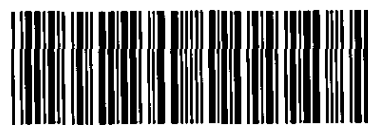


Land Navigation Systems Limited

REPORT AND FINANCIAL STATEMENTS

30 June 2008



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22/04/2009

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COMPANIES HOUSE

Company Registration No. 2910798

Land Navigation Systems Limited

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Land Navigation Systems Limited

DIRECTORS AND ADVISORS

DIRECTORS

Mr M Moors – Chairman
Mr JB Rosson
Dr RJ Mason

SECRETARY

Mr DK Adams

REGISTERED OFFICE

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

AUDITORS

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 financial statements of Land Navigation Systems Limited for the year ended 30 June 2008.

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

As expected, following the completion of the exceptionally large contract in 2007, sales for the year 2008 were down to £7.1 million from £9.3 million in 2007, but sales in 2008 were still 29% higher than those reported for 2006, and as such reflect the underlying growth seen by the Company over the last two years in other areas.

The Company was again able to maintain its materials gross margin on core activities, however the overall gross margin was distorted by the necessary increases in staff numbers recruited ahead of the planned future growth expected in 2009.

The previously developed interfaces into the Tetra system for use within the ambulance service, together with the market leading software to provide an Electronic Patient Report Form is now being utilised by more and more services.

Following the amalgamation of UK ambulance services from 35 down to 12 authorities, the Company has become the major supplier of mobile data systems to this market, and with major maintenance contracts in place, it will continue to do so for the next 3 years at least.

The Company continues to design and develop new ranges of products that incorporate many unique features and use state of the art techniques. This substantial research and development activity is essential for the Company to maintain its market lead, and does in fact lead to a substantial tax claim each year under the HM Revenue and Customs "Research and Development Tax Credit Provisions".

The Company is currently well placed with two very large contracts that would produce a significant increase in turnover for the years ended 30 June 2009 and 30 June 2010.

The Company has recently been asked to work with one of its major customers in a Research and Development role to assist in developing the next generation of systems to be deployed in their ambulance fleets.

The Company continues to work with its traditional customers in the security services sector, and this area still remains to be a significant source of income.

Further resources were committed during the year to ensure full compliance with the environmental regulations of "Restriction of Hazardous Substances" and "Waste Electrical and Electronic Equipment".

DIVIDENDS

The directors do not recommend the payment of a final dividend on the ordinary shares. Interim dividends of £1,200,000 (2007: £255,373) were paid during the year being a rate of £1.55 per share (2007: £0.33).

Land Navigation Systems Limited

DIRECTORS' REPORT

RESEARCH AND DEVELOPMENT

The group is maintaining a research programme to keep abreast of rapidly advancing technology. All such costs are written off in the year in which they arise.

DIRECTORS

The directors who held office during the year are as follows:

Mr M Moors
Mr JB Rosson
Mr RJ Mason

POLITICAL AND CHARITABLE DONATIONS

The company made no political contributions during the year.

AUDITORS

A resolution to reappoint Baker Tilly UK Audit LLP, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are 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

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

16th April

2009

Land Navigation Systems Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group 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 estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAND NAVIGATION SYSTEMS LIMITED

We have audited the financial statements on pages 7 to 26

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAND NAVIGATION
SYSTEMS LIMITED (continued)

Opinion

In our opinion:-

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the group's and parent company's affairs at 30 June 2008 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP

Registered Auditor
Chartered Accountants
Festival Way
Stoke-on-Trent
Staffordshire
ST1 5BB

21 April 2009

Land Navigation Systems Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2008

	Note	2008 £	2007 £
TURNOVER - continuing operations	1	7,095,355	9,303,308
Cost of sales		(4,784,540)	(5,941,298)
		<hr/>	<hr/>
GROSS PROFIT		2,310,815	3,362,010
Administrative expenses		(1,497,064)	(1,353,103)
		<hr/>	<hr/>
OPERATING PROFIT - continuing operations		813,751	2,008,907
Interest receivable and similar income	2	55,149	48,044
Interest payable and similar charges	3	(5,171)	(6,258)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1-6	863,729	2,050,693
Taxation	7	(210,553)	(199,365)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	17	653,176	1,851,328
		<hr/>	<hr/>

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Land Navigation Systems Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 2008

	Note	2008 £	2007 £
TURNOVER – continuing operations	1	74,100	62,700
Administrative expenses		(75,318)	(63,314)
		<hr/>	<hr/>
OPERATING LOSS – continuing operations		(1,218)	(614)
Interest receivable and similar income	2	13,250	18,079
Interest payable and similar charges	3	(2,971)	(2,971)
Income from shares in group undertakings		1,200,000	602,000
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1-6	1,209,061	616,494
Taxation	7	(2,683)	(3,480)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR	17	1,206,378	613,014
		<hr/>	<hr/>

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

Land Navigation Systems Limited
CONSOLIDATED BALANCE SHEET
for the year ended 30 June 2008

	Note	2008	2007
		£	£
FIXED ASSETS			
Tangible assets	9	250,273	220,241
CURRENT ASSETS			
Stocks	11	814,457	570,689
Debtors	12	957,361	606,339
Cash at bank and in hand		1,434,575	2,632,510
		<u>3,206,393</u>	<u>3,809,538</u>
CREDITORS: amounts falling due within one year	13	<u>(1,955,479)</u>	<u>(1,962,365)</u>
NET CURRENT ASSETS		<u>1,250,914</u>	<u>1,847,173</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,501,187</u>	<u>2,067,414</u>
CREDITORS: amounts falling due after more than one year	14	<u>(14,271)</u>	<u>(33,674)</u>
NET ASSETS		<u>1,486,916</u>	<u>2,033,740</u>
CAPITAL AND RESERVES			
Called up share capital	16	7,751	7,751
Acquisition reserve	17	141,595	141,595
Capital redemption reserve	17	425,966	425,966
Profit and loss account	17	911,604	1,458,428
SHAREHOLDERS' FUNDS		<u>1,486,916</u>	<u>2,033,740</u>

The financial statements on pages 7 to 26 were approved by the board of directors and authorised for issue on 16th April 2009 and were signed on its behalf by:

JB Rosson
Director



Land Navigation Systems Limited

BALANCE SHEET

at 30 June 2008

	Note	2008		2007	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9		203,043		178,161
Investments	10		79,567		79,567
			<u>282,610</u>		<u>257,728</u>
CURRENT ASSETS					
Debtors	12	207,181		252,283	
Cash at bank and in hand		6,316		3,253	
		<u>213,497</u>		<u>255,536</u>	
CREDITORS: amounts falling due within one year	13	(24,595)		(28,727)	
NET CURRENT ASSETS			<u>188,902</u>		<u>226,809</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>471,512</u>		<u>484,537</u>
CREDITORS: amounts falling due after more than one year	14		(14,271)		(33,674)
NET ASSETS			<u>457,241</u>		<u>450,863</u>
CAPITAL AND RESERVES					
Called up share capital	16		7,751		7,751
Capital redemption reserve	17		425,966		425,966
Profit and loss account	17		23,524		17,146
SHAREHOLDERS' FUNDS			<u>457,241</u>		<u>450,863</u>

The financial statements on pages 7 to 26 were approved by the board of directors and authorised for issue on 16th April 2009 and were signed on its behalf by:

JB Rosson
Director



Land Navigation Systems Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 30 June 2008

	Note	2008 £	2007 £
Cash flow from operating activities	21a	249,801	2,914,422
Returns on investments and servicing of finance	21b	49,978	41,786
Capital expenditure and financial investment	21b	(149,775)	(102,954)
Taxation		(123,306)	-
Dividends paid		(1,200,000)	(255,373)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(1,173,302)	2,597,881
Financing	21b	(24,633)	(419,326)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(1,197,935)	2,178,555

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN DEBT

	Note	2008 £	2007 £
(Decrease)/increase in cash in the year		(1,197,935)	2,178,555
Change in net debt resulting from cash flows		24,633	68,668
New finance leases		-	(17,199)
MOVEMENT IN NET FUNDS IN YEAR	21c	(1,173,302)	2,230,024
NET FUNDS AT THE START OF THE YEAR	21c	2,574,203	344,179
NET FUNDS AT THE END OF THE YEAR	21c	1,400,901	2,574,203

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 accounting standards.

BASIS OF CONSOLIDATION

The consolidated financial statements incorporate those of Land Navigation Systems Limited and its subsidiary undertaking. All financial statements are made up to 30 June 2008.

The consolidated financial statements are based on financial statements of subsidiary undertakings which are coterminous with that of the parent company.

In the company's financial statements, investments in subsidiary and associated undertakings are stated at cost. Dividends received and receivable are credited to the company's profit and loss account to the extent that they represent a realised profit for the company.

RELATED PARTY TRANSACTIONS

The company 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 90% or more of the voting rights are controlled by the group and the consolidated financial statements are publicly available.

TANGIBLE FIXED ASSETS

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

Motor vehicles	25% per annum on cost
Plant and equipment	50% per annum on cost
Leasehold improvements	50% per annum on cost

STOCKS AND WORK IN PROGRESS

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. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

LONG TERM CONTRACTS

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous year. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Land Navigation Systems Limited

ACCOUNTING POLICIES

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.

RESEARCH AND DEVELOPMENT EXPENDITURE

Expenditure on research and development is written off against profits in the period in which it is incurred.

DEFERRED TAXATION

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

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 substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

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

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

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

RETIREMENT BENEFITS

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold to customers during the year. Turnover is derived entirely from the company's principal activities. Revenue is recognised when substantially all of the obligations under a sales contract have been fulfilled.

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 2008

1 ANALYSIS OF TURNOVER

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
UK sales	6,978,668	9,173,354	74,100	62,700
Export EEC sales	109,032	106,780	-	-
Export non-EEC sales	7,655	23,174	-	-
	<u>7,095,355</u>	<u>9,303,308</u>	<u>74,100</u>	<u>62,700</u>

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Bank interest receivable	55,149	48,044	1,250	311
Group interest receivable	-	-	12,000	17,768
	<u>55,149</u>	<u>48,044</u>	<u>13,250</u>	<u>18,079</u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Interest payable in respect of finance leases and hire purchase contracts	2,971	2,971	2,971	2,971
Other interest payable	2,200	3,287	-	-
	<u>5,171</u>	<u>6,258</u>	<u>2,971</u>	<u>2,971</u>

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

4 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Profit on ordinary activities before taxation is stated after charging/(crediting)				
Depreciation and other amounts written off tangible fixed assets:				
Owned	92,011	89,610	47,503	37,675
Leased	29,640	25,499	29,640	25,499
Hire of plant and machinery	86,383	78,537	-	-
(Profit)/loss on disposal of tangible fixed assets	(1,908)	(6,697)	(1,908)	(6,697)
Research and development	336,667	361,983	-	-
Auditors' remuneration:				
Audit services				
- Statutory audit of parent and consolidated accounts	2,000	2,000	2,000	2,000
Other services				
- Statutory audit of subsidiary accounts	7,100	6,750	-	-
Tax services				
- Compliance services	1,690	1,625	-	-
- Other services	150	505	-	-

5 REMUNERATION OF DIRECTORS

	2008	2007
	£	£
Directors' emoluments (payable by group)	272,794	253,144
Pension contributions	30,112	29,297
	<u>302,906</u>	<u>282,441</u>

	Number of directors	
	2008	2007
Retirement benefits are accruing to the following number of directors under:		
Money purchase pension schemes	2	2

Directors' emoluments include £144,921 (2007: £142,294) including benefits in kind, in respect of the highest paid director.

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

6 STAFF NUMBERS AND COSTS

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

	Number of employees			
	Group		Company	
	2008	2007	2008	2007
Management and administration	11	10	-	-
Engineers	40	36	-	-
	<u>51</u>	<u>46</u>	<u>-</u>	<u>-</u>

The aggregate payroll costs of these persons were as follows:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Wages and salaries	1,944,556	1,709,817	-	-
Social security costs	216,495	189,750	-	-
Other pension costs (see note 22)	269,654	228,394	-	-
	<u>2,430,705</u>	<u>2,127,961</u>	<u>-</u>	<u>-</u>

Land Navigation Systems Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2008

7	TAXATION	2008 £	2007 £
	Group		
	Current tax:		
	UK corporation tax on profits of the year	210,553	123,365
	Adjustments in respect of previous periods	-	-
		<u>210,553</u>	<u>123,365</u>
	Deferred taxation:		
	Origination and reversal of timing differences	-	76,000
		<u>210,553</u>	<u>199,365</u>
	Tax on loss on ordinary activities		
		<u>210,553</u>	<u>199,365</u>
	Factors affecting tax charge for year:	2008 £	2007 £
	The tax assessed for the period is lower than the standard rate of corporation tax in the UK 29.5% (2007 : 30%). The differences are explained below:		
	Profit/(loss) on ordinary activities before tax	863,729	2,050,693
	Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK 29.5% (2007 : 30%)	254,800	615,208
	Effects of:		
	Expenses not deductible for tax purposes	6,564	5,501
	Capital allowances less than of depreciation	115	186
	Other timing differences	80	(4,561)
	R & D enhanced expenditure	(49,659)	(54,298)
	Utilisation of tax losses	(392)	(428,083)
	Small companies rate relief	(955)	(10,588)
		<u>210,553</u>	<u>123,365</u>
	Tax charge for period	<u>210,553</u>	<u>123,365</u>

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

7	TAXATION (continued)	2008 £	2007 £
	Company		
	Current tax:		
	UK corporation tax on profits of the year	2,683	3,480
	Deferred taxation:		
	Origination and reversal of timing differences	-	-
	Tax on loss on ordinary activities	2,683	3,480
	Factors affecting tax charge for year:	2008 £	2007 £
	The tax assessed for the period is lower than the standard rate of corporation tax in the UK 20.25% (2007 : 30%). The differences are explained below:		
	Profit on ordinary activities before tax	1,209,061	616,494
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 20.25% (2007 : 30%)	244,835	184,948
	Effects of:		
	Non-taxable UK dividends receivable	(243,000)	(180,600)
	Expenses not deductible for tax purposes	-	841
	Capital allowances (in excess of) / less than depreciation	1,116	(2,389)
	Group relief	-	2,624
	Small companies rate relief	-	(1,944)
	Tax losses	(268)	-
	Tax charge for period	2,683	3,480
8	DIVIDEND	Group and company 2008	2007
	Ordinary shares:		
	Dividends paid in the year	1,200,000	255,373

The dividend per share was £1.55 (2007: £0.33).

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

9 TANGIBLE FIXED ASSETS

	Plant and equipment		Leasehold improvements		Total	
	Group	Company	Group	Company	Group	Company
	£	£	£	£	£	£
At beginning of year	1,013,766	286,675	14,623	-	1,028,389	286,675
Additions	156,375	106,717	-	-	156,375	106,717
Disposals	(47,700)	(47,700)	-	-	(47,700)	(47,700)
At end of year	1,122,441	345,692	14,623	-	1,137,064	345,692
<i>Depreciation and diminution in value</i>						
At beginning of year	793,525	108,514	14,623	-	808,148	108,514
Charge in year	121,651	77,143	-	-	121,651	77,143
On disposals	(43,008)	(43,008)	-	-	(43,008)	(43,008)
At end of year	872,168	142,649	14,623	-	886,791	142,649
<i>Net book value</i>						
At 30 June 2008	250,273	203,043	-	-	250,273	203,043
At 30 June 2007	220,241	178,161	-	-	220,241	178,161

GROUP AND COMPANY

Included in the net book value of plant and machinery is £48,873 (2007: £78,413) in respect of assets held under finance leases and hire purchase contracts. Depreciation for the year on these assets was £29,640 (2007: £25,499).

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

10 FIXED ASSET INVESTMENTS

Company	Shares in subsidiary undertaking £
Cost	
At beginning and end of year	79,567

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%

11 STOCKS

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Raw materials	789,009	538,807	-	-
Finished goods and consumables	25,448	31,882	-	-
	<u>814,457</u>	<u>570,689</u>	<u>-</u>	<u>-</u>

12 DEBTORS

	Group		Company	
	2008 £	2007 £	2008 £	2007 £
Trade debtors	927,484	584,465	-	-
Other debtors	10,120	2,529	-	-
Amounts owed by group undertakings	-	-	207,181	252,283
Prepayments and accrued income	19,757	19,345	-	-
	<u>957,361</u>	<u>606,339</u>	<u>207,181</u>	<u>252,283</u>

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13 CREDITORS: amounts falling due within one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Payments received on account	427,125	356,000	-	-
Trade creditors	834,726	903,866	-	-
Corporation tax	210,612	123,365	2,742	3,480
Obligations under finance leases and hire purchase contracts	19,403	24,633	19,403	24,633
Other creditors	2,450	614	2,450	614
Other taxation and social security	414,963	529,912	-	-
Accruals and deferred income	46,200	23,975	-	-
	<u>1,955,479</u>	<u>1,962,365</u>	<u>24,595</u>	<u>28,727</u>

14 CREDITORS: amounts falling due after more than one year

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Obligations under finance leases and hire purchase contracts	14,271	33,674	14,721	33,674
	<u>14,271</u>	<u>33,674</u>	<u>14,721</u>	<u>33,674</u>

The maturity of obligations falling under finance leases and hire purchase contracts is as follows:

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
Within one year	19,403	24,633	19,403	23,975
In second to fifth years	14,271	33,674	14,271	33,674
	<u>33,674</u>	<u>58,307</u>	<u>33,674</u>	<u>57,649</u>

The obligations under finance lease and hire purchase contracts are secured on the respective assets of the company, see note 9.

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2008

15 PROVISIONS FOR LIABILITIES AND CHARGES

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

Group	2008		2007	
	Provided £	Unprovided £	Provided £	Unprovided £
Difference between accumulated depreciation and amortisation and capital allowances	-	18,856	-	24,277
Other timing difference	-	10,672	-	9,433
Tax losses	-	3,949	-	5,637
	-	33,477	-	39,347

Company	2008		2007	
	Provided £	Unprovided £	Provided £	Unprovided £
Difference between accumulated depreciation and amortisation and capital allowances	-	4,342	-	4,245
Tax losses	-	3,949	-	5,637
	-	8,291	-	9,882

16 CALLED UP SHARE CAPITAL

	2008 £	2007 £
AUTHORISED		
Equity: nil 'A' ordinary shares of 1p each	-	-
Equity: 1,000,000 ordinary shares of 1p each	10,000	10,000
Non equity: 43,200,000 9% preference shares of 1p each	432,000	432,000
	442,000	442,000
ALLOTTED, CALLED UP AND FULLY PAID		
Equity: nil 'A' ordinary shares of 1p each	-	-
Equity: 775,099 ordinary shares of 1p each	7,751	7,751
	7,751	7,751

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

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16 CALLED UP SHARE CAPITAL (continued)

Brief details of the principal rights attaching to the respective classes of shares are as follows:

'A' ordinary shares of 1p each

The 'A' ordinary shares are entitled to a cumulative preferential dividend equal to 10.5% of the group's profit before taxation ("the participating dividend"), plus a further compensatory dividend where the emoluments of certain directors are in excess of certain limits.

The 'A' ordinary shares carry full voting rights and rank pari passu in all other respects with the ordinary shares.

Ordinary shares of 1p each

Following an extraordinary general meeting on 31 January 1997, the company's Articles of Association were amended such that the holders of ordinary shares also became entitled to a participating dividend equal to the amount payable on each 'A' ordinary share.

Both the 'A' ordinary shares and ordinary shares rank as equity.

17 RESERVES

	Acquisition reserve	Capital redemption reserve	Profit and loss account
Group	£	£	£
At beginning of year	141,595	425,966	1,458,428
Profit for the financial year	-	-	653,176
Dividends	-	-	(1,200,000)
At end of year	141,595	425,966	911,604
Company		Capital redemption reserve	Profit and loss account
		£	£
At beginning of year		425,966	17,146
Profit for the financial year		-	1,206,378
Dividends		-	(1,200,000)
At end of year		425,966	23,524

The acquisition reserve represents the discount on acquisition that arose on the purchase of Terrafix Limited by Land Navigation Systems Limited.

18 CONTINGENT LIABILITIES

The company has guaranteed the overdrafts of its subsidiary, Terrafix Limited. The amount outstanding at the year end was £nil (2007 £nil).

Land Navigation Systems Limited

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for the year ended 30 June 2008

19 COMMITMENTS

- (a) There were no capital commitments at the end of the financial year.
- (b) Annual commitments under non-cancellable operating leases are as follows:

	2008		2007	
	Land and buildings	Other	Land and Buildings	Other
	£	£	£	£
Operating leases which expire:				
In the second to fifth years inclusive	-	12,282	-	4,214
Over five years	56,644	-	62,095	-

20 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2008	2007	2008	2007
	£	£	£	£
PROFIT FOR THE FINANCIAL YEAR	653,176	1,851,328	1,206,378	613,014
Dividends	(1,200,000)	(255,373)	(1,200,000)	(255,373)
	(546,824)	1,595,955	6,378	357,641
Repurchase of shares	-	(350,000)	-	(350,000)
NET (REDUCTION IN)/ADDITION TO SHAREHOLDERS' FUNDS	(546,824)	1,245,955	6,378	7,641
Opening shareholders' funds	2,033,740	787,785	450,863	443,222
CLOSING SHAREHOLDERS' FUNDS	1,486,916	2,033,740	457,241	450,863

Land Navigation Systems Limited

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for the year ended 30 June 2008

21	CASH FLOWS	2008 £	2007 £
a	Reconciliation of operating profit to net cash inflow from operating activities		
	Operating profit	813,751	2,008,907
	Depreciation	121,651	115,109
	Profit on disposal of fixed assets	(1,908)	(6,697)
	(Increase)/decrease in stocks	(243,768)	36,753
	(Increase)/decrease in debtors	(351,022)	3,316
	(Decrease)/increase in creditors	(88,903)	757,034
		<u>249,801</u>	<u>2,914,422</u>
		2008 £	2007 £
b	Analysis of cash flows for headings netted in the cash flow		
	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
	Interest paid	(5,171)	(6,258)
	Interest received	55,149	48,044
		<u>49,978</u>	<u>41,786</u>
	NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
		<u>49,978</u>	<u>41,786</u>
	CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
	Purchase of tangible fixed assets	(156,375)	(120,819)
	Sale of tangible fixed assets	6,600	17,865
		<u>(149,775)</u>	<u>(102,954)</u>
	NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
		<u>(149,775)</u>	<u>(102,954)</u>
	FINANCING		
	Movement on loans	-	(47,619)
	Finance lease payments	(24,633)	(21,707)
	Purchase of own shares	-	(350,000)
		<u>(24,633)</u>	<u>(419,326)</u>
	NET CASH OUTFLOW FROM FINANCING		
		<u>(24,633)</u>	<u>(419,326)</u>

Land Navigation Systems Limited

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for the year ended 30 June 2008

21 CASH FLOWS (continued)

c ANALYSIS OF NET FUNDS

	At 30 June 2007 £	Cash flow £	Other non- cash changed £	At 30 June 2008 £
Cash in hand and at bank	2,632,510	(1,197,935)	-	1,434,575
Finance leases	(58,307)	24,633	-	(33,674)
	<u>2,574,203</u>	<u>(1,173,302)</u>	<u>-</u>	<u>1,400,901</u>

22 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 £269,654 (2007 £228,394) for the year ended 30 June 2007.

Contributions amounting to £24,116 were payable to the funds at 30 June 2008 (2007: £19,690).