Reg No: 2974642

21st Century Technology plc

Annual Report

31 December 2010

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
Nexia Smith & Williamson
25 Moorgate
London
EC2R 6AY

Bankers
NatWest Bank
Carlyle House
Carlyle Road
Cambridge
CB4 3DH

Solicitors
Ashurst
Broadwalk House
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
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Chairman's statement

Trading results

I am pleased to report that the group results from continuing activities for the year show an increase in profit from continuing operations of 24% to £0 6m (2009 £0 5m) We have also increased our cash position significantly at the year end to £1 1m compared to £0 5m at the start of the year

Group – continuing operations	2010 £m	2009 £m
Revenue	**10.8**	10 5
Gross profit	**6.3**	6 3
Gross profit percentage	***58%***	*60%*
Net operating expenses	**(5.4)**	(5 6)
Operating profit from continuing operations	**0.9**	0 7
Finance costs	**-**	-
Profit before taxation	**0.9**	0 7
Taxation	**(0.3)**	(0 2)
Profit on continuing operations after tax	**0.6**	0 5
Loss for the period from discontinued operations	**-**	(0 5)
Profit from continuing and discontinued operations	**0.6**	-
Earnings per share	**Pence**	Pence
– Continuing operations	**0.67p**	0 56p
– Continuing and discontinued operations	**0.61p**	0 02p

Following the disposal of the last remaining legacy distribution business at the end of 2009 and the cessation of our loss making Vehicle Installation Services for insurance customers at the beginning of 2010, the principal activities of the company are now focused on the supply of 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 our passenger counting system, "PAS" (Passenger Analysis System)

CCTV

Despite a tough economic backdrop, the division reported a good performance, with CCTV sales for the year reaching £5 9m up 9% on the prior year We added FirstGroup UK Bus to our customers during the year and this contributed £0 9m to total sales In addition we expanded the services we provide to Go-Ahead through the supply of station platform CCTV equipment and the management of the installation program at the three UK train companies operated by *Govia* - the Go-Ahead and Keolis joint venture This new income source contributed £1 4m in additional sales in the year

EcoManager

EcoManager is our driver monitoring device which utilises a red, amber, green in-cab display to assist bus drivers to reduce fuel consumption and improve safety by moderating their driving style The deployment of EcoManager has resulted in fuel savings of 12% and over 60% reduction in accidents In 2009 EcoManager won the industry recognised Alexander Dennis Award for Innovation and this was followed in 2010 with a UK driver safety award presented by the road safety charity, 'Brake' Arriva have now almost completed the roll out of the system across their UK fleet EcoManger sales for the year reached £4 9m, in line with the previous year The significant aspect of this is that these sales included £0 9m of sales in mainland Europe – specifically Holland, Italy, Spain and France and we believe the European export market may represent a major opportunity for growth

Chairman's statement (continued)

Contract wins and major customers

We have made significant progress since the period under review In January 2011 we were awarded Swedish contracts worth £7 2m by Keolis Sverige AB to supply CCTV systems, related maintenance and depot infrastructure for a total of 1,475 buses which Keolis operates under the 'Busslink' trading name in Stockholm Around £6 3m of this business is expected to be delivered in 2011

The group continues to build momentum, by developing leading positions with major customers across the UK and Europe We are now an approved supplier for on board CCTV to First Group UK Bus, preferred supplier to Arriva and Go-Ahead in the UK and preferred supplier to Keolis in Stockholm

Cash flow

The final instalment of the bank term loan was repaid in February 2010 and the group has maintained a positive cash position of £1 1m at the end of the year, up from £0 5m at the start of the year

Land and buildings

The group owns its head office premises in Mitcham Surrey, which 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 we are now actively marketing the property for sale Consequently, in the Consolidated Statement of Financial Position as at 31 December 2010, the carrying value of the land and buildings has been reclassified from non-current assets in to current assets classified as held for sale

Dividends

To date the company has not been in a position to pay dividends because of the level of bank debt in the business and the losses of the company accumulated in its formative years The bank debt has now been repaid but the company still has a deficit on its reserves To address this, a resolution will be put forward for consideration by shareholders at our next AGM to enable the company to offset its share premium against its prior year accumulated losses so that future profit is available for distribution by way of dividend

Current trading and outlook

We have made a good start to 2011, with the award of the Keolis contracts and we are trading in line with expectations We are hopeful of adding to this early success during the remainder of the current year

Jan G Holmstrom
Chairman

22 March 2011

Directors' biographical details

Jan Holmstrom, Non-executive Chairman

Jan Holmstrom, 57, 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 54% 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, Pittards plc, Bilderton Limited, Johnson and Starley Limited and Somerset AB (Sweden)

Nicholas Grimond, Chief Executive

Nick Grimond, 44, 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, 50, 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 In addition to the international experience gained with Isis, he has extensive corporate finance experience with PricewaterhouseCoopers Wilson was appointed to the board in March 2000

Mark Elliott, Non-executive Director

Mark Elliott, 52, 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, 61, 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 Mobile Union Limited, Frogmill Management Company Limited, and VG Business Solutions Limited

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 4

Attendance at meetings

The full board met eleven times in 2010 All of the directors who were in office at the time were in attendance at these meetings

The Audit Committee

During the year the audit committee comprised the non-executive director(s) 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 director(s) with David Voss as its chairman Five meetings of the committee were held during 2010 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 December 2010 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 2010, 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 to David Voss between 2002 and 2007 and detailed at note 25

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 last pay review in January 2011 It is the intention to gradually increase the proportion of directors' remuneration which is linked to performance criteria

Report on directors' remuneration (continued)

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 Nick Grimond

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	Termination payments	**Total 2010**	Total 2009
Executive	£	£	£	£	**£**	£
N Grimond	170,035	83,152	1,328	-	**254,515**	255,879
WW Jennings	140,719	55,968	827	-	**197,514**	198,093
Non-executive						
MW Elliott *Note 1*	1,667	-	-	-	**1,667**	-
JGL Holmstrom *Note 2*	17,500	-	-	-	**17,500**	-
DAH Voss	26,000	-	-	-	**26,000**	26,490
PT Ward *Note 3*	29,583	-	1,676	30,000	**61,259**	67,716
	385,504	139,120	3,831	30,000	**558,455**	548,178

Notes

1 *Appointed 8 December 2010*

2 *Appointed 21 July 2010*

3 *Resigned 24 May 2010*

Share options

At 31 December 2010 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 four (2009 six) 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

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, 12 April 2006, and 19 March 2007

Report on directors' remuneration (continued)

Directors' interests in share options

Directors' interests in the share options are disclosed in note 25 to these 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 2010

Results and dividend

The group achieved a profit of £0 6m for the year (2009 £nil) The directors do not recommend the payment of a dividend (2009 £nil)

Principal activities and business review

During 2010 the group operated in two divisions

Public transport monitoring systems ("PTMS")

Principal activities in this division are the supply and installation of CCTV, black-box and other monitoring systems for use on public transport vehicles

Vehicle installation services

The principal activity within Vehicle Installation Services was the replacement of stolen in-car entertainment and navigation systems for insurance company customers and the installation of black-box units for the telematics based motor insurance market This activity was effectively discontinued at the end of 2009 but a relatively small amount of sales and cost activity carried over into January 2010

Business environment

The group is now completely focussed on the public transport market Despite the recessionary headwind, the group's customer base has grown and significant success has been achieved in overseas markets in the early part of 2011

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 the year 21st Century won new CCTV business from FirstGroup UK Bus and expanded the services sold to the Go-Ahead Group plc to embrace the supply and management of the installation of CCTV on the Station Platforms operated by the three UK train operating companies within the 'Govia' joint venture with Keolis Subsequent to the year end the group was awarded Preferred Supplier status for on bus CCTV in Stockholm by Keolis Sverige AB

Directors' report (continued)

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 £0 7m of cash (2009 £1 5m) from operating activities and the closing cash position was £1 1m at the year end (2009, net cash £0 5m)

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 consequently the loss of one single 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 and customer satisfaction surveys, which are agreed with these customers A key focus is to win new business in the PTMS market and thereby reduce reliance on the existing customer base

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 The group also faces competition from some CCTV equipment suppliers who also sell direct to the market The group's response is to emphasise that it is not tied to one system and to focus on its expertise as an independent integrator who can select and install the CCTV system which best matches customers' requirements

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

Directors' report (continued)

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 2010, the company had a Sterling overdraft facility of £1,000,000 (2009 £1,000,000) The facility was at floating rates of interest linked to LIBOR At 31 December 2010 the group had net cash at bank of £1,146,000 (2009 £522,000) 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 PTMS 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

Future outlook

A summary of the group's objectives and outlook 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 25 to the financial statements) were as follows

		Number of ordinary 10p shares in the company	
		31 December 2010	31 December 2009
M W Elliott	*Appointed 8 December 2010*	**-**	-
N Grimond		**2,021,739**	2,021,739
J G L Holmstrom	*Appointed 21 July 2010*	**-**	-
W W Jennings		**784,921**	784,921
D A H Voss		**859,913**	859,913
P T Ward	*Resigned 24 May 2010*	**2,125,365**	2,125,365

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

Directors' report (continued)

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 and there have been no changes between the year end and the date of this report

Major interests in shares

As at 28 February 2011, 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	27,243,344	29 54%
Slater Investments Limited	11,775,315	12 77%
V V Shah	3,300,000	3 58%

Land and buildings and post balance sheet event

The group owns its head office premises in Mitcham Surrey, which 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 we are now actively marketing the property for sale Consequently, in the Consolidated Statement of Financial Position as at 31 December 2010, the carrying value of the land and buildings has been reclassified from non-current assets in to current assets classified as held for sale

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 £680 (2009 £1,225) to Prostate Cancer Research, Leukaemia Care and Brake

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

Directors' report (continued)

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 2010 was 41 days (2009 58 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
22 March 2011

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 Principles (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,
- 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, 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 2010 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 28 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 16, 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 2010 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 2010

Nexia Smith & Williamson

Philip Quigley	25 Moorgate
Senior Statutory Auditor, for and on behalf of	London
Nexia Smith & Williamson	EC2R 6AY
Statutory Auditor	
Chartered Accountants	22 March 2011

Consolidated statement of comprehensive income

for the year ended 31 December 2010

	Notes	2010 £'000	2009 £'000
Continuing operations			
Revenue	3	**10,840**	10,470
Cost of sales		**(4,550)**	(4,143)
Gross profit		**6,290**	6,327
Other operating income		**88**	93
Administrative expenses		**(5,508)**	(5,675)
Operating profit		**870**	745
Finance costs	5	**(10)**	(54)
Profit before taxation	6	**860**	691
Taxation	7	**(240)**	(192)
Profit for the year from continuing operations		**620**	499
Discontinued operations			
Loss for the year from discontinued operations	8	**(57)**	(481)
Profit for the year being total comprehensive income		**563**	18
Earnings per share	10		
From continuing operations			
Basic and diluted		**0.67p**	0 56p
From continuing and discontinued operations			
Basic and diluted		**0.61p**	0 02p

Consolidated statement of changes in equity

for the year ended 31 December 2010

	Share capital	Share premium	Special and other reserve	Retained Earnings	Total equity shareholders' funds
	£'000	£'000	£'000	£'000	£'000
Balance at 1 January 2009	8,169	3,387	1,249	(3,778)	9,027
Total comprehensive income for the year	-	-	-	18	18
Share based payments	-	-	-	19	19
Issue of equity share capital	1,054	-	-	-	1,054
Purchase of non-controlling interest	-	-	-	(2,083)	(2,083)
Balance at 31 December 2009	9,223	3,387	1,249	(5,824)	8,035
Total comprehensive income for the year	-	-	-	563	563
Balance at 31 December 2010	**9,223**	**3,387**	**1,249**	**(5,261)**	**8,598**

At the Annual General Meeting held on 23 May 2006 a special resolution was passed to transfer £8,723,000 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 28 June 2006 For the protection of creditors an amount equal to the dividends received from subsidiary companies out of the prior year profit was transferred to the Special Reserve

Consolidated statement of financial position

At 31 December 2010

	Notes	2010 £'000	2009 £'000
Assets			
Non-current assets			
Goodwill	11	**4,318**	4,318
Other intangible assets	12	**183**	247
Property, plant and equipment	13	**115**	2,820
Deferred tax asset	14	**160**	200
		4,776	7,585
Current assets			
Inventories	15	**1,058**	1,658
Trade and other receivables	16	**1,840**	1,874
Cash and cash equivalents	17	**1,146**	773
		4,044	4,305
Assets classified as held for sale	18	**2,592**	-
		6,636	4,305
Total assets		**11,412**	11,890
Liabilities			
Current liabilities			
Trade and other payables	19	**(1,937)**	(2,785)
Current tax liabilities	20	**(282)**	(180)
Bank loans and overdrafts	21	**-**	(251)
Provisions	22	**(173)**	(72)
		(2,392)	(3,288)
Net current assets		**4,244**	1,017
Non-current liabilities			
Provisions	22	**(60)**	(205)
Deferred tax liabilities	23	**(362)**	(362)
		(422)	(567)
Total liabilities		**(2,814)**	(3,855)
Net assets		**8,598**	8,035

Consolidated statement of financial position

At 31 December 2010 (continued)

	Notes	**2010**	2009
		£'000	£'000
Shareholders' equity			
Share capital	25	**9,223**	9,223
Share premium account		**3,387**	3,387
Special reserve		**1,206**	1,206
Other reserve		**43**	43
Retained earnings		**(5,261)**	(5,824)
Total equity		**8,598**	8,035

The financial statements were approved by the board of directors and authorised for issue on 22 March 2011 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 2010

	Notes	2010	2009
		£'000	£'000
Net cash generated from operating activities	27	**690**	1,535
Cash flow from investing activities			
Disposal of discontinued operations	8	**100**	425
Purchases of property, plant and equipment		**(11)**	(81)
Purchases of intangible fixed assets		**(155)**	(212)
Purchase of shares in subsidiary		**-**	(1,054)
Net cash used in investing activities		**(66)**	(922)
Cash flow from financing activities			
Repayment of borrowings		**(250)**	(250)
Decrease in bank overdrafts		**(1)**	(1,469)
Dividend paid to non-controlling interest		**-**	(293)
Net cash used in financing activities		**(251)**	(2,012)
Net increase/(decrease) in cash and cash equivalents		**373**	(1,399)
Cash and cash equivalents at beginning of year		**773**	2,172
Cash and cash equivalents at end of year		**1,146**	773

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 2010

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 11

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

(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 2010 (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 2010 (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 2010 (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 2010 (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 2010 (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 IAS32, IFRS2, IFRS7, IFRS9, IAS24 and IFRIC19)*

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

3. Segmental reporting

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

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 £'000**
Total revenue	**66**
Inter-segment sales	**-**
External revenue	**66**
Operating loss	**(57)**
Depreciation	**-**
Amortisation	**(57)**
Capital expenditure	**-**
Total assets	**-**
Total liabilities	**-**

The principal activity within Vehicle Installation Services was the replacement of stolen in-car entertainment and navigation systems for insurance company customers and the installation of black-box units for the telematics based motor insurance market This activity was effectively discontinued at the end of 2009 but a relatively small amount of sales and cost activity carried over into January 2010 and is disclosed above under discontinued operations

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

3. Segmental reporting (continued)

2009 - Continuing operations	Public Transport Monitoring Systems £'000
Total revenue	10,470
Operating profit before reorganisation costs	944
Reorganisation costs	(199)
Operating profit after reorganisation costs	745
Depreciation	(137)
Amortisation	(264)
Capital expenditure	229
Total assets	9,413
Total liabilities	(3,019)

2009 - Discontinued operations	Vehicle Installation Services	Distribution	Total
	£'000	£'000	£'000
Total revenue	3,648	1,504	5,152
Inter-segment sales	(2,255)	-	(2,255)
External revenue	1,393	1,504	2,897
Operating profit before disposal costs and proceeds	2	3	5
Datatool goodwill written off	-	(532)	(532)
Reorganisation and redundancy costs	(200)	(13)	(213)
Write down of inventories following disposals of businesses	(100)	-	(100)
Legal and professional fees on disposal	-	(21)	(21)
Operating loss before proceeds from disposals of businesses	(298)	(563)	(861)
Profit on sale of business	-	393	393
Operating loss after proceeds from disposals of businesses	(298)	(170)	(468)
Depreciation	(18)	(20)	(38)
Amortisation	(35)	(38)	(73)
Capital expenditure	31	33	64
Total assets	1,066	1,411	2,477
Total liabilities	(402)	(434)	(836)

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

3. Segmental reporting (continued)

Geographical Segments

Revenue by location of customer

	2010 £'000	2009 £'000
Continuing operations		
UK	**9,804**	9,887
Holland	**486**	-
Italy	**272**	-
Spain	**176**	-
Scandinavia	**90**	581
France	**12**	-
Other EC	**-**	2
	10,840	10,470
Discontinued operations		
UK	**66**	2,824
Netherlands	**-**	38
France	**-**	15
USA	**-**	6
Other EC	**-**	14
	66	2,897
Total revenue	**10,906**	13,367

All assets and liabilities of the group are located in the UK

Customers who represented more than 10% of total revenue within continuing operations were

Revenue by customer

	2010 £'000	2009 £'000
Arriva UK Bus	**6,339**	8,552
The Go-Ahead Group	**2,499**	1,234

4. Employee information

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

	2010 Number	2009 Number
By activity		
Administration	**18**	24
Technical	**13**	11
Operations	**36**	47
	67	82

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

4. Employee information (continued)

Staff costs (for the above persons):	**2010**	2009
	£'000	£'000
Short-term employee benefits	**3,113**	3,699
Share-based payments	**-**	19
Post employment costs	**18**	61
	3,131	3,779

Key management compensation	**2010**	2009
	£'000	£'000
Salaries and short-term employee benefits	**1,019**	1,140
Termination benefits	**30**	199
Share-based payments	**-**	19
Post-employment benefits	**17**	42
	1,066	1,400

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

	2010	2009
	£'000	£'000
Total directors' emoluments	**558**	548
Highest paid director emoluments	**255**	256

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

5 Finance costs

	Continuing operations		Discontinued operations		Total	
	2010	2009	**2010**	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Interest payable on bank loans and overdrafts	**10**	54	**-**	13	**10**	67

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

6. Profit/(loss) on ordinary activities before taxation

This is stated after charging

	Continuing operations		Discontinued operations		Total	
	2010	2009	**2010**	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Operating lease rentals						
- Rent of land and buildings	**78**	73	-	20	**78**	93
- Hire of plant and machinery	**186**	195	-	54	**186**	249
Depreciation						
- Property, plant and equipment owned	**124**	137	-	38	**124**	175
Amortisation of Intangible fixed assets	**162**	264	**57**	73	**219**	337
Inventories – consumed and recognised as expense in cost of sales	**3,950**	4,300	-	1,589	**3,950**	5,889
Write down of inventories	**44**	-	-	100	**44**	100
Trade receivables impairment	**12**	-	-	81	**12**	81
Share based remuneration charge	-	19	-	-	-	19
Restructuring costs	-	199	-	213	-	412

Profit on ordinary activities before taxation is also stated after charging

	2010	2009
	£'000	£'000
Auditors' remuneration		
Fees payable to the company's auditors for the audit of the company's annual financial statements	**5**	17
Fees payable to the company's auditors for the audit of the company's subsidiaries of the company pursuant to legislation	**40**	23
Total audit fees	**45**	40
Tax services	**17**	37
Other services	-	4

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

7. Taxation

(a) Analysis of charge in year

	2010	2009
	£'000	£'000
Current tax		
UK corporation tax on the profit for the year (28%)	**200**	180
Deferred tax charge	**40**	12
Total tax charge for the year	**240**	192

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 (28%) The differences are explained below

	2010	2009
	£'000	£'000
Profit on ordinary activities before tax	**860**	691
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 28%)	**241**	193
Effects of		
Loss on discontinued activities	**(16)**	(135)
Expenses not deductible for tax purposes	**35**	181
Capital allowances in excess of depreciation	**(18)**	6
Research & Development tax credits	**(28)**	(58)
Utilisation of tax losses	**(14)**	(7)
Deferred tax charge	**40**	12
Total tax charge for the year	**240**	192

(c) Deferred tax

The unrecognised and recognised deferred tax asset comprises the following

Group	Unrecognised		Recognised	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Tax losses	**6**	20	**-**	-
Decelerated capital allowances	**-**	-	**160**	200
	6	20	**160**	200

The group has £22,000 of unutilised tax losses (2009 £71,000)

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

7. Taxation (continued)

The movement on deferred tax is as follows

	Receivable £'000	Payable £'000
Balance brought forward at 1 January 2010	200	(362)
Charge to profit and loss account	(40)	-
Balance carried forward at 31 December 2010	**160**	**(362)**

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

The net charge to the statement of comprehensive income for the year comprises

	2010 £'000	2009 £'000
Reduction in deferred tax asset	**(40)**	(12)

8. Discontinued operations

On 15 December 2009, the group entered into a sale agreement to dispose of its Datatool motorcycle security and accessories division The disposal was completed on this date and from this date control of this division passed to the acquirers On the same day the company announced that it would cease its insurance Vehicle Installation Services ("VIS") in early 2010

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

	2010 £'000	2009 £'000
Revenue	**66**	2,897
Expenses	**(123)**	(3,771)
Loss before and after tax*	**(57)**	(874)
Profit on disposal of discontinued operations	**-**	393
Net loss attributable to discontinued operations	**(57)**	(481)

*There was no tax payable or recoverable on discontinued operations

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

9. Profit 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 profit for the year was £2,579,000 (2009, loss £103,000)

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 None of the company's share options were dilutive as the option prices were all above the year end market value of the shares

	Earnings £'000	**2010 Per share amount Pence**	Earnings £'000	2009 Per share amount Pence
From continuing and discontinued operations				
Basic EPS				
Earnings attributable to ordinary shareholders	**563**	**0.61**	18	0 02
Diluted EPS				
Earnings	**563**	**0 61**	18	0 02
From continuing operations				
Basic EPS				
Earnings attributable to ordinary shareholders	**563**	**0 61**	18	0 02
Adjustment to exclude loss from discontinued operations	**57**	**0.06**	481	0 54
Earnings from continuing operations	**620**	**0 67**	499	0 56
Diluted EPS				
Earnings from continuing operations (as above)	**620**	**0.67**	499	0 56

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

	2010 '000	2009 '000
Weighted average number of shares	**92,229**	89,226

Notes to the consolidated financial statements

for the year ended 31 December 2010 (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 2009, 31 December 2009 and **31 December 2010**	**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 34% In view of this, the directors consider that no impairment of goodwill is required

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

12. Other intangible fixed assets

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

2009 movements	Development costs £'000	Purchased software £'000	Total £'000
Cost			
At 1 January 2009	251	676	927
Additions	210	2	212
Disposals	-	(57)	(57)
At 31 December 2009	461	621	1,082
Amortisation			
At 1 January 2009	98	441	539
Charge for the year	190	147	337
Disposals	-	(41)	(41)
At 31 December 2009	288	547	835
Net book value			
At 31 December 2009	173	74	247
At 31 December 2008	153	235	388

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

13. Property, plant and equipment

2010 movements	Freehold land and buildings £'000	Plant and equipment £'000	**Total £'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 has been transferred to assets classified as held for sale (see note 18)

2009 movements	Freehold land and buildings £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2009	3,786	2,604	6,390
Additions	-	81	81
Disposals	-	(36)	(36)
At 31 December 2009	3,786	2,649	6,435
Depreciation			
At 1 January 2009	1,086	2,382	3,468
Charge for the year	54	121	175
Disposals	-	(28)	(28)
At 31 December 2009	1,140	2,475	3,615
Net book amounts			
At 31 December 2009	2,646	174	2,820
At 31 December 2008	2,700	222	2,922

Notes to the consolidated financial statements

for the year ended 31 December 2010 (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 2010	200
Charge to profit and loss account	(40)
Balance carried forward at 31 December 2010	**160**

15. Inventories

	2010 **£'000**	2009 £'000
Finished goods and goods for resale	**1,058**	1,658

16. Trade and other receivables

	2010 **£'000**	2009 £'000
Trade receivables	**1,767**	1,846
Less provision for impairment of receivables	**(80)**	(168)
Trade receivables – net	**1,687**	1,678
Deferred consideration on disposal of Datatool division	**-**	100
Other receivables and prepayments	**153**	96
	1,840	1,874

Included in trade receivables are gross receivables due from customers for construction contract work of £517,000 (2009 £nil)

The average credit period taken on sales of goods is 48 days (2009 40 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	
	2010 **£'000**	2009 £'000
Arriva Group	**699**	1,187
Govia/The Go-Ahead Group	**595**	100
Wrightbus	**196**	261

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

16. Trade and other receivables (continued)

Included in the group's trade receivable balance are debtors with a carrying amount of £480,000 (2009 £146,000) 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 49 days (2009 75 days)

Ageing of past due but not impaired trade receivables

	2010 £'000	2009 £'000
30-60 days	**410**	-
60-90 days	**70**	144
Over 90 days	**-**	2
	480	146

Movement in the provision for impairment of trade receivables

	2010 £'000	2009 £'000
Balance at 1 January	**168**	154
Impairment losses recognised	**12**	81
Amounts written off as uncollectable	**(100)**	(67)
Balance at 31 December	**80**	168

Ageing of impaired trade receivables

	2010 £'000	2009 £'000
60-90 days	**42**	66
Over 90 days	**38**	102
	80	168

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

	2010 £'000	2009 £'000
Cash and cash equivalents	**1,146**	773

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 2010 (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

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 owns its head office premises in Mitcham Surrey, which 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 is now actively marketing the property for sale Consequently, the carrying value of the land and buildings has been reclassified from non-current assets in to current assets classified as held for sale

19. Trade and other payables - current

	2010 £'000	2009 £'000
Trade payables	**687**	682
Other taxation and social security	**233**	300
Other payables	**43**	60
Accruals and deferred income	**974**	1,743
	1,937	2,785

Trade creditors and other payables principally comprise amounts outstanding for trade purchases and ongoing costs The average credit period taken for trade purchases is 41 days (2009 58 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

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

20. Current tax liabilities

	2010 £'000	2009 £'000
Corporation tax	**282**	180

21. Bank loans and overdrafts - current

	2010 £'000	2009 £'000
Bank overdrafts	-	1
Current bank loans	-	250
Total current borrowings	-	251

The bank loan and overdrafts were secured by fixed and floating charges over all assets of the group

22. Provisions

	2010 £'000
Balance at 1 January	277
Movement in the year	(44)
Balance at 31 December	**233**
Included in current liabilities	**173**
Included in non-current liabilities	**60**
	233

The provision 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 in 2007

23. Deferred tax liabilities – non current

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

	2010 £'000	2009 £'000
Balance brought forward 1 January and carried forward at 31 December	**362**	362

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

24. 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 is £nil at 31 December 2010 (2009 £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

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	
	2010	2009
	£'000	£'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**2,986**	2,647
Financial liabilities		
Amortised cost	**2,219**	3,216

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 2010 (continued)

24. Financial instruments (continued)

	Liabilities		Assets	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Euro	**-**	5	**606**	15
US Dollar	**9**	3	**60**	17

At the year end the group was mainly exposed to fluctuations in the US dollar and Euro 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 and the balances below would be positive

	Euro currency impact		US dollar currency impact	
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Loss	**(61)**	(2)	**(5)**	(3)

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 (2009 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 2010 (continued)

24. 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 2010, the group had a term loan of £nil (2009 £250,000) and an overdraft facility of £1,000,000 (2009 £1,000,000) As at 31 December 2010 the net bank balance was £1,146,000 (2009, net balance on bank current accounts £772,000) leaving undrawn facilities expiring within one year of £1,000,000 (2009 £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

	2010	2009
	£'000	£'000
In one year or less	**2,219**	3,221

25. Share capital

Called up share capital:

	2010	2009
	£'000	£'000
Allotted, called up and fully paid		
At 1 January		
92,228,605 (2009 81,689,480) ordinary shares of 10 pence each	**9,223**	8,169
Shares issued during the year		
10,539,125 ordinary shares of 10 pence each issued as fully paid on the acquisition of the remaining 25% of the issued share capital of 21st Century Crime Prevention Services Limited	-	1,054
At 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 2010 (continued)

25. Share capital (continued)

Share options and share based payments

The company operates several employee share option schemes As at 31 December options under these schemes, excluding those held by directors, were outstanding over

Year ordinary share options Issued	Exercise price	**2010 Number**	2009 Number
2000	47 00p	-	68,000
2001	30 25p	**30,000**	30,000
2002	10 00p	**71,550**	95,550
2005	10 00p	**200,000**	400,000
2006	12 50p	**400,000**	600,000

Directors' interests in share options

Details of options held by directors over the company's ordinary shares of 10p are set out below

	As at 31 December 2009	*Movements in the year*	***As at 31 December 2010***	*Exercise price*	*Date from which exercisable*	*Expiry date*
The 1997 Unapproved Scheme						
N Grimond	500,000	-	**500,000**	23p	19 03 07	19 03 11
W W Jennings	500,000	-	**500,000**	23p	19 03 07	19 03 11
P T Ward (note 1)	500,000	(500,000)	-	23p	19 03 07	19 03 11
Non-executive Director Schemes						
D A H Voss (note 2)	100,000	-	**100,000**	10p	22 03 02	22 03 12
D A H Voss	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
P T Ward (note 1)	250,000	(250,000)	-	10p	20 11 01	20 11 11
P T Ward (note 1)	500,000	(500,000)	-	10p	22 03 02	22 03 12
The 2004 EMI Scheme issue 1 (note 3)						
N Grimond	500,000	-	**500,000**	10p	09 05 05	09 05 15
W W Jennings	500,000	-	**500,000**	10p	09 05 05	09 05 15
P T Ward (note 1)	500,000	(500,000)	-	10p	09 05 05	09 05 15
The 2004 EMI Scheme issue 2 (note 4)						
N Grimond	500,000	-	**500,000**	12 5p	12 04 06	12 04 16
W W Jennings	500,000	-	**500,000**	12 5p	12 04 06	12 04 16
P T Ward (note 1)	500,000	(500,000)	-	12 5p	12 04 06	12 04 16

Notes to the consolidated financial statements

for the year ended 31 December 2010 (continued)

25. Share capital (continued)

The market price of the company's shares at the end of the financial year was 9 38p (2009 6 88p) and the range of market prices during the year was 5 5p to 9 38p (2009 3 5p to 8 63p)

1 The share options issued to P T Ward lapsed after Mr Ward resigned on 24 May 2010

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 2010 is 4 years and 3 months

26. Financial commitments

At 31 December 2010 the group had total commitments under non-cancellable operating leases as follows

	Land and buildings			Other
	2010	2009	**2010**	2009
	£'000	£'000	**£'000**	£'000
Due within one year	**121**	121	**156**	135
Due between two and five years inclusive	**324**	435	**132**	81
Due in over five years	**-**	27	**-**	-
	445	583	**288**	216

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 2010 (continued)

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

	2010	2009
	£'000	£'000
Profit for the year	**563**	18
Adjustments for		
Finance costs	**10**	54
Income tax expense	**240**	192
Gain on disposal of discontinued operations	**-**	(393)
Goodwill written off on disposal of discontinued operations	**-**	532
Depreciation of property, plant and equipment	**124**	175
Amortisation of intangible fixed assets	**219**	337
Share based payment expense	**-**	19
Decrease in provisions	**(44)**	(70)
Operating cash flows before movement in working capital	**1,112**	864
Decrease/(increase) in inventories	**600**	(157)
(Increase)/decrease in receivables	**(66)**	853
(Decrease)/increase in payables	**(808)**	35
Cash inflow from operations	**838**	1,595
Income taxes paid	**(98)**	-
Interest paid	**(50)**	(60)
Net cash inflow from operating activities	**690**	1,535

28. 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 2010 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 16, 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 financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its profit 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

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 2010

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

22 March 2011

Company balance sheet

as at 31 December 2010

	Notes	2010	2009
		£'000	£'000
Fixed assets			
Investment in subsidiaries	3	**10,000**	10,000
		10,000	10,000
Current assets			
Amounts owed by group undertakings		**2,903**	1,264
Other debtors		**-**	5
Cash at bank		**2**	739
		2,905	2,008
***Creditors** – due within one year*			
Bank loans		**-**	(250)
Amounts owed to group undertakings		**(151)**	(1,589)
Other creditors		**(10)**	(4)
		(161)	(1,843)
Net current assets		**2,744**	165
Net assets		**12,744**	10,165
Capital and reserves			
Share capital	4	**9,223**	9,223
Share premium account	5	**3,387**	3,387
Special reserve	5	**1,206**	1,206
Other reserve	5	**43**	43
Merger reserve	5	**1,001**	1,001
Retained earnings	5	**(2,116)**	(4,695)
Shareholders' funds	6	**12,744**	10,165

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

The financial statements were approved by the board of directors on 22 March 2011and 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 2010

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

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs Finance charges are accounted for on an accruals basis

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 profit for the financial year ended 31 December 2010 of £2,579,000 (2009, loss £103,000)

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 2010	27,362
Amounts provided	
At 1 January and 31 December 2010	(17,362)
Net book amounts	
At 31 December 2010	**10,000**
At 31 December 2009	10,000

Notes to the company financial statements

for the year ended 31 December 2010 (continued)

3. Investments (continued)

Interests in group undertakings

Details of the company's principal subsidiary undertaking (which has 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	Ordinary £1 shares	100	Sale and installation of CCTV and other monitoring devices

The above company is incorporated in the United Kingdom

4. Share capital

Called up share capital.

	2010 £'000	2009 £'000
Allotted, called up and fully paid		
At 1 January		
92,228,605 (2009 81,689,480) ordinary shares of 10 pence each	**9,223**	8,169
Shares issued during the year		
10,539,125 ordinary shares of 10 pence each issued as fully paid on the acquisition of the remaining 25% of the issued share capital of 21st Century Crime Prevention Services Limited	-	1,054
At 31 December		
92,228,605 ordinary shares of 10 pence each	**9,223**	9,223

5. Share premium account and reserves

	Share premium £'000	Special reserve £'000	Other reserve £'000	Merger reserve £'000	Profit and loss account £'000
At 1 January 2010	3,387	1,206	43	1,001	(4,695)
Profit for the year	-	-	-	-	2,579
At 31 December 2010	**3,387**	**1,206**	**43**	**1,001**	**(2,116)**

Notes to the company financial statements

for the year ended 31 December 2010 (continued)

6. Reconciliation of movements in equity shareholders' funds

	2010 £'000	2009 £'000
Opening equity shareholders' funds	**10,165**	9,195
Shares issued during the year	-	1,054
Increase in share based payment reserve	-	19
Profit/(loss) for the year	**2,579**	(103)
Closing equity shareholders' funds	**12,744**	10,165