

Land Navigation Systems Limited

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

30 June 2013



Company Registration No 02910798

Land Navigation Systems Limited

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Land Navigation Systems Limited

DIRECTORS AND ADVISORS

DIRECTORS

Mr JB Rosson - Chairman
Dr RJ Mason
Mr DK Adams
Mr C Green
Miss C Rosson
Mr C Smith (appointed 28 May 2012)
Professor C Theaker (appointed 28 May 2012)

SECRETARY

Mr DK Adams

REGISTERED OFFICE

23c Newfield Industrial Estate
High Street
Tunstall
Stoke-on-Trent
Staffordshire
ST6 5PD

AUDITOR

Baker Tilly UK Audit LLP
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

Land Navigation Systems Limited

DIRECTORS' REPORT

The directors submit their report and the consolidated financial statements of Land Navigation Systems Limited for the year ended 30 June 2013

PRINCIPAL ACTIVITIES

The principal activity of the Group throughout the year has been the design, development and marketing of automotive vehicle location systems, and software and hardware design and development of related communication applications

Land Navigation Systems Limited provides certain management services to Terrafix Limited, its subsidiary undertaking

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Group's trading loss for the year, after taxation, was £672,828 (2012 a restated profit of £323,110) The directors recommend a final dividend of £nil (2012 £nil)

It has been another difficult year with continued cuts in Government spending resulting in a reduction in sales year on year from £9m in 2012 to £6.8m in 2013. The group's gross margin has remained consistent whilst the administration costs increased in the year. This has been driven by the group investing in employees in core areas to develop new core products to protect and provide for future growth in new and existing markets. Research and development spend in the year of £911,575 (2012 £466,637) demonstrates the directors' determination to ensure products are at the forefront of technology for its customer base.

During the year £nil dividends were paid leaving a deficit of £672,828 (2012 a restated deficit of £176,890) to be transferred to reserves.

KEY PERFORMANCE INDICATORS

The Group has established key performance indicators to measure progress in achieving its key business objectives and strategies, which the Board review on a regular basis.

Sales Turnover and Sales Margins

Our aim is to maintain the current core sales margin and at the same time develop sales in existing and emerging markets.

Cash Generation

Our aim is to generate and hold sufficient cash reserves to service the costs of capital and tax liabilities and allow re-investment in the business. In addition to profit targets, measures of capital expenditure are also in place.

FINANCIAL INSTRUMENTS

The Group manages its financial risks as follows

Liquidity

The Group maintains cash surpluses and facilities sufficient to fund its trading activities. Detailed forecasts of receipts and payments are made to monitor liquid resources, and are updated on a weekly basis.

Land Navigation Systems Limited

DIRECTORS' REPORT

Credit

Credit is managed by the Group's Financial Director, and a tight control on credit allowed is maintained. The Group maintains procedures to regularly maintain contact with its customers by its credit control function and by reviewing credit limits, terms and aged debtors list. The Group has minimal bad debt history.

Currency

The Group carries a minimal amount of non sterling currencies. A small proportion of the Group's activities are in currencies other than sterling.

RISK AND UNCERTAINTIES

Economic and Political Climate

The Group continues to consolidate its position with its traditional customers in the Security Services and Emergency Services Markets. These markets are expected to continue to be a stable source of income for the Group in the foreseeable future, as it continues to design and develop new ranges of innovative products that incorporate the latest emerging technologies to enhance its already comprehensive systems. This development does require a substantial investment in Research & Development each year, and does result in a significant tax reclaim each year under the H M Revenue & Customs "Research and Development Tax Credit Provisions."

Customer Relations and Concentration

The Group is not overly reliant on any one large customer, the loss of which would dramatically impact on future trading.

Competition

Terrafix Limited is a market leader with major long term customers and has few major competitors. Barriers to entry vary, but are generally such as to discourage new firms from trying to enter and compete in its markets.

Regulatory Environment

Much of the Group's products are driven by government or industry requirements, the majority of which have been in place for a number of years. Further resources have been committed to ensure full compliance with the environmental regulations of RoHS and WEEE.

RESEARCH AND DEVELOPMENT

The Group is maintaining a research programme to keep abreast of rapidly advancing technology. During the year the directors have amended the Group's accounting policy for Research and Development with Development costs now being capitalised and written off over the period the benefit is expected to occur.

DIRECTORS

The directors who have held office since 1 July 2012 are as follows:

Mr JB Rosson
Dr RJ Mason
Mr DK Adams
Mr C Green
Miss C Rosson
Mr C Smith
Professor C Theaker

Land Navigation Systems Limited

DIRECTORS' REPORT

AUDITOR

Baker Tilly UK Audit LLP, Chartered Accountants, were appointed auditor by the company Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and therefore Baker Tilly UK Audit LLP will continue in office

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

By order of the board



DK Adams
Secretary

26th March 2014

Land Navigation Systems Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF 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 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 group and the company and of the profit or loss of the group for that period.

In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and accounting estimates that are reasonable and prudent,
- c prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND NAVIGATION SYSTEMS LIMITED

We have audited the group and parent company financial statements (the "financial statements") on pages 7 to 25. 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 more fully explained in the Directors' Responsibilities Statement set out on page 5, 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 Financial Reporting Council's website at [http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx).

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2013 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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.

Baker Tilly UK Audit LLP

ANNE LAKIN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

Festival Way

Stoke-on-Trent

Staffordshire

ST1 5BB

28 March 2014

Land Navigation Systems Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2013

	Note	2013 £	2012 (restated) £
TURNOVER - continuing operations	1	6,762,648	8,995,391
Cost of sales		(4,666,208)	(6,231,110)
GROSS PROFIT		2,096,440	2,764,281
Administrative expenses		(2,824,986)	(2,523,114)
OPERATING (LOSS)/PROFIT - continuing operations		(728,546)	241,167
Interest receivable and similar income	2	4,298	7,033
Interest payable and similar charges		-	(126)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(724,248)	248,074
Taxation	6	51,420	75,036
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	16	(672,828)	323,110

Land Navigation Systems Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the year ended 30 June 2013

	Group		Company	
	2013	2012	2013	2012
	£	(restated) £	£	£
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(672,828)	323,110	57,323	503,729
Dividends	-	(500,000)	-	(500,000)
NET (REDUCTION IN)/ADDITION TO SHAREHOLDERS' FUNDS	(672,828)	(176,890)	57,323	3,729
Opening shareholders' funds as previously stated	2,263,816	2,741,730	520,747	517,018
Prior period adjustment (see note 4)	1,011,312	710,288	-	-
Opening shareholders' funds as restated	3,275,128	3,452,018	520,747	517,018
CLOSING SHAREHOLDERS' FUNDS AS RESTATED	2,602,300	3,275,128	578,070	520,747


STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 30 June 2013

GROUP	2013	2012
	£	(restated) £
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	(672,828)	323,110
TOTAL RECOGNISED (LOSSES)/GAINS RELATING TO THE YEAR	(672,828)	323,110
Prior period adjustment (see note 4)	1,011,312	
Total gains and losses recognised since last annual report	338,484	

Land Navigation Systems Limited
CONSOLIDATED BALANCE SHEET
at 30 June 2013

	Note	2013		2012 (restated)	
		£	£	£	£
FIXED ASSETS					
Intangible assets	8		2,043,414		1,264,109
Tangible assets	9		431,261		476,661
			<hr/>		<hr/>
			2,474,675		1,740,770
 CURRENT ASSETS					
Stocks	11	320,978		717,218	
Debtors	12	1,845,137		1,050,542	
Cash at bank and in hand		767,059		2,973,644	
			<hr/>		<hr/>
			2,933,174		4,741,404
CREDITORS Amounts falling due within one year	13	(1,105,998)		(1,504,183)	
			<hr/>		<hr/>
NET CURRENT ASSETS			1,827,176		3,237,221
			<hr/>		<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,301,851		4,977,991
 DEFERRED INCOME			(1,507,109)		(1,496,500)
 PROVISIONS FOR LIABILITIES	14		(192,442)		(206,363)
			<hr/>		<hr/>
NET ASSETS			2,602,300		3,275,128
			<hr/>		<hr/>
 CAPITAL AND RESERVES					
Called up share capital	15		5,747		5,747
Capital redemption reserve	16		427,970		427,970
Profit and loss account	16		2,168,583		2,841,411
			<hr/>		<hr/>
SHAREHOLDERS' FUNDS			2,602,300		3,275,128
			<hr/>		<hr/>

The financial statements on pages 7 to 25 were approved by the board of directors and authorised for issue on 26th March 2014 and were signed on its behalf by


JB Rosson
Director

Company Registration No 02910798

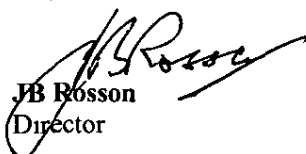
Land Navigation Systems Limited

COMPANY BALANCE SHEET

at 30 June 2013

	Note	2013		2012	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		258,722		352,414
Investments	10		79,567		79,567
			<u>338,289</u>		<u>431,981</u>
CURRENT ASSETS					
Debtors	12	231,626		83,506	
Cash at bank and in hand		15,888		22,298	
		<u>247,514</u>		<u>105,804</u>	
CREDITORS amounts falling due within one year	13	(7,733)		(17,038)	
		<u></u>		<u></u>	
NET CURRENT ASSETS			<u>239,781</u>		<u>88,766</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>578,070</u>		<u>520,747</u>
NET ASSETS			<u>578,070</u>		<u>520,747</u>
CAPITAL AND RESERVES					
Called up share capital	15		5,747		5,747
Capital redemption reserve	16		427,970		427,970
Profit and loss account	16		144,353		87,030
			<u>578,070</u>		<u>520,747</u>
SHAREHOLDERS' FUNDS			<u>578,070</u>		<u>520,747</u>

The financial statements on pages 7 to 25 were approved by the board of directors and authorised for issue on 26th March 2014 and were signed on its behalf by


JB Rosson
Director

Company Registration No 02910798

Land Navigation Systems Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2013

	Note	2013 £	2012 (restated) £
Cash flow from operating activities	19a	(1,122,601)	1,170,306
Returns on investments and servicing of finance	19b	4,298	6,907
Capital expenditure and financial investment	19b	(1,088,282)	(842,292)
Taxation		-	85,690
Dividends paid	7	-	(500,000)
DECREASE IN CASH IN THE YEAR		<u>(2,206,585)</u>	<u>(79,389)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	Note	2013 £	2012 (restated) £
Decrease in cash in the year		<u>(2,206,585)</u>	<u>(79,389)</u>
MOVEMENT IN NET FUNDS IN YEAR	19c	(2,206,585)	(79,389)
NET FUNDS AT THE START OF THE YEAR	19c	2,973,644	3,053,033
NET FUNDS AT THE END OF THE YEAR	19c	<u>767,059</u>	<u>2,973,644</u>

Land Navigation Systems Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards

CHANGE IN ACCOUNTING POLICY

During the year, the group adopted a policy of the capitalisation of development expenditure. The adoption of this accounting policy results in a prior period adjustment. The effect on the comparative figures is an increase in the group's net assets at 30 June 2012 of £1,011,312 and an increase in the group's profit before tax of the year ended 30 June 2012 of £301,024.

BASIS OF PREPARATION

The directors have reviewed the trading performance given the loss generated in the year and have taken steps to realign the cost base to its ongoing requirements. The directors constantly review resource competence and availability. The directors believe that the group given these actions has adequate current resources to continue in operational existence for the foreseeable future. Thus they continued to adopt the going concern basis in preparing the financial statements.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Land Navigation Systems Limited and all of its subsidiary undertakings for the year. Subsidiaries acquired during the year are consolidated using the acquisition method. Their results are incorporated from the date that control passes. The difference between the cost of acquisition of shares in subsidiaries and the fair value of the separable net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. Provision is made for impairment. All financial statements are made up to 30 June.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

As permitted by section 408 of the Companies Act 2006, the company has not presented its own profit and loss account.

INVESTMENTS

Investments in subsidiary undertakings are stated at cost. Provision is made for any permanent impairment in the value of fixed asset investments.

RELATED PARTY TRANSACTIONS

The group has, in accordance with Financial Reporting Standard No 8, taken advantage of the exemption from reporting the transactions between the company and Terrafix Limited, its subsidiary undertaking, since 100% of the voting rights are controlled by the group.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost net of depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

Leasehold improvements	33 33% per annum on cost
Plant and equipment	33 33% per annum on cost
Motor vehicles	25% per annum on cost

During the year the group changed its depreciation rate on leasehold improvements and plant and equipment from 2 years straight line to 3 years straight line, as management believe this policy to be more reflective of the useful lives of these assets. This has reduced depreciation for these assets by £14,875 and £25,584 respectively.

Land Navigation Systems Limited

ACCOUNTING POLICIES

STOCKS

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

INTANGIBLE ASSETS - RESEARCH AND DEVELOPMENT

Development expenditure for individual projects is deferred when its future recoverability can be foreseen with reasonable certainty. The identifiable expenditure is then amortised over the period during which the benefit is expected to occur; this period is 3 years. Provision is made for any impairment. All research and other development costs are written off as incurred.

DEFERRED TAXATION

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

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

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

FOREIGN CURRENCIES

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

RETIREMENT BENEFITS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

DEFERRED INCOME

Annual maintenance contracts are invoiced on an annual basis with the income being recognised evenly over the life of the contract.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax and is derived entirely from the Group's principal activities. Turnover is recognised on maintenance contracts over the term of the contract with unrecognised income disclosed as deferred income. All other turnover arising on the supply of goods and services to customers is recognised when the goods or services are delivered to the customer.

CASH AND CASH EQUIVALENTS

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

1 ANALYSIS OF TURNOVER

	2013 £	2012 £
UK sales	6,707,999	8,845,533
Export EEC sales	46,849	112,624
Export non-EEC sales	7,800	37,234
	<u>6,762,648</u>	<u>8,995,391</u>

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £	2012 £
Bank interest received	<u>4,298</u>	<u>7,033</u>

3 (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £	2012 (restated) £
(Loss)/profit on ordinary activities before taxation is stated after charging		
Depreciation and other amounts written off tangible fixed assets		
Owned	222,107	174,931
Amortisation	132,270	170,795
Operating lease rentals		
Plant and machinery	83,060	134,212
Other including land and buildings	100,547	112,417
Loss on disposal of tangible fixed assets	-	3,250
Auditors' remuneration		
Audit services		
- Statutory audit of parent and consolidated accounts	2,300	2,300
Other services		
- Statutory audit of subsidiary accounts	8,150	8,150
Tax services		
- Compliance services	1,900	1,850
	<u> </u>	<u> </u>

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

4 PRIOR PERIOD ADJUSTMENT

During the year the directors have reviewed the basis of disclosing the research and development expenditure in the year end accounts. It is the directors' opinion that given the continued investment in technology development of the software systems provided to customers which hold a significant commercial value, should be capitalised rather than charged directly to the profit and loss account. This basis is allowed under SSAP 13. It is the directors' view the value at 30 June 2012 on this method of valuation would be £1,264,109 and £959,849 at 30 June 2011.

The comparative figures in the financial statements and notes have been restated to reflect the new policy.

As a result, comparative figures for the year ended 30 June 2012 have been adjusted as follows:

Group	Profit for the year £	Cost of Sales £	Administration charge £	Taxation charge £
PROFIT AND LOSS ACCOUNT				
As previously reported	22,086	(6,654,907)	(2,403,577)	78,272
Effect of the change in accounting policy for capitalisation of the development expenditure	301,024	423,797	(119,537)	(3,236)
As restated	323,110	(6,231,110)	(2,523,114)	75,036
BALANCE SHEET				
	Intangible assets £	Deferred tax asset / (liability) £	Net assets £	Profit & loss reserve £
As previously reported	-	46,434	2,263,816	1,830,099
Effect of the change in accounting policy for capitalisation of the development expenditure	1,264,109	(252,797)	1,011,312	1,011,312
As restated	1,264,109	(206,363)	3,275,128	2,841,411

The current year profit for the group is increased by £779,305 following the changes in the accounting policy for the valuation of the development expenditure.

Company

There is no impact on the company disclosures from the prior period adjustment.

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

5 STAFF NUMBERS AND COSTS

The average number of persons employed by the group (including directors) during the year, analysed by category, was as follows

	Number of employees	
	2013	2012
Management and administration	10	11
Engineers	61	60
	<u>71</u>	<u>71</u>

The aggregate payroll costs of these persons were as follows

	2013 £	2012 £
Wages and salaries	3,742,488	3,253,342
Social security costs	441,274	377,503
Other pension costs	574,196	480,262
	<u>4,757,958</u>	<u>4,111,107</u>

DIRECTORS' REMUNERATION

	2013 £	2012 £
Directors' emoluments	871,709	817,466
Pension contributions	107,543	95,382
	<u>979,252</u>	<u>912,848</u>

	Number of directors	
	2013	2012
Retirement benefits are accruing to the following number of directors under		
Money purchase pension schemes	<u>7</u>	<u>7</u>

Directors' emoluments include £183,370 (2012 £170,371) including benefits in kind, and pension contributions include £11,625 (2012 £14,957), in respect of the highest paid director

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

6	TAXATION	2013	2012 (restated)
		£	£
	Current tax		
	UK corporation tax on (losses)/profits of the year	-	(40,638)
	Adjustments in respect of previous periods	(37,499)	61
		<u>(37,499)</u>	<u>(40,577)</u>
	Deferred taxation		
	Origination and reversal of timing differences	(59,123)	23,272
	Adjustments in respect of previous periods	45,202	(57,731)
		<u>(13,921)</u>	<u>(34,459)</u>
	Tax on (loss)/profit on ordinary activities	<u>(51,420)</u>	<u>(75,036)</u>
	Factors affecting tax credit for year	2013	2012 (restated)
		£	£
	The tax assessed for the period is higher (2012 lower) than the average standard rate of corporation tax in the UK 20% (2012 20%)		
	The differences are explained below		
	(Loss)/profit on ordinary activities before tax	(724,248)	248,072
	(Loss)/profit on ordinary activities multiplied by the average standard rate of corporation tax in the UK 20% (2012 20%)	<u>(144,850)</u>	<u>49,615</u>
	Effects of		
	Expenses not deductible for tax purposes	9,473	5,487
	Capital allowances more than depreciation	(152,166)	(62,979)
	Other timing differences	(7,360)	2,568
	Research and development enhanced expenditure	(227,894)	(99,050)
	Tax losses carried forward	522,797	65,618
	Small companies rate relief	-	(1,897)
	Adjustments in respect of previous periods	(37,499)	61
	Tax credit for the year	<u>(37,499)</u>	<u>(40,577)</u>

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

7 DIVIDENDS

	Group and Company	
	2013	2012
	£	£
Ordinary shares		
Final dividend paid in the year in relation to 2012	-	200,000
Interim dividend paid in the year	-	300,000
	<hr/>	<hr/>
	-	500,000
	<hr/>	<hr/>

The dividends per share were £nil (2012 £0 35 and £0 52 paid on 12 July 2011 and 15 February 2012)

8 INTANGIBLE FIXED ASSETS

Group	Development costs
	£
<i>Cost</i>	
<i>As previously reported</i>	-
Prior period adjustment (see note 4)	1,558,422
	<hr/>
<i>At beginning of year – as restated</i>	1,558,422
Additions	911,575
	<hr/>
At end of year	2,469,997
	<hr/>
<i>Depreciation</i>	
<i>As previously reported</i>	-
Prior period adjustment (see note 4)	294,313
	<hr/>
At beginning of year – as restated	294,313
Charged in the year	132,270
	<hr/>
At end of year	426,583
	<hr/>
<i>Net book value</i>	
At 30 June 2013	2,043,414
	<hr/>
At 30 June 2012	1,264,109
	<hr/>

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

9 TANGIBLE FIXED ASSETS

Group	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Total £
<i>Cost</i>				
At beginning of year	83,451	358,634	460,555	902,640
Additions	53,711	93,796	29,200	176,707
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	137,162	452,430	489,755	1,079,348
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of year	36,007	281,831	108,141	425,979
Charge in year	29,750	69,465	122,892	222,107
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	65,757	351,296	231,033	648,086
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2013	71,405	101,134	258,722	431,261
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2012	47,444	76,803	352,414	476,661
	<hr/>	<hr/>	<hr/>	<hr/>

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

9 TANGIBLE FIXED ASSETS (continued)

Company	Motor vehicles £
<i>Cost</i>	
At beginning of year	460,555
Additions	29,200
	<hr/>
At end of year	489,755
	<hr/>
<i>Depreciation</i>	
At beginning of year	108,141
Charge in year	122,892
	<hr/>
At end of year	231,033
	<hr/>
<i>Net book value</i>	
At 30 June 2013	258,722
	<hr/> <hr/>
At 30 June 2012	352,414
	<hr/> <hr/>

10 FIXED ASSET INVESTMENTS

Company	Shares in subsidiary undertaking £
<i>Cost</i>	
At beginning and end of year	79,567
	<hr/> <hr/>

The company holds more than 20% of the equity of the following undertakings

<i>Subsidiary undertaking</i>	<i>Country of registration</i>	<i>Principal activity</i>	<i>Class and percentage of shares held</i>
Terrafix Limited	England and Wales	Design and developer of automotive vehicle location systems	Ordinary shares - 100%

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

11 STOCKS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Raw materials	320,978	717,218	-	-

12 DEBTORS

	Group		Company	
	2013	2012	2013	2012
	£	(restated) £	£	£
<i>Due within one year</i>				
Trade debtors	1,598,988	810,689	-	-
Corporation tax	78,137	40,638	7,980	7,980
Other debtors	31,932	14,625	-	-
Amounts owed by group undertakings	-	-	223,646	75,526
Prepayments and accrued income	136,080	184,590	-	-
	1,845,137	1,050,542	231,626	83,506

13 CREDITORS Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	367,952	641,427	-	-
Other creditors	7,733	17,038	7,733	17,038
Other taxation and social security	702,063	817,468	-	-
Accruals	28,250	28,250	-	-
	1,105,998	1,504,183	7,733	17,038

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2013

14 PROVISIONS FOR LIABILITIES

	Deferred taxation (restated) £
Group	
At beginning of year	206,363
Credit for the year	(13,921)
At end of year	192,442

The amounts provided for deferred taxation and the amounts not provided are set out below

	2013		2012	
Group	Provided	Unprovided	Provided (restated)	Unprovided (restated)
	£	£	£	£
Difference between accumulated depreciation and amortisation and capital allowances	418,057	(19,279)	252,822	(7,509)
Other timing differences	-	(2,800)	(9,301)	-
Tax losses	(225,615)	(298,468)	(37,158)	(30,606)
	192,442	(320,547)	206,363	(38,115)

	2013		2012	
Company	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Difference between accumulated depreciation and amortisation and capital allowances	-	(19,279)	-	(4,952)

Deferred tax assets have only been recognised as where their recoverability is certain, where the recoverability is uncertain the assets have not been recognised

15 CALLED UP SHARE CAPITAL

	2013 £	2012 £
Allotted, issued and fully paid 574,685 ordinary shares of 1p each	5,747	5,747

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

16 RESERVES

	Capital redemption reserve £	Profit and loss account £
Group		
At beginning of year – as previously reported	-	1,830,099
Prior period adjustment (see note 4)	-	1,011,312
At beginning of year - restated	427,970	2,841,411
Loss for the financial year	-	(672,828)
At end of year	427,970	2,168,583
	Capital redemption reserve £	Profit and loss account £
Company		
At beginning of year	427,970	87,030
Profit for the financial year	-	57,323
At end of year	427,970	144,353

17 CONTINGENT LIABILITIES AND SECURITY HELD

The company has guaranteed the overdrafts of its subsidiary, Terrafix Limited. The amount outstanding at the year end was £nil (2012: £nil). The company and group have a debenture dated 22 December 1994 held against all assets.

18 COMMITMENTS

At 30 June the group was committed to making the following payments during the next year under non-cancellable leases as follows:

	2013		2012	
	Land and buildings £	Other £	Land and Buildings £	Other £
Operating leases which expire				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	116,496	-	114,168
Over five years	80,572	-	100,547	-

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

19	CASH FLOWS	2013 £	2012 (restated) £	
a	Reconciliation of operating profit to net cash inflow from operating activities			
	Operating (loss)/profit	(728,546)	241,167	
	Depreciation	222,107	174,931	
	Amortisation	132,270	170,795	
	Loss on disposal of fixed assets	-	3,250	
	Decrease/(increase) in stocks	396,240	(245,541)	
	(Increase)/decrease in debtors	(757,096)	473,025	
	(Decrease)/increase in creditors and deferred income	(387,576)	352,679	
		<u>(1,122,601)</u>	<u>1,170,306</u>	
		2013 £	2012 (restated) £	
b	Analysis of cash flows for headings netted in the cash flow			
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
	Interest received	4,298	7,033	
	Interest paid	-	(126)	
		<u>4,298</u>	<u>6,907</u>	
	CAPITAL EXPENDITURE			
	Purchase of tangible fixed assets	(176,707)	(373,237)	
	Sale of tangible fixed assets	-	6,000	
	Purchase of intangible assets	(911,575)	(475,055)	
		<u>(1,088,282)</u>	<u>(842,292)</u>	
c	ANALYSIS OF NET FUNDS			
		At 30 June 2012 £	Cash flow £	At 30 June 2013 £
	Cash in hand and at bank	2,973,644	(2,206,585)	767,059

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2013

20 CAPITAL COMMITMENTS

At 30 June 2013 £nil (2012 £40,000) of capital expenditure was contracted for but not provided in the financial statements £13,333 of this expenditure was prepaid at 30 June 2012 and is disclosed in prepayments

21 PENSION SCHEME

The group operates a contracted-out money-purchase pension scheme The assets of the scheme are held separately from those of the group in an independently administered fund The pension cost charge totalled £574,196 (2012 £480,262)

Contributions amounting to £nil were payable to the funds at 30 June 2013 (2012 £36,501)

22 PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

As permitted by section 408 of the Companies Act 2006 the profit and loss account of Land Navigation Systems Limited has not been presented with the financial statements

The results after taxation of the parent undertaking for the year ended 30 June 2013 showed a profit of £57,323 (2012 £503,729)

23 RELATED PARTY TRANSACTIONS

During the year the group had the following transactions with related parties as defined by Financial Reporting Standard 8

Included within other debtors is the following director's loan

	At beginning of year £	Maximum liability £	At end of year £
C Green	2,215	2,215	475

Included in other debtors is £6,857 (2012 £nil) due from Kildsgrove Masonic Institute, a company which has common directors and shareholders to Land Navigation Systems Limited

24 CONTROLLING PARTY

The group is under the control of Mr JB Rosson