

Land Navigation Systems Limited

DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

30 June 2011

FRIDAY



A14B5BJ6

A40

09/03/2012

#101

COMPANIES HOUSE

Company Registration No 02910798

Land Navigation Systems Limited

CONTENTS

DIRECTORS AND ADVISORS	1
DIRECTORS' REPORT	2
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS	5
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAND NAVIGATION SYSTEMS LIMITED	6
CONSOLIDATED PROFIT AND LOSS ACCOUNT	7
CONSOLIDATED BALANCE SHEET	8
COMPANY BALANCE SHEET	9
CONSOLIDATED CASH FLOW STATEMENT	10
ACCOUNTING POLICIES	11
NOTES TO THE FINANCIAL STATEMENTS	13

Land Navigation Systems Limited

DIRECTORS AND ADVISORS

DIRECTORS

Mr JB Rosson - Chairman
Dr RJ Mason
Mr DK Adams
Mr C Green
Miss C Rosson

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 consolidated financial statements of Land Navigation Systems Limited for the year ended 30 June 2011

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

The Group's trading profit for the year, after taxation, was £474,565 (2010 £1,144,485) The directors recommend a final dividend of £200,000 (2010 £nil) which if approved will be recognised in the financial statements for the year ended 30 June 2012

Sales have reduced in the year from £10.3m in 2010 to £9.2m in 2011. This can mainly be attributed to timings of contracts and in particular to one contract for £1.7 million that was seriously delayed and would have normally been traded in the year, this contract has now been traded in full post year end. The group's gross margin has reduced and administration costs increased in the year. This has been driven by the group investing in employees in core areas to protect and provide for future growth in new and existing markets. In addition the group has monitored and maintained gross margin achieved on raw materials

During the year no dividends were paid leaving a surplus of £474,565 (2010: £1,144,485) 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 sufficient to fund its trading activities and has never operated using overdraft facilities. 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. 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 JB Rosson
Dr RJ Mason
Mr DK Adams
Mr C Green
Miss C Rosson

Land Navigation Systems Limited

DIRECTORS' REPORT

AUDITORS

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors have confirmed that, as far as they are aware, 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

7th March 2012

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 23. 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 APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 30 June 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters 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

7 March 2012

Land Navigation Systems Limited
CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2011


	Note	2011 £	2010 £
TURNOVER - continuing operations	1	9,203,987	10,386,180
Cost of sales		(6,554,928)	(7,006,756)
GROSS PROFIT		2,649,059	3,379,424
Administrative expenses		(2,149,340)	(1,888,228)
OPERATING PROFIT - continuing operations		499,719	1,491,196
Interest receivable and similar income	2	6,189	2,289
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		505,908	1,493,485
Taxation	6	(31,343)	(349,000)
PROFIT FOR THE FINANCIAL YEAR	15	474,565	1,144,485

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
at 30 June 2011

	Note	2011	2010
		£	£
FIXED ASSETS			
Tangible assets	8	287,605	108,370
CURRENT ASSETS			
Stocks	10	471,677	609,037
Debtors	11	1,585,728	912,301
Cash at bank and in hand		3,053,033	2,797,459
		<u>5,110,438</u>	<u>4,318,797</u>
CREDITORS Amounts falling due within one year	12	(1,424,247)	(1,309,232)
NET CURRENT ASSETS		<u>3,686,191</u>	<u>3,009,565</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,973,796</u>	<u>3,117,935</u>
DEFERRED INCOME		<u>(1,232,066)</u>	<u>(850,770)</u>
NET ASSETS		<u>2,741,730</u>	<u>2,267,165</u>
CAPITAL AND RESERVES			
Called up share capital	14	5,747	5,747
Acquisition reserve	15	-	141,595
Capital redemption reserve	15	427,970	427,970
Profit and loss account	15	2,308,013	1,691,853
SHAREHOLDERS' FUNDS		<u>2,741,730</u>	<u>2,267,165</u>

The financial statements on pages 7 to 23 were approved by the board of directors and authorised for issue on 7th March 2012 and were signed on its behalf by


JB Rosson
Director

Company Registration No. 02910798

Land Navigation Systems Limited
COMPANY BALANCE SHEET
at 30 June 2011

	Note	2011	2010
		£	£
FIXED ASSETS			
Tangible assets	8	226,155	80,071
Investments	9	79,567	79,567
		<u>305,722</u>	<u>159,638</u>
CURRENT ASSETS			
Debtors	11	215,899	312,229
Cash at bank and in hand		19,472	21,339
		<u>235,371</u>	<u>333,568</u>
CREDITORS: amounts falling due within one year	12	<u>(24,075)</u>	<u>(31,544)</u>
NET CURRENT ASSETS		<u>211,296</u>	<u>302,024</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>517,018</u>	<u>461,662</u>
NET ASSETS		<u>517,018</u>	<u>461,662</u>
CAPITAL AND RESERVES			
Called up share capital	14	5,747	5,747
Capital redemption reserve	15	427,970	427,970
Profit and loss account	15	83,301	27,945
SHAREHOLDERS' FUNDS		<u>517,018</u>	<u>461,662</u>

The financial statements on pages 7 to 23 were approved by the board of directors and authorised for issue on 7th March 2012 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 2011

	Note	2011 £	2010 £
Cash flow from operating activities	19a	693,044	1,920,065
Returns on investments and servicing of finance	19b	6,189	2,289
Capital expenditure and financial investment	19b	(248,826)	37,906
Taxation		(194,833)	(636,130)
CASH INFLOW BEFORE FINANCING		255,574	1,324,130
Financing	19b	-	(8,542)
INCREASE IN CASH IN THE YEAR		255,574	1,315,588

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN FUNDS

	Note	2011 £	2010 £
Increase in cash in the year		255,574	1,315,588
Change in net debt resulting from cash flows	19b	-	7,880
MOVEMENT IN NET FUNDS IN YEAR	19c	255,574	1,323,468
NET FUNDS AT THE START OF THE YEAR	19c	2,797,459	1,473,991
NET FUNDS AT THE END OF THE YEAR	19c	3,053,033	2,797,459

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

BASIS OF PREPARATION

The directors are constantly reviewing resource competence and availability and believe that the group has adequate current resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in prepare the annual 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 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 100% of the voting rights are controlled by the group and the consolidated financial statements are publicly available

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

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

RESEARCH AND DEVELOPMENT EXPENDITURE

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

Land Navigation Systems Limited

ACCOUNTING POLICIES

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.

RETIREMENT BENEFITS

The company 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.

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 2011

1 ANALYSIS OF TURNOVER

	2011 £	2010 £
UK sales	9,154,163	10,320,591
Export EEC sales	49,139	62,002
Export non-EEC sales	685	3,587
	<u>9,203,987</u>	<u>10,386,180</u>

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £	2010 £
Bank interest received	5,982	2,289
Corporation tax interest	207	-
	<u>6,189</u>	<u>2,289</u>

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2011 £	2010 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and other amounts written off tangible fixed assets		
Owned	77,095	117,778
Operating lease rentals		
Hire of plant and machinery	157,692	36,957
Other and including land and buildings	112,417	93,572
Profit on disposal of tangible fixed assets	(7,504)	(1,582)
Research and development	354,615	363,379
Auditors' remuneration		
Audit services		
- Statutory audit of parent and consolidated accounts	2,250	2,250
Other services		
- Statutory audit of subsidiary accounts	7,900	7,900
Tax services		
- Compliance services	1,850	1,785
	<u></u>	<u></u>

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

4 REMUNERATION OF DIRECTORS

	2011 £	2010 £
Directors' emoluments	579,626	554,968
Pension contributions	71,257	66,923
	<u>650,883</u>	<u>621,891</u>

	Number of directors	
	2011	2010
Retirement benefits are accruing to the following number of directors under:		
Money purchase pension schemes	<u>5</u>	<u>5</u>

Directors' emoluments include £161,003 (2010 £157,862) including benefits in kind, and pension contributions include £18,803 (2010 £17,910), in respect of the highest paid director

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	
	2011	2010
Management and administration	11	11
Engineers	58	55
	<u>69</u>	<u>66</u>

The aggregate payroll costs of these persons were as follows

	2011 £	2010 £
Wages and salaries	2,971,381	2,643,892
Social security costs	332,853	289,838
Other pension costs (see note 20)	411,110	403,044
	<u>3,715,344</u>	<u>3,336,774</u>

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

6	TAXATION	2011 £	2010 £
	Current tax		
	UK corporation tax on profits of the year	41,267	349,000
	Adjustments in respect of previous periods	(1,185)	-
		40,082	349,000
	Deferred taxation:		
	Origination and reversal of timing differences	10,955	-
	Adjustments in respect of previous periods	(19,693)	-
		(8,739)	-
	Tax on profit on ordinary activities	31,343	349,000
	Factors affecting tax charge for year	2011 £	2010 £
	The tax assessed for the period is lower (2010 lower) than the standard rate of corporation tax in the UK 27.5% (2010 28%) The differences are explained below		
	Profit on ordinary activities before tax	505,908	1,493,485
	Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 27.5% (2010 : 28%)	139,125	418,175
	Effects of:		
	Expenses not deductible for tax purposes	11,538	6,448
	Capital allowances (more than)/less than of depreciation	(19,170)	9,495
	Other timing differences	1,013	1,124
	Research and development enhanced expenditure	(78,492)	(76,310)
	Tax losses utilised	-	(5,265)
	Small companies rate relief	(12,747)	(4,667)
	Adjustments in respect of previous periods	(1,185)	-
	Tax charge for the year	40,082	349,000

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

7 DIVIDENDS

	Group and company	
	2011	2010
	£	£
Ordinary shares		
Dividends paid in the year	-	-

The dividend per share was £nil (2010 £nil).

In respect of the current year, the directors propose that a final dividend of £200,000 will be paid. This dividend is subject to shareholders at the Annual General Meeting and has not been included as a liability in these financial statements

8 TANGIBLE FIXED ASSETS

GROUP	Leasehold improvements £	Plant and equipment £	Motor vehicles £	Total £
<i>Cost</i>				
At beginning of year	14,623	200,315	113,032	327,970
Additions	-	71,291	215,635	286,926
Disposals	-	-	(72,043)	(72,043)
At end of year	14,623	271,606	256,624	542,853
<i>Depreciation</i>				
At beginning of year	14,623	172,016	32,961	219,600
Charge in year	-	38,140	38,955	77,095
On disposals	-	-	(41,447)	(41,447)
At end of year	14,623	210,156	30,469	255,248
<i>Net book value</i>				
At 30 June 2011	-	61,450	226,155	287,605
At 30 June 2010	-	28,299	80,071	108,370

Land Navigation Systems Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

8 TANGIBLE FIXED ASSETS (continued)

COMPANY	Motor vehicles £
<i>Cost</i>	
At beginning of year	113,032
Additions	215,635
Disposals	(72,043)
	<hr/>
At end of year	256,624
	<hr/>
<i>Depreciation</i>	
At beginning of year	32,961
Charge in year	38,955
On disposals	(41,447)
	<hr/>
At end of year	30,469
	<hr/>
<i>Net book value</i>	
At 30 June 2011	226,155
	<hr/>
At 30 June 2010	80,071
	<hr/>

9 FIXED ASSET INVESTMENTS

Company	Shares in subsidiary undertaking £
<i>Cost</i>	
At beginning and end of year	79,567
	<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 2011

10 STOCKS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Raw materials	471,677	591,143	-	-
Finished goods and consumables	-	17,894	-	-
	<u>471,677</u>	<u>609,037</u>	<u>-</u>	<u>-</u>

11 DEBTORS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	1,392,039	740,928	-	-
Corporation tax	94,060	-	-	-
Other debtors	9,395	28,980	-	-
Amounts owed by group undertakings	-	-	215,899	312,229
Prepayments and accrued income	63,745	142,393	-	-
Deferred tax (see note 13)	8,739	-	-	-
	<u>1,567,978</u>	<u>912,301</u>	<u>215,899</u>	<u>312,229</u>
<i>Due in more than one year</i>				
Other debtors	17,750	-	-	-
	<u>1,585,728</u>	<u>912,301</u>	<u>215,899</u>	<u>312,229</u>

12 CREDITORS. Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
		(Restated)		
Trade creditors	443,038	685,527	-	-
Corporation tax	8,309	69,000	8,309	14,000
Other creditors	15,766	17,544	15,766	17,544
Other taxation and social security	930,634	511,061	-	-
Accruals	26,500	26,100	-	-
	<u>1,424,247</u>	<u>1,309,232</u>	<u>24,075</u>	<u>31,544</u>

Creditors amounts falling due within one year have been restated to separately disclose deferred income in a separate caption on the balance sheet

Land Navigation Systems Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2011

13 DEFERRED TAXATION

	£
Group	
At beginning of year	-
Credit for the year	8,739
	<hr/>
At end of year	8,739
	<hr/>

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

	2011		2010	
Group	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Difference between accumulated depreciation and amortisation and capital allowances	(2,804)	11,793	-	25,659
Other timing differences	11,543	-	-	12,238
	<hr/>	<hr/>	<hr/>	<hr/>
	8,739	11,793	-	37,897
	<hr/>	<hr/>	<hr/>	<hr/>

	2011		2010	
Company	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Difference between accumulated depreciation and amortisation and capital allowances	-	11,793	-	16,201
Tax losses	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	-	11,793	-	16,201
	<hr/>	<hr/>	<hr/>	<hr/>

The company does not provide for potential deferred tax assets as they are not considered material

14 CALLED UP SHARE CAPITAL

	2011	2010
	£	£
Allotted, issued and fully paid		
574,685 ordinary shares of 1p each	5,747	5,747
	<hr/>	<hr/>

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

15 RESERVES

	Acquisition reserve	Capital redemption reserve	Profit and loss account
Group	£	£	£
At beginning of year	141,595	427,970	1,691,853
Profit for the financial year	-	-	474,565
Reserves transfer	(141,595)	-	141,595
At end of year	-	427,970	2,308,013
Company		Capital redemption reserve	Profit and loss account
		£	£
At beginning of year		427,970	27,945
Profit for the financial year		-	55,356
At end of year		427,970	83,301

The acquisition reserve represents “negative goodwill” which arose on acquisition on the purchase of Terrafix Limited by Land Navigation Systems Limited in 1995. It is the opinion of the directors that a 15 year life for the amortisation of the negative goodwill would have been appropriate and therefore the negative goodwill has been released to the profit and loss reserve in accordance with the treatment recommended under UK GAAP.

16 CONTINGENT LIABILITIES

The company has guaranteed the overdrafts of its subsidiary, Terrafix Limited. The amount outstanding at the year end was £nil (2010: £nil).

17 COMMITMENTS

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

	2011		2010	
	Land and buildings	Other	Land and Buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	-	3,666	-	-
In the second to fifth years inclusive	-	-	-	3,568
Over five years	113,096	103,210	114,596	-

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
PROFIT FOR THE FINANCIAL YEAR	474,565	1,144,485	55,356	21,787
Purchase of own shares	-	(662)	-	(662)
NET ADDITION TO SHAREHOLDERS' FUNDS	474,565	1,143,823	55,356	21,125
Opening shareholders' funds	2,267,165	1,123,342	461,662	440,537
CLOSING SHAREHOLDERS' FUNDS	2,741,730	2,267,165	517,018	461,662

19 CASH FLOWS

a Reconciliation of operating profit to net cash inflow from operating activities

	2011	2010
	£	£
Operating profit	499,719	1,491,196
Depreciation	77,095	117,778
Profit on disposal of fixed assets	(7,504)	(1,582)
Decrease in stocks	137,360	511,310
(Increase)/decrease in debtors	(570,628)	51,121
Increase/(decrease) in creditors and deferred income	557,002	(249,758)
	693,044	1,920,065

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

19 CASH FLOWS (continued)

	2011 £	2010 £
b Analysis of cash flows for headings netted in the cash flow		
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	6,189	2,289
	<u> </u>	<u> </u>
CAPITAL EXPENDITURE		
Purchase of tangible fixed assets	(286,926)	(190,719)
Sale of tangible fixed assets	38,100	228,625
	<u> </u>	<u> </u>
	(248,826)	37,906
	<u> </u>	<u> </u>
FINANCING		
Capital element of finance lease rental payments	-	(7,880)
Purchase of own shares	-	(662)
	<u> </u>	<u> </u>
	-	(8,542)
	<u> </u>	<u> </u>

c ANALYSIS OF NET FUNDS

	At 30 June 2010 £	Cash flow £	At 30 June 2011 £
Cash in hand and at bank	2,797,459	255,574	3,053,033
	<u> </u>	<u> </u>	<u> </u>

20 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 £411,110 (2010 £403,044).

Contributions amounting to £35,100 were payable to the funds at 30 June 2011 (2010 £31,327).

21 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 2011 showed a profit of £55,356 (2010 £21,787).

Land Navigation Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2011

22 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 directors' loan:

	At beginning of year £	Maximum liability £	At end of year £
C Green	5,695	5,695	3,955

The other debtor due in more than one year of £17,750 (2010 £17,750 included within other debtors) is due from Kidsgrove Masonic Institute, a company which has common directors and shareholders to Land Navigation Systems Limited

23 CONTROLLING PARTY

The group is under the control of Mr JB Rosson