receivables at the year end

	Amount receivable	
	2011 £'000	2010 £'000
Arriva Group	**378**	699
Wrightbus	**279**	196
Alexander Dennis	**257**	126
First Group UK Bus	**84**	22
The Go-Ahead Group/Govia	**79**	595

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

16. Trade and other receivables (continued)

Included in the group's trade receivable balance are debtors with a carrying amount of £148,000 (2010 £480,000) which are past due at the reporting date for which the group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable The group does not hold any collateral over these balances The average age of these receivables is 45 days (2010 49 days)

Ageing of past due but not impaired trade receivables

	2011 £'000	2010 £'000
30-60 days	**148**	410
60-90 days	**-**	70
	148	480

Movement in the provision for impairment of trade receivables

	2011 £'000	2010 £'000
Balance at 1 January	**80**	168
Impairment losses recognised	**24**	12
Amounts written off as uncollectable	**(9)**	(100)
Balance at 31 December	**95**	80

Ageing of impaired trade receivables

	2011 £'000	2010 £'000
60-90 days	**17**	42
Over 90 days	**78**	38
	95	80

The directors consider that the carrying amount of trade and other receivables approximates their fair value and the maximum exposure to credit risk

17. Cash and cash equivalents

	2011 £'000	2010 £'000
Cash and cash equivalents	**2,822**	1,146

Cash and cash equivalents comprise cash held by the group and short-term bank deposits with original maturity of less than three months The carrying amount of these assets approximate their fair value and the maximum exposure to credit risk

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

18. Assets classified as held for sale

Assets held for sale, which were previously classified under property, plant and equipment in non-current assets are as follows

2011 movements	Freehold land and buildings £'000
Balance brought forward at 1 January 2011	2,592
Amounts written off	(300)
Balance carried forward at 31 December 2011	**2,292**

2010 movements	Freehold land and buildings £'000
Balance brought forward at 1 January 2010	-
Transferred from property, plant and equipment (note 13)	2,592
Balance carried forward at 31 December 2010	2,592

The group's head office premises in Mitcham Surrey comprises 51,000 sq ft of office and warehouse space on a 3 2 acre site Since the disposal of the group's legacy distribution businesses, which was completed at the end of 2009, the head office site has been underutilised and so the company has been actively marketing the property for sale Consequently, in 2010 the carrying value of the land and buildings was reclassified from non-current assets in to current assets classified as held for sale

On 28 December 2011 the company exchanged contracts for the sale of the premises for cash consideration of £2,350,000 The completion date for the sale was subsequent to the year end and the net amount realised after costs was £2,292,000

The net book value of the land and buildings has been written down to the net amount realised on the property sale in 2012 and consequently £300,000 was written off the carrying value of the property at 31 December 2011

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

19. Trade and other payables - current

	2011	2010
	£'000	£'000
Trade payables	**755**	687
Other taxation and social security	**164**	233
Other payables	**25**	43
Accruals and deferred income	**1,501**	900
	2,445	1,863

Trade creditors and other payables principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 23 days (2010 41 days) No supplier charges interest on outstanding balances The group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe

The directors consider that the carrying amount of trade payables approximates to their fair value

20. Current tax liabilities

	2011	2010
	£'000	£'000
Corporation tax	**370**	282

21. Provisions

2011 movements	Onerous leases	Remedials and warranty	**Total**
	£'000	£'000	**£'000**
Balance at 1 January	233	74	**307**
Movement in the year	90	180	**270**
Balance at 31 December	323	254	**577**
Included in current liabilities	98	254	**352**
Included in non-current liabilities	225	-	**225**
	323	254	**577**

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

21. Provisions (continued)

2010 movements	Onerous leases	Remedials and warranty	Total
	£'000	£'000	£'000
Balance at 1 January	277	36	313
Movement in the year	(44)	38	(6)
Balance at 31 December	233	74	307
Included in current liabilities	173	74	247
Included in non-current liabilities	60	-	60
	233	74	307

The provisions represents management's best estimate of the group's liability under onerous leases in respect of property that is no longer utilised following the disposal of certain discontinued operations and the group's liability for remedial work and warranties granted on products sold based on past experience and industry averages for defective products

22. Deferred tax liabilities – non current

Deferred tax liability on income from property disposal at its current carrying value

	2011	2010
	£'000	£'000
Balance at 1 January	**362**	362
Movement in year	**(362)**	-
Balance at 31 December	**-**	362

The deferred tax liability in 2010 represented the potential tax payable on the unrealised revaluation surplus relating to the group's freehold property Following the sale of the property which completed on 6 January 2012, the directors believe that there will be no tax liability on the transaction

23. Financial instruments

Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of debt and equity balances The capital structure of the group at the year end consisted of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings but did not include any debt

Gearing

The board has focused on reducing group borrowing in recent years and as a consequence net debt was £nil at 31 December 2011 (2010 £nil) Net debt is defined as long and short term borrowings less cash and cash equivalents

Externally imposed capital requirement

As part of the conditions of certain group bank facilities the group is required to operate within covenant limits set by the bank The group has complied with these externally imposed capital and income requirements throughout the period that the facilities were utilised

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

23. Financial instruments (continued)

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements

Categories of financial instruments

	Carrying value	
	2011	2010
	£'000	£'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**4,229**	2,986
Financial liabilities		
Amortised cost	**2,815**	2,145

Financial risk management objectives

The group's approach to managing financial risk is described in the Directors' Report

Market risk

The group's activities expose it to the financial risks of changes in foreign currency exchange rates and interest rates The group enters into foreign exchange forward contracts to hedge the exchange rate risk arising on the purchase of inventory and sales denominated in foreign currency No foreign exchange contracts were outstanding at the year end or the prior year end

Foreign currency risk management

The group undertakes certain transactions denominated in foreign currencies Hence, exposures to exchange rate fluctuations arise Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

23. Financial instruments (continued)

	Liabilities		Assets	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Euro	**-**	-	**110**	606
US Dollar	**-**	9	**247**	60
Swedish Krona	**97**	-	**12**	-

At the year end the group was exposed to fluctuations in the US dollar, Euro and Swedish Krona against Sterling The following table details the group's sensitivity to a 10% increase or decrease in Sterling against the relevant foreign currencies Ten percent represents management's assessment of a reasonable possible change in foreign currency exchange rates

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates A negative number below indicates a decrease in profit where Sterling strengthens against the relevant currency For a 10% weakening in Sterling against the foreign currency, there would be an equal and opposite impact on the profit

	2011	2010
	£'000	£'000
Euro loss	**(11)**	(61)
US Dollar loss	**(25)**	(5)
Swedish Krona gain	**9**	-

Periodically the group enters into forward exchange contracts to cover its exposure to fluctuations in foreign currency exchange rates Typically the group will purchase or sell foreign currency between 3 and 6 months forward to cover anticipated transactions in the period These contracts are not designated in a hedge accounting relationship and are classified as held-for-trading No forward foreign currency contracts were outstanding at the year end (2010 Nil)

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the group The group has adopted a policy of only extending credit to creditworthy counterparties and obtaining collateral where appropriate, as a means of mitigating risk of financial loss from defaults The group obtains credit checks from independent rating agencies and other publicly available financial information to rate its customers The group's exposure and credit ratings of its counterparties are continuously monitored Credit exposure is controlled by counterparty credit limits that are reviewed and approved by the credit control team Trade receivables consist of a large number of customers, spread across several diverse industries, however, the group also has significant credit risk exposure to several single counterparties Note 16 gives details of counterparties with balances in excess of 5% of total trade receivables at the year end

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

23. Financial instruments (continued)

Liquidity risk management

Responsibility for liquidity risk management rests with the board of directors The group manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining adequate banking facilities At 31 December 2011, the group had a term loan of £nil (2010 £nil) and an overdraft facility of £nil (2010 £1,000,000) As at 31 December 2011 the net bank balance was £2,822,000 (2010 £1,146,000) leaving undrawn facilities expiring within one year of £nil (2010 £1,000,000)

Maturity of financial liabilities

The following table details the group's remaining contractual maturity for its non-derivative financial liabilities The maturity of financial liabilities table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay

	2011	2010
	£'000	£'000
In one year or less	**2,815**	2,145

24. Share capital

Called up share capital.

	2011	2010
	£'000	£'000
Allotted, called up and fully paid		
At 1 January and 31 December		
92,228,605 ordinary shares of 10 pence each	**9,223**	9,223

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

24. Share capital (contınued)

Share optıons and share based payments

The company operates several employee share optıon schemes As at 31 December optıons under these schemes, excludıng those held by dırectors, were outstandıng over

Year ordınary share optıons Issued	Exercıse prıce	**2011 Number**	2010 Number
2001	30 25p	-	30,000
2002	10 00p	**71,550**	71,550
2005	10 00p	**200,000**	200,000
2006	12 50p	**400,000**	400,000

Directors' interests ın share options

Detaıls of optıons held by dırectors over the company's ordınary shares of 10p are set out below

	As at 31 December 2010	*Movements ın the year*	***As at 31 December 2011***	*Exercıse prıce*	*Date from whıch exercısable*	*Expıry date*
The 1997 Unapproved Scheme						
N Grımond (note 1)	500,000	(500,000)	-	23p	19 03 07	19 03 11
W W Jennıngs (note 1)	500,000	(500,000)	-	23p	19 03 07	19 03 11
Non-executıve Dırector Schemes						
D A H Voss (note 2)	100,000	-	**100,000**	10p	22 03 02	22 03 12
D A H Voss (note 1)	100,000	(100,000)	-	23p	19 03 07	19 03 11
D A H Voss	75,000	-	**75,000**	10p	09 05 05	09 05 15
D A H Voss	75,000	-	**75,000**	12 5p	12 04 06	12 04 16
The 2004 EMI Scheme ıssue 1 (note 3)						
N Grımond	500,000	-	**500,000**	10p	09 05 05	09 05 15
W W Jennıngs	500,000	-	**500,000**	10p	09 05 05	09 05 15
The 2004 EMI Scheme ıssue 2 (note 4)						
N Grımond	500,000	-	**500,000**	12 5p	12 04 06	12 04 16
W W Jennıngs	500,000	-	**500,000**	12 5p	12 04 06	12 04 16

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

24. Share capital (continued)

The market price of the company's shares at the end of the financial year was 14 38p (2010 9 38p) and the range of market prices during the year was 7 75p to 16 88p (2010 5 5p to 9 38p)

1 These share options have lapsed

2 These share options vested when the closing mid market value of the shares exceeded 15p

3 These share options were granted under the EMI Scheme on 9 May 2005 with a profit performance target that they would only vest on the achievement of at least 15% increase in the basic earnings per share of the company These share options have all now vested

4 These share options were granted under the EMI Scheme on 12 April 2006 with a profit performance target that they would only vest on the achievement of at least 15% increase in the basic earnings per share of the company These share options have all now vested

The weighted average remaining life of all share options outstanding at 31 December 2011 is 3 years and 8 months

25. Financial commitments

At 31 December 2011 the group had total commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2011	2010	**2011**	2010
	£'000	£'000	**£'000**	£'000
Due within one year	**80**	121	**155**	156
Due between two and five years inclusive	**169**	324	**123**	132
	249	445	**278**	288

The majority of the land and building operating lease payments represent rentals payable by the group for certain office and retail premises relating to discontinued operations Wherever possible these premises are sub-let on equivalent terms to the related head-lease

The majority of the other operating leases are in respect of car and van leases which are negotiated for a term of three years

Notes to the consolidated financial statements

for the year ended 31 December 2011 (continued)

26. Reconciliation of operating profit to net cash inflow from operating activities

	2011 £'000	2010 £'000
Profit for the year	**1,206**	563
Adjustments for		
Finance costs	**15**	10
Income tax expense	**271**	200
Deferred tax (credit)/charge	**(322)**	40
Depreciation of property, plant and equipment	**95**	124
Amortisation of intangible fixed assets	**64**	219
Write down of property, plant and equipment	**26**	-
Write down of asset held for sale	**300**	-
Increase/(decrease) in provisions	**270**	(6)
Operating cash flows before movement in working capital	**1,925**	1,150
(Increase)/decrease in inventories	**(931)**	600
Decrease/(increase) in receivables	**433**	(66)
Increase/(decrease) in payables	**17**	(797)
Increase/(decrease) in deferred income	**565**	(49)
Cash inflow from operations	**2,009**	838
Income taxes paid	**(188)**	(98)
Interest paid	**(10)**	(50)
Net cash inflow from operating activities	**1,811**	690

27. Related party transactions

Subsidiaries

Transactions between the company and its subsidiaries are eliminated on consolidation and therefore not disclosed Amounts owed by subsidiaries are interest free and repayable on demand

Auditor's Report on the parent company financial statements

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF 21ST CENTURY TECHNOLOGY PLC

We have audited the parent company financial statements of 21st Century Technology plc for the year ended 31 December 2011 which comprise the Parent Company Balance Sheet and the related notes 1 to 6 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Auditor's Report on the parent company financial statements (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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

Other matter

We have reported separately on the consolidated financial statements of 21st Century Technology plc for the year ended 31 December 2011

Nexia Smith & Williamson

Philip Quigley
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson,
Statutory Auditor
Chartered Accountants

25 Moorgate, London, EC2R 6AY

27 March 2012

Company balance sheet
as at 31 December 2011

	Notes	2011	2010
		£'000	£'000
Fixed assets			
Investment in subsidiaries	3	**10,000**	10,000
		10,000	10,000
Current assets			
Amounts owed by group undertakings		**2,439**	2,903
Other debtors		**1**	-
Cash at bank		**1**	2
		2,441	2,905
***Creditors** – due within one year*			
Amounts owed to group undertakings		-	(151)
Other creditors		**(38)**	(10)
		(38)	(161)
Net current assets		**2,403**	2,744
Net assets		**12,403**	12,744
Capital and reserves			
Share capital	4	**9,223**	9,223
Share premium account	5	-	3,387
Special reserve	5	-	1,206
Other reserve	5	-	43
Merger reserve	5	**1,001**	1,001
Retained earnings	5	**2,179**	(2,116)
Shareholders' funds	6	**12,403**	12,744

The accompanying notes are an integral part of these parent company financial statements

The financial statements were approved by the board of directors on 27 March 2012 and were signed on its behalf by

J G L Holmstrom
Chairman

W W Jennings
Finance Director

Notes to the company financial statements

for the year ended 31 December 2011

1. Significant accounting policies applied to the individual entity financial statements of the company

Basis of preparation

The financial statements of the company are presented as required by the Companies Act 2006 They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and Law The company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 'Cash Flow Statements' The principal accounting policies which have been applied consistently throughout the year and the preceding year are summarised below

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment

Equity instruments

Ordinary shares are classified as equity Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs

2. Profit for the year

As permitted by section 408 of the Companies Act 2006 the company has elected not to present its own profit and loss account for the year 21st Century Technology plc reported a loss for the financial year ended 31 December 2011 of £341,000 (2010, profit £2,579,000)

The auditors' remuneration for the audit and other services is disclosed in note 6 to the consolidated financial statements

3. Investments

	Interests in group Undertakings
	£'000
Cost	
At 1 January and 31 December 2011	27,362
Amounts provided	
At 1 January and 31 December 2011	(17,362)
Net book amounts	
At 31 December 2011	**10,000**
At 31 December 2010	10,000

Notes to the company financial statements

for the year ended 31 December 2011 (continued)

3. Investments (continued)

Interests in group undertakings

Details of the company's principal subsidiary undertakings (which have been consolidated in the group financial statements) are as follows

Name of undertaking	Description of shares held	Proportion of voting rights held %	Nature of business
21st Century Technology Solutions Limited[1]	Ordinary £1 shares	100	Sale and installation of CCTV and other monitoring devices
21st C Scandinavia AB[2]	100 SEK shares	100	CCTV installation and project management

[1]Incorporated in the United Kingdom

[2]Incorporated in Sweden on 24 January 2011

4. Share capital

Called up share capital:

	2011	2010
	£'000	£'000
Allotted, called up and fully paid		
At 1 January and 31 December		
92,228,605 ordinary shares of 10 pence each	**9,223**	9,223

5. Share premium account and reserves

	Share premium	Special reserve	Other reserve	Merger reserve	Profit and loss account
	£'000	£'000	£'000	£'000	£'000
At 1 January 2011	3,387	1,206	43	1,001	(2,116)
Cancellation of share premium	(3,387)	-	-	-	3,387
Transfer to distributable reserves	-	(1,206)	(43)	-	1,249
Loss for the year	-	-	-	-	(341)
At 31 December 2011	**-**	**-**	**-**	**1,001**	**2,179**

Notes to the company financial statements

for the year ended 31 December 2011 (continued)

5. Share premium account and reserves (continued)

At the Annual General Meeting held on 1 June 2011 a special resolution was passed to transfer the remaining £3,387,000 standing on the credit of the company's share premium account to distributable reserves Following the AGM an application to the High Court was made and this completed on 23 June 2011

The Special Reserve was created on 29 June 2006 pursuant to an undertaking for the protection of the company's creditors at that time which the company gave to the Court in connection with the reduction of its share premium account None of the company's creditors as at 29 June 2006 remain outstanding and consequently the Special Reserve has been transferred to distributable reserves

The Other Reserve represented share capital to be issued as contingent consideration relating to an acquisition in 1996 The directors consider that this contingent consideration will never have to be paid and so the Other Reserve has also been transferred to distributable reserves

6. Reconciliation of movements in equity shareholders' funds

	2011	2010
	£'000	£'000
Opening equity shareholders' funds	**12,744**	10,165
(Loss)/profit for the year	**(341)**	2,579
Closing equity shareholders' funds	**12,403**	12,744