Company Registration No 05352524 (England and Wales)

TRAINFX LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR

ENDED 31 DECEMBER 2010

TRAINFX LIMITED

COMPANY INFORMATION

Directors	P A Campbell T E Baldwin M R Edmonds Z R Grant
Secretary	P A Campbell
Company Number	05352524
Registered Office	15 Melbourne Business Court Millennium Way Pride Park Derby DE24 8HZ
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
Bankers	National Westminster Bank 34 High Street Cheadle Stockport SK8 1AF
Solicitors	Maxwell Winward LLP 100 Ludgate Hill London EC4M 7RE

TRAINFX LIMITED

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The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2010

Principal activities

The principal activity of the company during the period was that of the provision of passenger information, communication and security systems on trains

Review of business

Since November 2009 TrainFX have secured orders worth £2 5m The business is expected to deliver a profit contribution from its current work in progress in 2011 The company is tendering for a substantial amount of further work in advanced passenger information systems, CCTV, Passenger Counting, Crew Communications and train management information solutions

Results and dividends

The results for the year are set out on page 6 The Directors do not recommend the payment of a dividend for the year

Directors

The following directors have held office since 1 January 2010

T E Baldwin

P A Campbell

M R Edmonds

Z R Grant

Employees

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability Applications for employment by disabled persons are given full and fair consideration having regard to their particular aptitudes and abilities Where existing employees become disabled, it is the company's policy, wherever possible, to provide continuing employment under normal terms and conditions and to provide training, career development and promotion wherever appropriate

Financial Risk Management

The Company's exposure to the variety of financial risks is as follows

(a) Market Risk

Price risk
The price paid for utilities is subject to market movement, however as these costs are not significant for the company this will have minimal impact on the operations of the company

Fair value and cash flow interest rate risk
The company does not have significant cash balances which expose it to movements in market interest rates This risk is considered to be low due to the low level of the Company's fixed rate borrowing

(b) Credit risk
Trade debtors are reviewed on a regular basis and provision is made for doubtful debts when necessary

(c) Liquidity risk
The Company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense

(d) Foreign exchange risk
The company does not have any exposure to foreign exchange risk

Auditors

The auditors are deemed to be reappointed under Section 487 (2) of the Companies Act 2006

Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Statement of directors' responsibilities

The statement of directors' responsibilities can be found on page 3 of these financial statements The statement of directors' responsibilities forms part of the directors' report

This directors' report has been prepared in accordance with the provisions applicable to companies subject to the small companies' regime, part 15, Companies Act 2006

By order of the Board

P A Campbell
Company Secretary
15 July 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations and, International Financial Reporting Standards as adopted by the European Union

Company law requires the Directors to prepare financial statements for each financial year Under that law the directors have elected to prepare the Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the financial performance and cash flows of the Company for that year In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether the Company has complied with IFRS as adopted by the European Union, subject to any material departures disclosed and explained in the company financial statements, and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

INDEPENDENTAUDITORS' REPORT TO THE MEMBERS OF TRAINFX LIMITED

We have audited the financial statements of TrainFX Limited for the year ended 31 December 2010 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Cash Flows and the related notes 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 for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditors' report addressed to them To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement [set out on page 3] 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements

Opinion on the 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 loss for the year then ended,
- 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

Emphasis of Matter - Going Concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 2 1 1 to the financial statements concerning the Company's ability to continue as a going concern The Company incurred a loss for the year of £1,018,868 and in addition, as stated in note 2 1 1, the Company's ability to continue as a going concern is dependent on its parent being successful in raising funds from a placing and a open offer to further improve the Group's financial position The Group's Directors believe that this will secure the Group's financial future In addition the Company has secured orders for 2011 which are anticipated to significantly improve cash flows and reduce the overall requirement for funds from its parent The Company has prepared forecasts which take these factors into account and indicate that subject to these factors the Company is able to continue in operation for the foreseeable future

These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TRAINFX LIMITED

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 company 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 company, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report

Kingston Smith LLP

Jonathan Sutcliffe (Senior Statutory Auditor)
for and on behalf of Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

15 July 2011

TRAINFX LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Continuing operations			
Revenue		287,339	-
Cost of sales		(324,741)	(31,652)
Gross loss		(37,402)	(31,652)
Administrative expenses		(936,665)	(872,737)
Loss on disposal of assets		-	(18,851)
Operating loss		(974,067)	(923,240)
Finance income	18	-	-
Finance costs	18	(44,801)	(30,413)
Finance costs - net		(44,801)	(30,413)
Loss before income tax		(1,018,868)	(953,653)
Income tax expense	19	-	-
Loss for the year from continuing operations		(1,018,868)	(953,653)
Other comprehensive income		-	-
Total comprehensive income for the year		(1,018,868)	(953,653)

The notes on pages 10 to 21 are an integral part of these financial statements

TRAINFX LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2010

	Notes	2010 £	2009 £
Assets			
Non-current assets			
Property, plant & equipment	5	227,000	224,223
Intangible assets	6	134,469	198,388
		361,469	422,611
Current assets			
Inventory	7	491,363	-
Trade and other receivables	8	383,624	156,415
Cash and cash equivalents	9	6,430	35,335
		881,417	191,750
Total assets		1,242,886	614,361
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	10	1,840,002	1,840,002
Share premium account		854,000	854,000
Retained earnings	11	(4,313,512)	(3,294,644)
Total equity		(1,619,510)	(600,642)
Liabilities			
Current liabilities			
Trade and other payables	12	1,296,974	531,028
Borrowings	12	1,565,422	683,975
		2,862,396	1,215,003
Total liabilities		2,862,396	1,215,003
Total equity and liabilities		1,242,886	614,361

The notes on pages 10 to 21 are an integral part of these financial statements

The financial statements on pages 6 to 9 were authorised for issue by the board of directors on 15 July 2011 and were signed by on its behalf

T E Baldwin
Director

P A Campbell
Director

Company Number 05352524 (England and Wales)

TRAINFX LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Share capital	Share premium	Retained earnings	Total
		£	£	£	£
Balance as at 1 January 2009		**2**	**-**	**(2,340,991)**	**(2,340,989)**
Loss for year		-	-	(953,653)	(953,653)
Transactions with owners					
Issue of share capital	10	1,840,000	854,000	-	2,694,000
Balance as at 31 December 2009		1,840,002	854,000	(3,294,644)	(600,642)
Loss for year	11			(1,018,868)	(1,018,868)
Balance as at 31 December 2010		**1,840,002**	**854,000**	**(4,313,512)**	**(1,619,510)**

TRAINFX LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Cash flows from operating activities			
Loss before tax	11	(1,018,868)	(953,653)
Adjustments for			
Depreciation & Amortisation	5 & 6	138,281	173,555
Intercompany loan write off		-	71,600
Net finance income recognised in profit or loss	18	44,801	30,413
Loss on disposal of assets		-	18,851
		(835,786)	(659,234)
Changes in working capital			
Increase in inventories	7	(491,363)	-
Increase in trade and other receivables	8	(231,567)	(130,169)
Increase in trade and other payables	12	770,305	125,653
Cash used in operations		(788,411)	(663,750)
Interest paid		(44,801)	(30,413)
Net cash used in operating activities		(833,211)	(694,163)
Cash flows from investing activities			
Interest received		-	-
Acquisition of plant & equipment	5 & 6	(77,140)	(29,931)
Net cash used in investing activities		(77,140)	(29,931)
Cash flows from financing activities			
Proceeds from issue of shares		-	720,000
Proceeds from loans from group undertakings	12	881,447	683,975
Repayment of loans from group undertakings		-	(644,508)
Net cash generated from financing activities		881,447	759,467
(Decrease) / Increase in cash equivalents		(28,905)	35,373
Cash and cash equivalents at beginning of year	9	35,335	(38)
Cash and cash equivalents at end of year		6,430	35,335

1 GENERAL INFORMATION

TrainFX Limited (the 'company') operates in the Passenger Information, Communication and Security Systems market

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below These policies have been applied consistently to all the years presented unless otherwise stated

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities at fair value through the profit and loss

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the company's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the company financial statements are disclosed in note 3

2 1 1 Going concern

The Directors are aware that the Company's future solvency is dependent on the provision of finance by its parent company, RAM Investment Group plc ("RAM") which is dependent on its continued success in raising equity funds in order to implement the Company's investment strategy The Directors of RAM have given assurances to the Company's directors on its continued support The Directors have considered the forecasts for the twelve month period from the date of signature of the financial statements in the light of these factors and believe that the Company's financial resources will be sufficient to enable it to continue in operation for the foreseeable future Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis

2 1.2 Changes in accounting policy and disclosures

The Company has adopted the following new and amended IFRSs as of 1 January 2010

- IAS 1 (amendment), 'Presentation of financial statements' The amendment is part of the IASB's annual improvements project published in April 2009 and it clarifies that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time
- IAS 36 (amendment), 'Impairment of assets', effective 1 January 2010 The amendment brings the standard in line with IFRS 8 'Operating Segments'
- IFRS 5 (amendment) 'Non-current assets held for sale and discontinued operations' - effective from 1 January 2010 The amendment is part of the IASB's annual improvements project published in April 2009 The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assts (or disposal groups) classified as held for sale or discontinued operations It also clarifies that the general requirement of IAS 1 still apply particularly paragraph 15 (to achieve a fair presentation) paragraph 125 (sources of estimation uncertainty) of IAS 1

IFRS in issue but not applied in the current financial statements

The following IFRS and IFRIC Interpretations have been issued but have not been applied by the Company in preparing these financial statements as they are not as yet effective The Company intends to adopt these Standards and Interpretations when they become effective, rather than adopt them early

- Revised IAS 24 (revised), 'Related party disclosures', effective 1 January 2011
- IFRS 9, 'Financial instruments', effective 1 January 2013
- 'Classification of rights issues' (amendment to IAS 32), effective 1 February 2010
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 1 July 2010
- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14), effective 1 January 2011
- Improvements to IFRSs (May 2010)
- IFRS 10, 'Consolidated financial statements' effective 1 January 2013
- IFRS 11, 'Joint arrangements' effective 1 January 2013
- IFRS 12, 'Disclosure of interests in other entities' effective 1 January 2013
- IFRS 13, 'Fair value measurement' effective 1 January 2013
- IAS 27 (2011) 'Separate financial statements' effective 1 January 2013
- IAS 28 (2011) 'Investments in associates and joint ventures' effective 1 January 2013

A number of IFRS and IFRIC interpretations are also currently in issue which are not relevant for the Group's activities and which have not therefore been adopted in preparing these financial statements

2.2 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation Historical cost includes expenditure that is directly attributable to the acquisition of the items

All assets are depreciated in order to write off the costs, less anticipated residual values of the assets over their useful economic lives on a straight line basis as follows

- Plant and machinery 5-10 years
- Fixtures and fittings 5 years
- Leasehold improvements 3 years
- Computer equipment 3 years

Items of property, plant and equipment held under finance leases are depreciated over the shorter of the lease term and the useful economic life of the asset

2.3 Intangible assets

Acquired intangible assets is shown at historical cost Acquired intangible assets have a finite useful life and are carried at cost, less accumulated amortisation over the finite useful life

Concession rights are shown at historical cost Concession rights have a finite useful life and are carried at cost less accumulated amortisation Amortisation is calculated using the straight line method to allocate the cost of the concession rights over the estimated useful life of 5 to 10 years

2.4 Inventories

Inventories are stated at the lower of cost and net realisable value Net realisable value is the estimated selling price of the stocks less any applicable costs to sell Where net realisable value of inventory is lower than the original acquisition cost or other subsequent carrying amount, the amount of the inventory that has been written down to net realisable value is recognised as an expense in the period in which the write-down occurs When a write down is reversed, the reversal is recognised in the income statement in the period in which the reversal occurs and the amount of inventories is increased accordingly

The cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition Inventories refer to work in progress

2.5 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business If collection is expected in one year or less, they are classified as current assets If not, they are presented as non-current assets

Trade and other receivables are recognised at fair value subsequently measured at amortised cost using effective interest method, less any appropriate allowance for estimated irrecoverable amounts

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short term highly liquid deposits with original maturities of three months or less Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position

2 7 Share capital

Ordinary shares of the company are classified as equity Costs directly attributable to issue of new shares are shown in equity as a deduction

2 8 Trade payables

Trade payables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method As the payment period of trade payables is short future cash payments are not discounted as the effect is not material

2 9 Borrowings

Interest-bearing borrowings are recognised initially at fair value, net of any transaction costs incurred Borrowings are subsequently stated at amortised cost using the effective interest method with any difference between the proceeds (net of transaction costs) and the redemption value being recognised over the period of the borrowings

Borrowing costs incurred which are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset

The fair value of the liability portion of convertible loan stock is determined using a market interest rate for a comparable loan stock with no conversion option This amount is recorded as a liability on an amortised cost basis until the loan stock is redeemed or converted The remainder of the carrying amount of the loan stock is allocated to the conversion option and shown within equity

All borrowings are classified as current unless the company has an unconditional right to defer payment of the borrowings until at least twelve months from the statement of financial position date

2.10 Taxation

The tax expense for the year represents the total of current taxation and deferred taxation The charge in respect of current taxation is based on the estimated taxable profit for the year Taxable profit for the year is based on the profit as shown in the statement of comprehensive income, as adjusted for items of income or expenditure which are not deductible or chargeable for tax purposes The current tax liability for the year is calculated using tax rates which have either been enacted or substantially enacted at the statement of financial position date

Deferred tax is provided in full, using the liability method on temporary differences arising between the tax base of assets and liabilities and their carrying values in the financial statements The deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss Deferred tax is determined using tax rates which have been enacted or substantially enacted at the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised

2.11 Provisions

Provisions are recognised in the statement of financial position where there is a legal or constructive obligation to transfer economic benefits as a result of a past event Provisions are discounted using a rate which reflects the effect of the time value of money and the risks specific to the obligation, where the effect of discounting is material

Provisions are measured at the present value of expenditures expected to be required to settle the obligation using a pre-tax that reflects current market assessments of the time value of money and the risks specific to the obligation The increase in provision due to the passage of time is recognised as interest expense

2.12 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the company

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the company's activities as described below The company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement

The majority of the Company's long-term contract arrangements are accounted for under IAS 11 Construction Contracts Sales are recognised as soon as performance targets have been achieved per the agreed contracts This is usually when title passes or separately identifiable phase (milestone) of a contract or development has been completed and accepted by the customer

No profit is recognised on contracts until the outcome of the contract can be reliably estimated Profit is calculated by reference to reliable estimates of contract revenue and forecast costs after making suitable allowances for technical and other risks related to performance milestones yet to be achieved The amount of profit attributable to the stage of completion of these contracts is arrived at by reference to the estimated overall profitability of the contract When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense

2.13 Leases

On inception of a lease of an item of property, plant and equipment, the terms and conditions of the lease are reviewed to determine the appropriate classification for the lease Where the Company bears substantially all the risks and rewards of ownership of the item, the lease is classified as a finance lease and the item is capitalised within the appropriate class of property, plant and equipment at the lower of the fair value of the leased item and the minimum lease payments Each lease payment is allocated between the liability and finance charges so as to obtain a constant rate on the finance balance outstanding The outstanding capital element of the lease payments are included within current and long-term payables as appropriate, the interest element of the lease payments is charged to the statement of comprehensive income over the period of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period

Leases where the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases, net of any incentives received from the lessor, are charged to the statement of comprehensive income on a straight line basis over the term of the lease

Rental income received under operating leases is credited to the statement of comprehensive income on a straight line basis over the lease term

2.14 Pensions

The company operates a defined contribution pension scheme under which fixed contributions are payable Pension costs charged to the statement of comprehensive income represent amounts payable to the scheme during the year

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial information in accordance with generally accepted accounting practice, in the case of the Company being International Financial Reporting Standards as adopted by the European Union, requires the directors to make estimates and judgements that affect the reported amount of assets, liabilities, income and expenditure and the disclosures made in the financial statements Such estimates and judgements must be continually evaluated based on historical experience and other factors, including expectations of future events

There were no significant judgements made by management in applying the Company's accounting policies as set out above

4. OPERATING PROFIT

Operating profit for the year is stated after charging the following

	2010	2009
	£	£
Depreciation of owned property, plant and equipment	69,487	59,554
Amortisation of intangibles	68,794	114,001
Operating lease rentals - other	5,715	4,527
Auditors' remuneration - audit	2,913	3,813
Auditors' remuneration - non-audit - taxation	-	7,250
Loss on disposal of fixed assets	-	18,851

5 PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Network assets	Leasehold improvements	Fixtures & fittings	Computer Equipment	Total
	£	£	£	£	£	£
Cost						
At 1 January 2010	353,502	-	-	6,194	16,770	376,466
Additions	54,944	4,000	1,204	2,484	9,632	72,264
Disposals	-	-	-	-	-	-
At 31 December 2010	**408,446**	**4,000**	**1,204**	**8,678**	**26,402**	**448,730**
Depreciation						
At 1 January 2010	137,014	-	-	953	14,276	152,243
Charge for the year	65,159	467	268	1,565	2,028	69,487
Released on disposal	-		-	-	-	-
At 31 December 2010	**202,173**	**467**	**268**	**2,518**	**16,304**	**221,730**
Net book value as at 31 December 2010	**206,273**	**3,533**	**936**	**6,160**	**10,098**	**227,000**
Cost/valuation						
At 1 January 2009	323,881	-	-	2,797	15,414	342,092
Additions	59,589	-	-	3,397	1,356	64,342
Disposals	(29,968)	-	-	-	-	(29,968)
At 31 December 2009	353,502	-	-	6,194	16,770	376,466
Depreciation						
At 1 January 2010	95,748	-	-	1,019	13,690	110,457
Charge for the year	57,554	-	-	659	1,341	59,554
Released on disposal	(16,288)	-	-	(725)	(755)	(17,768)
At 31 December 2009	137,014	-	-	953	14,276	152,243
Net book value as at 31 December 2009	216,488	-	-	5,241	2,494	224,223

TRAINFX LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

6 INTANGIBLE ASSETS

	Concession rights	Other	Total
	£	£	£
Cost			
At 1 January 2010	400,000	2,685	402,685
Additions	-	4,875	4,875
Disposals	-	-	
At 31 December 2010	**400,000**	**7,560**	**407,560**
Amortisation and impairment			
At 1 January 2010	204,172	125	204,297
Amortisation charge for year	66,680	2,114	68,794
Impairment charge	-	-	-
Released on disposal		-	
At 31 December 2010	**270,852**	**2,239**	**273,091**
Net book value as at 31 December 2010	**129,148**	**5,321**	**134,469**
Cost			
At 1 January 2009	475,000	-	475,000
Additions	-	2,685	2,685
Disposals	(75,000)	-	(75,000)
At 31 December 2009	400,000	2,685	402,685
Amortisation and impairment			
At 1 January 2009	121,552	-	121,552
Amortisation charge for year	113,876	125	114,001
Impairment charge	-	-	-
Released on disposal	(31,256)	-	(31,256)
At 31 December 2009	204,172	125	204,297
Net book value as at 31 December 2009	195,828	2,560	198,388

7 INVENTORY

	2010	2009
	£	£
Raw materials	-	-
Work in progress	**491,363**	-
Finished goods	-	-
	491,363	-

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to £263,213 No provisions were made against inventories in the year

8 TRADE AND OTHER RECEIVABLES

	2010	2009
	£	£
Trade receivables	340,373	115,000
Other receivables	4,314	3,000
Prepayments and accrued income	38,937	34,057
Other taxation	-	4,358
	383,624	156,415

No provisions were made against trade receivables in the year

9 CASH AND CASH EQUIVALENTS

	2010	2009
	£	£
Cash at bank and on hand	6,430	35,335
Cash and cash equivalents in statement of cash flows	6,430	35,335

10. SHARE CAPITAL

	2010	2009
Authorised		
Ordinary shares	3,000,000	3,000,000
Ordinary shares of £1 each	3,000,000	3,000,000
Issued, allotted, called up and fully paid		
Ordinary shares	1,840,002	1,840,002
Ordinary shares of £1 each	1,840,002	1,840,002

11 RETAINED EARNINGS

	2010	2009
	£	£
At 1 January	(3,294,644)	(2,340,991)
Loss for the year	(1,018,868)	(953,653)
At 31 December	(4,313,512)	(3,294,644)

12. TRADE AND OTHER PAYABLES

	2010	2009
	£	£
Trade payables	531,035	299,290
Other payables	292,087	
Amounts owed to group undertakings	1,565,422	683,975
Other taxation and social security	73,012	51,805
Hire purchase and finance lease arrangements	2,203	3,520
Accruals and deferred income	398,637	176,413
	2,862,396	1,215,003

Included in other payables is an unsecured amount of £220,000 relating to an erroneous duplicated payment from Bank of Scotland in 2009 when RAM was acquiring the initial 49 9% of the company The amount was paid to Vision Media Group plc, the former parent of the company, which subsequently entered administration RAM has had discussions with Bank of Scotland regarding this duplicated payment and such discussions are still ongoing at the time of signing of these financial statements

There is no guarantee that the Bank of Scotland will ultimately agree to a mutually acceptable repayment, or that RAM will be able to settle such repayment on TrainFX's behalf Although the directors consider the possibility of either of these eventualities happening to be remote, TrainFX Limited would still retain a legal liability to repay the £220,000 should negotiations fail or RAM for any reason fail to settle the liability

The Company currently has 5 mortgage charges over assets

Date	Chargor	Reason
31 10 07	Trafalgar Specialized Investment Fund	£525,000 convertible loan taken by Screen Media plc, former parent of the Company
03 01 08	Trafalgar Specialized Investment Fund	£750,000 convertible loan £500,000 loan taken by Screen Media plc, former parent of the Company
05 11 08	First Capital Connect Limited	Concession rights
28 01 09	Michael John Taplin and Sally Louise Taplin	Rent deposit for office lease
17 09 10	TVI 2 Limited	£1 5m debt facility taken by RAM Investment Group plc, current parent of the Company

The mortgage charges by Trafalgar Specialized Investment Fund will be discharged once the convertible loan note issued by RAM in the acquisition of the Company is satisfied, expected to be September 2011

13 DEFERRED TAXATION

No deferred tax asset has been recognised in respect of trading losses carried forward because of uncertainty as to when these losses will be recoverable The amount of the unprovided deferred tax asset is £1,000,000 (2009 £735,000), which includes £928,000 due to losses and £72,000 due to timing differences on fixed assets

14. AUDITOR REMUNERATION

During the year the company obtained the following services from the company's auditor and its associates

	2010	2009
	£	£
Fees paid to company's previous auditor	-	3,813
Tax services paid to previous auditor	(4,887)	7,250
Fees payable to company's auditor	7,800	-
Tax services	-	-
	2,913	11,063

The auditors remuneration for the year ended 31 December 2009 was charged to the controlling party, RAM Investment Group plc

15 EMPLOYEE BENEFIT EXPENSE

	2010	2009
	£	£
Wages and salaries, including termination benefits	426,617	293,673
Social security costs	48,393	33,920
Other pension costs	2,295	43,613
	447,305	371,206

The average monthly number of employees, including directors, employed by the company during the year was		
Engineering and operations	5	4
Sales	1	-
Administration & Management	3	2
	9	6

During the year £14,761 of pension cost accrued from prior periods were written off These pension costs related to former employees who left the business without claiming their pension contributions This netted off against the actual cost for the year of £17,056 leaving a balance of £2,295 charged as part of administrative expenses in the income statement

16. DIRECTORS' EMOLUMENTS

	2010	2009
	£	£
Emoluments, including benefits in kind	165,000	79,583
Pension costs	8,200	34,237
	173,200	113,820

The emoluments of the highest paid director were as follows

	2010	2009
	£	£
Emoluments, including benefits in kind	82,50	52,917
Pension costs	4,100	17,571
	86,600	70,488

Some of the directors' are also directors of the parent company, RAM Investment Group plc and remuneration details were disclosed in the financial statements for the parent company

17 PENSIONS

TrainFX Limited contributes to a pension scheme of the employee's choice Contributions are calculated on 5% of the employee's gross salary and contributions commence after a six month probationary period

18 FINANCE INCOME AND COSTS

	2010 £	2009 £
Bank interest receivable	-	-
Interest payable on bank loans and overdrafts	(44,801)	(30,413)
Net finance expense recognised in profit or loss	(44,801)	(30,413)

19 INCOME TAX EXPENSE

	2010 £	2009 £
Company		
Current tax charge	-	-
Deferred tax	-	-
Total tax charge / (credit) for period	-	-

The tax charge for the year is different from the standard rate of corporation tax in the United Kingdom of 28% The difference can be reconciled as follows

	2010	2009
Loss before taxation	(1,018,868)	(953,653)
Tax calculated at the applicable rate based on loss for the year	(285,283)	(286,096)
Expenses not deductible for taxation	4,278	5,955
Accelerated / (decelerated) capital allowances	28,000	34,592
Creation/(utilisation) tax losses	253,005	245,549
	-	-

20. OPERATING LEASES

The minimum lease payments under non-cancellable operating lease rentals are as follows -

	2010	2009
	£	£
Operating leases expiring		
Within one year	**10,312**	-
In two to five years	**12,189**	5,520
In over five years	**27,000**	27,000
At 31 December	**49,501**	32,520

Operating lease payments represent rentals payable by the company for its car, van and office

21 ULTIMATE PARENT COMPANY

At the start of the year, RAM Investment Group plc ("RAM") registered in Scotland owned 49 9% of the company and consolidated the company as a subsidiary due to having board control On 17 September 2010 RAM acquired the remaining 50 1% of the ordinary share capital As at 31 December 2010 the company was therefore a wholly owed subsidiary of RAM Copies of the group accounts of RAM can be obtained from the company secretary at the registered office

22 RELATED PARTY TRANSACTIONS

At 31 December 2010, the company owed a total of £ 1,565,422 (2009 £683,975) to RAM Investment Group plc, an unsecured loan with no interest and repayment terms The amount owed is inclusive of £100,000 management fee charged by RAM

23 EVENTS AFTER REPORTING DATE

On 30 June 2010, the Company agreed a settlement of £80,000 with Bank of Scotland in relation to the unsecured amount of £220,000 owing to the erroneous duplicated payment from Bank of Scotland in 2009