Belgravium Technologies plc

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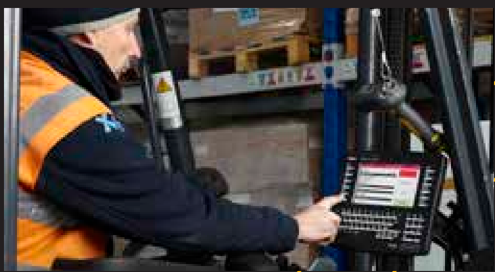
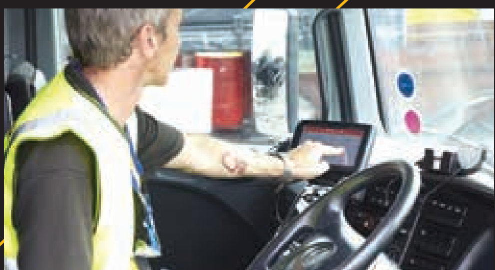
Annual Report for the year ended
31 December 2012





A mobile solution for every environment

About Us

Belgravium Technologies plc

Belgravium Technologies plc are a market leader in enterprise mobile computing solutions. We help capture, move and manage critical information, providing businesses the means to access real-time information anytime and anywhere.

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After a successful 2011 which benefited from some large contracts, 2012 has proved a challenging year. Nevertheless, I am pleased to report that our results are in line with revised expectations. Our operational gearing means that we are sensitive to falls in revenue and in common with many companies, Belgravium has found it difficult to convert its sales pipeline into confirmed orders as customers continue to delay their investment decisions. We do not expect our markets to change significantly in 2013. However, the Group has a strong balance sheet and has initiatives in place which should ensure improved profitability in the current year.

J P Kembery
Chairman

Read the Chairman's Statement on page 02

Our technologies bring huge benefits to our customers, in whatever environment they operate.

Our Applications

Warehouse and Logistics

Barcode readers, RFID readers, voice recognition systems, labelling and pick-by-light.

Point of Delivery

Electronic proof of delivery and mobile point of sale.

Vehicle Telematics

Vehicle tracking and vehicle condition telematics, routing and scheduling systems.

IT Solutions

Mobile computers, application software, after sales IT support and bespoke development.

Chairman's Statement

After a successful 2011 which benefited from some large contracts, 2012 has proved a challenging year. Nevertheless, I am pleased to report that our results are in line with revised expectations. Our operational gearing means that we are sensitive to falls in revenue and in common with many companies, Belgravium has found it difficult to convert its sales pipeline into confirmed orders as customers continue to delay their investment decisions.

Revenues for the year were £8,669,000 compared to £11,157,000 in 2011. As a result, profit before tax was £282,000 compared with £1,024,000 in the previous year. Due to our continued investment in research and development however, no tax will be payable in the year and there is a tax credit release of £54,000 (2011: charge of £148,000). Earnings per ordinary share therefore were 0.33p per share compared to 0.87p per share in 2011.

BALANCE SHEET

The Group's balance sheet remains strong and debt free. At the year end net cash was £1,566,000 (2011: £1,074,000). Cash generation has continued strongly with a 45% increase in net cash over the 2011 year end.

DIVIDEND

Whilst the Board believes it is important to maintain cash reserves for development and investment projects, it is also committed to maintaining the payment of dividends, a policy restored in the previous year. Subject to shareholder's approval at the AGM, it is therefore the Board's intention to pay a maintained dividend of 0.10 pence per ordinary share on 18 June 2013 to shareholders on the register on 24 May 2013. The 'ex' dividend date will be 22 May 2013.

THE MARKET

Belgravium supplies and manages a wide range of mobile computing services and solutions with a focus on the logistics, transportation and mobile retailing sectors. Such projects tend to be classed as capital spend by the majority of our customers and, since 2007, have been subject to a marked reluctance by customers to commit funds, even when there are immediate operational advantages. The ongoing issue is that, however small the project, it is subject to the most frustrating re-designs, re-appraisals and delays all caused by general financial restraint. In 2011, we were successful in winning major contracts for British Airways and Hermes and this lifted revenues significantly above the norm for recent years. It was, therefore, tempting to believe that the market had changed but, as we said in last year's report, there was limited evidence that financial confidence would remain in 2012 given the general economic climate. At the time of the interim results it was clear that 2012 was going to be difficult but it was only toward the end of the final quarter that it became clear that the stronger second half of the year that we usually experience would not materialise. It was then that we started to implement initiatives aimed at reducing costs, improving profitability and restoring long term growth.

OPERATIONAL REPORT

Historically, Belgravium has been described as an electronic hardware company. In recent years we have worked hard on the strategic conversion to a system provider, in which the completeness of the solution was essential. This strategy has provided some differentiation from the price competitive nature of hardware sales and is responsible for the rise of repeat revenues and cash generation. 2012 saw further development of this strategic approach:

1. By expanding our sales offering, we have increasingly moved into telematics and vehicle tracking using specialist partners and this gives customers better fleet control and data on the performance of employees and their vehicles. A major UK fuel retailer has recently implemented our system for the tracking of vehicles and driver behaviour data.
2. We have taken the expertise we have gained in the specialist fuel delivery market and successfully applied them to solutions in general logistics. For example, at Hermes where 'in cab' technology is used in 300 vehicles and more recently we have supplied several transport companies with mobile devices for their HGV fleets.
3. We have expanded our sales efforts into additional countries. In South Africa where we have recently installed an aircraft re-fuelling system at Johannesburg's OR Tambo Airport. In Japan we are working with a local and experienced distribution company, to establish a channel partnership for the future development of this region. In Austria we have established a working partnership with a Vienna based company with the objective of developing sales into Eastern Europe.
4. We continued to invest significantly in the development of hardware and software to respond to the customers changing requirements. For example. We have introduced an upgraded 'Boston 2' and an all new truck mounted product, the 'Vienna'. Further plans include schemes to reduce the component cost of hardware which will have a positive impact on the cost of sales.

COST CONTROL

In budgeting for 2013 we have assumed that economic conditions will not improve in the short term and that profit gains in the year will have to come from new initiatives and a lower cost base. To this end we have cut out expenditure that is not deemed to be essential to recovery and made a small reduction in numbers employed, including cutting down the size and cost of the Board and overheads. We are especially grateful to Roddy McDougall in this regard for voluntarily retiring after 14 years of valuable service and to Chris Phillips for reducing his role to that of a non-executive director and Company Secretary.

ACQUISITION CRITERIA

This year's downturn in Belgravium's performance is very different from 2010 when we had a demanding bank debt. Our cash generative policies have allowed that debt to be repaid in full and left a healthy surplus for future corporate development. Whilst we aim to increase sales organically, now that we have the resources, it is right that we also seek further growth by acquisition.We are examining two areas:

Increased territorial coverage. We have long felt that our products and services could be sold into more countries, particularly in Europe. So far, sales have been restrained by the perceived need to have local representation, installation and maintenance arrangements. Certainly where we have such facilities, as in France, good business has resulted. We are therefore pursuing the development of relationships where we can extend territorial coverage.

New market sector. Belgravium will continue to be focused on digital data capture but there are other markets to which this can apply outside of logistics and where our hardware and software expertise would provide immediate benefits. In 2013, we shall attempt to find such a company and to use some of our cash reserves to build a growth relationship.

EMPLOYEES

Belgravium has been operating in demanding market conditions for some years and it has been necessary to review staffing levels on several occasions. The result of this process is that we have a highly proficient and flexible workforce well used to responding to frequent changes of demand. In the case of Belgravium, personnel are certainly our most valuable asset and I would like to thank them for their hard work and commitment.

OUTLOOK

2012 was a challenging year and we do not expect our markets to change significantly in 2013. However, the Group has a strong balance sheet and has initiatives in place which should at least ensure improved profitability in the current year.

J P Kembery
Executive Chairman
5 March 2013

Directors' Report for the year ended 31 December 2012

The directors present their annual report and the audited financial statements of the Company and the Group for the year ended 31 December 2012.

Business review and principal activities

Belgravium Technologies plc and its subsidiaries ('the Group') designs and builds rugged mobile computing devices and develops software solutions used in a wide variety of field based delivery, logistics and service applications.

The results for the Group show a pre-tax profit of £282,000 (2011: £1,024,000) on sales of £8,669,000 (2011: £11,157,000). The Group generated cash from operations of £954,000 (2011: £1,730,000).

Business environment

The Group's operations are focused on three separate market sectors; warehousing and logistics, fuel distribution and mobile point of sale with specific emphasis on aircraft applications. Although servicing different customers, the nature of the products and services and channels to market are comparable and hence the directors regard the Group as operating in one primary segment, where the risks and returns are similar. Operating reviews by individual market sector are not prepared or reviewed by the Board.

Air travel is increasingly competitive due to the current economic climate. All carriers, on a worldwide basis, are acutely aware that profit improvement is achievable through high margin inflight sales. The Group's offering of approved hardware with back office and application software allows sophisticated sales and marketing strategies to be used to maximise revenue and minimise waste.

Warehousing and logistics has undergone a radical change over the past few years with warehouses operating on a 24 hour basis providing contract facilities for a wide variety of products and companies. The Group provides mobile computing solutions for warehouse operations for both truck mounted and hand held applications. These solutions communicate using wireless technology and provide real time data. This technology improves supply chain management and significantly reduces warehouse operating costs.

The Group supports a large number of fuel distributors on a world wide basis, through direct sales in Europe and through well established business partners in North America and SE Asia. The Group offers both sophisticated software and hardware approved for use in controlled atmospheres designed to optimise the cost of delivery and customer service. This sector continues to grow both in the number of users and in the requirements for upgrade as newer and more capable technologies become available.

Strategy

The Group's overriding strategy is to achieve attractive and sustainable rates of growth and returns through a combination of organic growth and acquisition.

Acquisition

The Group has a clearly defined acquisition strategy and the directors will continue to consider acquisitions in new market sectors and geographies which will enhance earnings.

Organic growth

The Group has significant business in retail systems on board aircraft. It will continue to grow this sector by enhanced software offerings and targeted selling to a worldwide industry. In addition by using business partners across the world the Group is able to offer local customer support, a key issue for all international carriers.

The Group, although well established in several of the major European market places, sees a clear opportunity for further European expansion. Strategies are in place to extend the Group's coverage of this very significant region.

The technologies available within the Group have applications outside the three principal market sectors currently being exploited. In all field based applications there is an ever present demand to improve customer service and to lower the costs of providing that service. The Group is pursuing a number of opportunities which will broaden the current sector coverage.

Product range

The different market sectors serviced by the Group necessitate products with technical features and attributes specific to that market. Nonetheless, in all the hardware manufactured by the Group there are a number of core technologies and competencies. The Group will continue to invest in these core technologies to reduce product costs and to provide bespoke software offerings for key market sectors and customers. In-house hardware manufacture combined with application software gives the business the opportunity to create bespoke solutions, a significant differentiating factor over much of the competition.

Employees

The Group recognises that the contribution made by its skilled and committed work force is the business's most valuable asset. The Group will continue to provide its people with a challenging environment and to provide rewards which recognise their achievements. The Group recognises that the needs of the business will continue to change. As such, training is and will continue to be offered such that employees are able to enhance their skill base to assist the business in meeting future challenges.

The Group has an established policy of encouraging the employment of disabled persons wherever this is practicable and endeavours to ensure that disabled employees benefit from training and career development programmes in common with all other employees. The Group's policy includes, where practicable, the continued employment of those who may become disabled during their employment.

Future outlook

Across all markets serviced by the Group there is a sustained drive to reduce costs and to improve customer service. This can only be achieved by investment in the most modern technologies providing instantaneous information between back office applications and field based functions. The Group recognises that competition will continue to impose challenges on margins. With investment in product offering however, a robust commercial approach to the market place and above all a strong desire to succeed, we are confident about our prospects.

Environmental

The Group recognises the importance of managing consumption of the world's natural resources as well as providing a safe and healthy working environment for its employees. The Group consumes non-replaceable raw materials and energy and clearly the successful growth of the Group will lead to an increased consumption of raw materials on an absolute basis. We therefore seek to reduce the amount of resources consumed on a unit by unit basis to limit the size of our environmental footprint.

Principal risks and uncertainties

The directors recognise that within the business there are a number of risks which may significantly impact the performance of the business. These risks are subjected to regular review and where appropriate processes are established to minimise the level of exposure. These are summarised below:

People

The principal asset of the Group is the commitment and skill of its people. The retention of these people is therefore key to the success of the business. The Group monitors closely the satisfaction of its employees and ensures that remuneration packages match both contribution and the wider employment market. In addition the Group has in place schemes which are related to Group results and which allow key employees to participate in the success of the Group as a whole.

Technology changes

Changes in technology occur at an ever increasing rate. Through its technical functions the business monitors emerging technologies and seeks to understand how these technologies will impact current business and how they may be incorporated in designs of future product offerings.

Competition

The Group recognises that it operates on a global basis and as such is subject to competitive global pricing as well as service and performance criteria in local markets. Margins are monitored on a contract by contract basis and commercial decisions are adjusted accordingly. The Group recognises that a global strategy will create issues of foreign exchange fluctuations but that the overall contribution from such markets more than compensates for the level of risk.

Key commercial relationships

The Group has a diverse range of customers and suppliers, and whilst these relationships are of significant importance to the Group's development, no single customer or supplier is of critical importance to the ongoing success of the Group.

Business partners

The Group operates through business partners in certain parts of the world. The retention of their loyalty to the Group's product offering is important. The business is in frequent contact with these companies and regular visits are made. The business supports these partners both commercially and in terms of market information and lead generation. The Group also encourages these partners to supply local services, and hence earn a revenue stream, for contracts that the Group may have secured on a world-wide basis.

The financial risks faced by the Group are detailed in note 3 to the financial statements.

Key performance indicators

The directors monitor the business based on revenue and gross margin levels.

Group sales reduced from £11,157,000 in 2011 to £8,669,000 in 2012, a 22% reduction.

The gross margin has increased from 43% to 45% as a result of reduced sales of third party products. While there is continued pressure both on selling prices and on the costs of incoming components, the Group has continued to use its manufacturing capability and its Group purchasing power to mitigate these pressures.

Dividends

The directors recommend a final dividend of 0.10p per ordinary share (2011: 0.10p).

Directors

The directors who held office during the year and to the date of this report, are given below:

J P Kembery
R D McDougall (Resigned 24 January 2013)
M W Hardy
C F Phillips
M P Unwin

Directors' Report for the year ended 31 December 2012 (continued)

Non-executive director

R D McDougall, BA, 70, joined the Board of Belgravium Technologies plc on 26 March 1997. He is a director of a number of private companies in the industrial and commercial sectors. He has served on the boards of three listed public companies in the last 18 years. He resigned on the 24 January 2013 and was replaced as non-executive director by C F Philips.

Purchase of own shares

The Company did not purchase any of its own shares in 2012.

At the Annual General Meeting held on 31 May 2012, members renewed the Company's authority under Companies Act 2006 to make market purchases of up to 10% of the Company's shares in issue as at 31 December 2011.

The renewed authority given by members at the last Annual General Meeting for the Company to purchase its own shares will expire at the Annual General Meeting to be held on 23 May 2013. The directors believe that it is in the best interests of the Company for the authority to be renewed at that Annual General Meeting.

Research and development

The Group is continually developing its products and services to meet the increasing demands of the markets in which the Group operates. During the year, the Group incurred total research and development costs of £469,000 (2011: £495,000) of which £147,000 (2011: £130,000) has been capitalised.

Supplier payment policy

It is the Group's payment policy to ensure settlement of suppliers' invoices in accordance with the stated terms. In certain circumstances, specific settlement terms are agreed, prior to any business taking place. It is our policy to abide by those terms. As the Company is a holding company it has no trade creditors (2011: £nil).

Statutory records

The company is registered in Scotland and its registered number is 5543.

Substantial shareholdings

As at 1 March 2013, the Company had been notified of the following interests representing 3% or more of the issued ordinary share capital:

	Ordinary shares	Percentage of ordinary share capital
J P Kembery	9,211,269	9.13%
R D McDougall	5,897,735	5.84%
Barclays Stockbrokers Limited	5,305,959	5.26%
Chelverton Growth Trust plc	5,000,000	4.95%
Investec Wealth and Investment Limited	4,998,239	4.95%

Save as disclosed above, the directors are not aware of any shareholding which represents 3% or more of the present issued ordinary share capital of the Company.

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Disclosure of information to auditors

Each director at the date of approval of this report confirms that:

so far as each director is aware, there is no relevant audit information (that is, information needed by the auditors in connection with preparing their report) of which the auditors are unaware; and

each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

This statement is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the Annual General Meeting.

By order of the Board

C F Phillips
Company Secretary
5 March 2013

Statement of Directors' Responsibilities

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 prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company ('Company') financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Group and Company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

C F Phillips
Company Secretary
5 March 2013

Independent Auditors' Report to the Members of Belgravium Technologies plc

We have audited the Group financial statements of Belgravium Technologies plc for the year ended 31 December 2012 which comprise the Consolidated Income Statement, the Consolidated Statement of Changes in Equity, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 7, 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2012 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Belgravium Technologies plc for the year ended 31 December 2012.

Ian Marsden (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
5 March 2013

Consolidated Income Statement for the Year Ended 31 December 2012

	Note	2012 £'000	2011 £'000
Revenue	5	**8,669**	11,157
Cost of sales		**(4,738)**	(6,335)
Gross profit		**3,931**	4,822
Distribution costs		**(122)**	(135)
Administrative expenses		**(3,522)**	(3,641)
Operating profit	6	**287**	1,046
Finance income	10	**1**	1
Finance costs	11	**(6)**	(23)
Profit before income tax		**282**	1,024
Income tax credit / (charge)	12	**54**	(148)
Profit for the year attributable to the owners of the parent		**336**	876

Earnings per ordinary share (pence) attributable to equity holders of the parent during the year

Basic	14	**0.33p**	0.87p
Diluted	14	**0.33p**	0.87p

There is no other income or expenditure other than the profit for the year above and therefore a separate statement of comprehensive income is not presented.

The notes on pages 14 to 34 are an integral part of these Group financial statements.

Consolidated Statement of Changes in Equity for the year ended 31 December 2012

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Balance at 1 January 2011	5,047	2,932	2,100	(59)	10,020
Comprehensive income					
Profit for the year and total comprehensive income	–	–	–	876	876
Balance at 31 December 2011	**5,047**	**2,932**	**2,100**	**817**	**10,896**
Comprehensive income					
Profit for the year and total comprehensive income	**–**	**–**	**–**	**336**	**336**
Dividend (Note 13)	**–**	**–**	**–**	**(101)**	**(101)**
Balance at 31 December 2012	**5,047**	**2,932**	**2,100**	**1,052**	**11,131**

The notes on pages 14 to 34 are an integral part of these Group financial statements.

Consolidated Balance Sheet as at 31 December 2012

	Note	2012 £'000	2011 £'000
Non-current assets			
Intangible assets	15		
Goodwill		**9,124**	9,124
Development expenditure		**281**	273
		9,405	9,397
Property, plant and equipment	16	**263**	383
		9,668	9,780
Current assets			
Inventories	19	**1,454**	1,544
Trade and other receivables	20	**2,106**	3,006
Cash and cash equivalents	21	**1,614**	1,220
		5,174	5,770
Total assets		**14,842**	15,550
Current liabilities			
Trade and other payables	22	**2,643**	3,319
Current income tax liabilities		**–**	157
Deferred income tax liabilities	18	**28**	70
Borrowings	23	**12**	98
Short term provisions	24	**22**	13
		2,705	3,657
Non-current liabilities			
Deferred income		**970**	949
Borrowings	23	**36**	48
Total liabilities		**3,711**	4,654
Capital and reserves attributable to owners of the parent			
Share Capital	25	**5,047**	5,047
Share premium account		**2,932**	2,932
Capital redemption reserve		**2,100**	2,100
Profit and loss account		**1,052**	817
Total equity		**11,131**	10,896
Total equity and liabilities		**14,842**	15,550

The notes on pages 14 to 34 are an integral part of these Group financial statements. The Group financial statements on pages 9 to 34 were approved by the Board of Directors on 5 March 2013 and were signed on its behalf by:

J P Kembery
Director

Our Business
Our Governance
Our Accounts

Consolidated Cash Flow Statement for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
Cash flows from operating activities			
Operating profit		**287**	1,046
Depreciation		**184**	144
Amortisation		**139**	135
Movement in:			
Provisions		**9**	(4)
Inventories		**90**	(392)
Trade and other receivables		**900**	460
Trade and other payables		**(655)**	341
Cash generated from operations		**954**	1,730
Interest received		**1**	1
Interest paid		**(6)**	(23)
Corporation tax received		**–**	35
Corporation tax paid		**(145)**	(5)
Net cash generated from operating activities		**804**	1,738
Cash flows from investing activities			
Purchase of intangible assets		**(147)**	(130)
Purchase of property, plant and equipment		**(64)**	(208)
Net cash used in investing activities		**(211)**	(338)
Cash flows from financing activities			
Repayments of finance lease contracts		**(11)**	(3)
Repayment of bank borrowings		**(87)**	(523)
Equity Dividends paid to shareholders	13	**(101)**	–
Net cash used in financing activities		**(199)**	(526)
Net increase in cash, cash equivalents		**394**	874
Cash, cash equivalents at start of the year	21	**1,220**	346
Cash, cash equivalents at end of the year	21	**1,614**	1,220

Consolidated Cash Flow Statement for the year ended 31 December 2012 (continued)

Reconciliation of net funds

	Note	2012 £'000	2011 £'000
Reconciliation of net funds			
Net increase in cash and cash equivalents		**394**	874
Net change in bank loans and finance leases		**98**	464
Movement in net funds		**492**	1,338
Net funds / (debt) at beginning of year		**1,074**	(264)
Net funds at end of year	27	**1,566**	1,074

The notes on pages 14 to 34 are an integral part of these Group financial statements.

Notes to the Group Financial Statements for the year ended 31 December 2012

1 General information

Belgravium Technologies plc ('the Parent Company' or 'Company') and its subsidiaries (together 'the Group') designs and builds rugged mobile computing devices and develops software solutions used in a wide variety of field based delivery, logistics and service applications. The Company is a public company limited by share capital incorporated and domiciled in the United Kingdom. The Company has its listing on the Alternative Investment Market. The address of its registered office is 1 George Square, Glasgow, G2 1AL.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements of Belgravium Technologies plc have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRSs. The consolidated financial statements have been prepared on a going concern basis under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

(a) New and amended standards adopted by the group
There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2012 and not early adopted
A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the group, except the following set out below:

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group does not expect the standard to have a material impact on its financial statements

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015, subject to endorsement by the EU. The group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 10, Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

FRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

2 Summary of significant accounting policies (Continued)

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

2.2 Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker ('CODM'), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board. The Executive Board consider that the Group comprises of one segment being the supply and maintenance of real time electronic data systems, and this is how results are reported to the Executive Board.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Sterling, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.5 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to reduce the asset's cost to their residual values over their estimated useful lives, as follows:

Plant and machinery	over 2-5 years
Fixtures, fittings, tools and equipment	over 4-5 years

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition.

Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Notes to the Group financial statements for the year ended 31 December 2012 (continued)

2 Summary of significant accounting policies (Continued)

(b) Development expenditure

Development expenditure is stated at historic cost less accumulated amortisation. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- it is technically feasible to complete the intangible asset so that it will be available for use;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the intangible asset;
- it can be demonstrated how the intangible asset will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditure that does not meet the criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development expenditure is recorded as an intangible asset and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, not exceeding five years.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffer an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises actual costs incurred in bringing each product to its present location and condition as follows:

• Raw materials and consumables	• Work in progress and finished goods
• Purchase cost on a weighted average basis	• Cost of direct materials

The cost of work in progress and finished goods excludes direct labour and related production overheads as the directors consider that this element is not material.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made where necessary for obsolete, slow moving and defective inventory.

2.9 Trade receivables

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

Trade receivables are initially recognised at fair value and subsequently held at amortised cost. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable may be impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.12 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not they are presented as non- current liabilities.

Trade payables are recognised at fair value and subsequently held at amortised cost.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently

2 Summary of significant accounting policies (Continued)

stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profits or losses. Deferred income tax is determined using tax rates (and laws) that have been substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.
Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15 Employee benefits

(a) Pension obligations

The Group operates various pension schemes. The schemes are generally funded through payments to insurance companies. The Group has only defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity.

The Group pays contributions to privately administered pension insurance plans on a contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available.

(b) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Share based payments

In respect of options granted before 7 November 2002 which had not vested at that date no charge is recognised in accordance with IFRS 2 'Share based payments'. No options have been granted since 7 November 2002.

2.16 Revenue recognition

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

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below.

Income from the sale of goods is recognised on dispatch to the customer.
Income from the sale of advance maintenance and software contracts is shown as deferred income in the balance sheet and released to revenue over the length of the contract in line with the substance of the relevant agreement.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. In practice this means that revenue is recognised when the service is rendered or goods supplied.

2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

Notes to the Group Financial Statements for the year ended 31 December 2012 (continued)

2 Summary of significant accounting policies (Continued)

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.18 Dividend distribution

Any annual final dividend is not provided for until approved at the Annual General Meeting whilst interim dividends are charged in the period they are paid.

3 Financial risk management

3.1 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, principally with respect to the Euro and the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Natural hedging occurs through the matching of foreign currency income, expenditure and commitments. When projected foreign currency balances are not anticipated to be covered through this natural matching process, the Group may choose to enter into forward foreign exchange contracts through its bankers and other financial institutions.

At 31 December 2012, no forward foreign exchange contracts were outstanding (2011: £nil).

At 31 December 2012, if Sterling had weakened/strengthened by 6% against the Euro with all other variables held constant, post tax profit for the year would have been £91,000 (2011: £130,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest risk arises from borrowings. Borrowings issued at a variable rate expose the Group to cash flow interest rate risk. During 2012 and 2011, the Group's borrowings at a variable rate were denominated in Sterling. At 31 December 2012, if the interest rate on Sterling borrowings had been 0.5% higher/lower with all other variables held constant, post tax profit for the year would have been equivalent (2011: £2,000 lower/higher) as a result of the floating rate.

(b) Credit risk

The Group has a customer credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At 31 December 2012 there were no significant concentrations of credit risk (2011: £nil). The maximum exposure to credit risk is represented by the carrying amount of each financial asset included in the balance sheet. Management does not expect any losses from non-performance by these counterparties. Due to the nature of the Group's business credit risk is assessed on a customer by customer basis prior to entering into contractual arrangements.

(c) Liquidity risk

The Group maintains short term cash deposits and unutilised banking facilities to mitigate any liquidity risk it may face. Management monitor rolling forecasts of the Group's liquidity reserves on the basis of forecast cashflow.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Impact on discounting is not deemed material / relevant in respect to trade and other payables since this relates predominantly to deferred revenue for which the cash has already been received and the balance is being released to the income statement in line with the contract.

At 31 December 2012	Less than one year £'000	Between one and four years £'000
Borrowings	12	36
Trade and other payables	2,275	970
At 31 December 2011		
Borrowings	98	48
Trade and other payables	3,120	949

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company also has an authority under the Companies Act 2006 to make market purchases of up to 10% of the Company's shares in issue at 31 December 2011.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2012 and 2011 were as follows:

	2012 £'000	2011 £'000
Net debt*	**–**	–
Total equity	**11,084**	10,896
Total capital	**11,084**	10,896
Gearing ratio	**0%**	0%

* The Group has a net cash surplus of £1,566,000 at 31 December 2012 (£1,074,000 at 31 December 2011).

3.3 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate to their fair value. The carrying value of borrowings approximate to their fair value due to their short term maturity.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated above. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates, both in arriving at the expected future cash flows and the application of a suitable discount rate in order to calculate the present value of these flows. These calculations have been carried out using the assumptions in note 15.

(b) Development expenditure

The Group recognises costs incurred on development projects as an intangible asset which satisfy the requirements of IAS 38. The calculation of the costs incurred includes the percentage of time spent by certain employees on the development project. The decision whether to capitalise and how to determine the period of economic benefit of a development project requires an assessment of the commercial viability of the project and the prospect of selling the project to new or existing customers.

5 Segmental information

The Group has two trading subsidiaries, Belgravium Limited and Touchstar Technologies Limited, however the CODM considers that both companies are engaged in the same market and therefore the CODM reviews the results of the Group as a whole.

Consequently the CODM regards the Group as operating in one segment, being the supply and maintenance of real time electronic data systems. All of the Group's revenue, expenses, results, assets and liabilities are in respect of the supply and maintenance of real time electronic data systems.

The Group generates £872,000 (2011: £2,400,000) of revenue from a single customer during the year.

Notes to the Group Financial Statements for the year ended 31 December 2012 (continued)

6 Operating profit

	2012 £'000	2011 £'000
Operating profit is stated after charging:		
Depreciation:		
Owned assets	**170**	138
Leased assets	**14**	6
Development expenditure amortisation	**139**	135
Operating lease rentals:		
Plant and machinery	**140**	131
Land and buildings	**156**	155
Net research and development expenditure	**322**	365

During the year the Group obtained the following services from the Group's auditors at costs as detailed below:

	2012 £'000	2011 £'000
Audit services:		
Fees payable to the Company auditors for the audit of the Parent Company and consolidated financial statements	**13**	13
Fees payable to the Company auditors for other services:		
Audit of Company's subsidiaries pursuant to legislation	**22**	22
Other	**4**	–
Taxation services	**14**	14
	53	49

The Group audit fees and expenses paid to the Group's auditors includes £1,000 (2011: £1,000) paid in respect of the Parent Company.

7 Employee benefit expense

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

	2012 Number	2011 Number
Administrative, management and sales	**46**	47
Manufacturing	**28**	28
	74	75

	2012 £'000	2011 £'000
Staff costs for the above persons were:		
Wages and salaries	**2,646**	2,738
Social security costs	**296**	310
Other pension costs – defined contribution plans	**166**	144
	3,108	3,192

Notes to the Group Financial Statements for the year ended 31 December 2012 (continued)

8 Directors' emoluments

	2012 £'000	2011 £'000
Aggregate emoluments	**431**	426
Pension costs – defined contribution plans	**34**	17
	465	443

The emoluments of the individual Directors were as follows:

	2012 £'000	2011 £'000
Salaries, fees and bonuses:		
Executive directors:		
J P Kembery	**93**	86
M W Hardy	**173**	192
M P Unwin	**108**	88
C F Phillips	**37**	40
Non-executive directors:		
R D McDougall	**20**	20
	431	426

Salaries and fees are inclusive of car allowances for M Hardy of £14,000 (2011: £17,000) and for M Unwin of £8,000 (2011: £8,000).

M Hardy is also accruing benefits under a defined contribution pension scheme. The company made contributions of £34,000 (2011: £17,000) into the scheme. No other directors receive contributions to any pension scheme.

Directors' share options and warrants
No options were granted or cancelled during the year (2011: nil). 60,000 options lapsed during the year (2011: 625,000).

During the year no share options were exercised (2011: nil).

9 Key management compensation

Key management consists of the directors and two key departmental managers.

	2012 £'000	2011 £'000
Wages and salaries	**600**	612
Social security costs	**83**	84
Pension costs – defined contribution plans	**53**	35
	736	731

Share options and warrants
No options were granted or cancelled during the year (2011: nil). 250,000 lapsed during the year (2011: 765,000).

10 Finance income

	2012 £'000	2011 £'000
Bank interest	**1**	1

11 Finance expense

	2012 £'000	2011 £'000
Interest on bank loans and overdrafts	**1**	21
Interest on finance leases	**5**	2
	6	23

Notes to the Group Financial Statements for the year ended 31 December 2012 (continued)

12 Income tax

	2012 £'000	2011 £'000
Corporation tax:		
Current tax	**–**	157
Adjustments in respect of prior years	**(12)**	(18)
Total current tax	**(12)**	139
Deferred taxation:		
Origination and reversal of timing differences	**(39)**	9
Effect of change in tax rate	**(3)**	–
Total deferred tax (Note 18)	**(42)**	9
Tax on profit on ordinary activities	**(54)**	148

Corporation tax is calculated at 24.5% (2011: 26.5%) of the estimated assessable profit for the year. This is the weighted average tax rate applicable for the year following a reduction in the standard rate of UK Corporation Tax from 26% to 24% effective from 1 April 2012.

Factors affecting the tax charge for the year

The tax charge for the year is different from the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%). The differences are explained below:

	2012 £'000	2011 £'000
Profit before income tax	**282**	1,024
Multiplied by the standard rate of corporation tax in the UK of 24.5% (2011: 26.5%)	**69**	271
Effects of:		
Items not deductible for tax purposes	**6**	6
Enhanced research and development deduction	**(131)**	(106)
Adjustments in respect of prior years	**(12)**	(18)
Prior year deferred tax	**14**	(5)
Tax (credit) / charge for the year	**(54)**	148

Factors affecting the future tax charge

The Finance Act 2011 included legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012. Finance Act 2012 also included legislation to reduce the main rate of Corporation Tax to 23% with effect from 1st April 2013. A further reduction in the main rate of Corporation Tax in the UK by 2% to 21% by 1st April 2014 has also been proposed and is expected to be enacted separately. The change has not been substantially enacted at the balance sheet date and therefore is not recognised in these financial statements. The overall effect of the proposed change if applied to the deferred tax balance at the balance sheet date, would be to reduce the deferred tax liability as at 31 December 2012 by approximately £4,000.

The effective tax charge in future years is expected to be lower than the main corporation tax rate due to the availability of enhanced research and development tax credits.

13 Dividend

	2012 £'000	2011 £'000
Final ordinary dividend paid	**101**	–

The directors will propose a final dividend in respect of the financial year ended 31 December 2012 of 0.10p per share at the Annual General Meeting on 23 May 2013. This will absorb an estimated £101,000 of shareholders funds. The dividend is expected to be paid on 18 June 2013 to shareholders who are on the register of members at 24 May 2013.

14 Earnings per share

	2012	2011
Basic earnings per ordinary share	**0.33p**	0.87p
Diluted earnings per ordinary share	**0.33p**	0.87p

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive ordinary shares. The dilutive ordinary shares represent the share options and warrants granted to employees where the exercise price is less than the average market price of the Company's ordinary shares during the year.

Reconciliations of the earnings and weighted average number of shares used in the calculation are set out below:

	2012 Earnings £'000	Weighted average number of shares (in thousands)	2011 Earnings £'000	Weighted average number of shares (in thousands)
Basic EPS				
Earnings attributable to owners of the parent	**336**	**100,937**	876	100,937
Effect of dilutive securities				
Options	**–**	**–**	–	–
Diluted EPS				
Adjusted earnings	**336**	**100,937**	876	100,937

Notes to the Group Financial Statements for the year ended 31 December 2012 (continued)

15 Intangible assets

	Goodwill £'000	Development expenditure £'000	Total £'000
Cost			
At 1 January 2011	9,204	811	10,015
Additions	–	130	130
At 31 December 2011	9,204	941	10,145
Additions	–	147	147
At 31 December 2012	**9,204**	**1,088**	**10,292**
Accumulated amortisation			
At 1 January 2011	80	533	613
Amortisation charge	–	135	135
At 31 December 2011	80	668	748
Amortisation charge	–	139	139
At 31 December 2012	**80**	**807**	**887**
Net book value			
At 1 January 2011	9,124	278	9,402
At 31 December 2011	9,124	273	9,397
At 31 December 2012	**9,124**	**281**	**9,405**

Impairment tests for goodwill
Goodwill arose entirely in relation to the Group's acquisition of Touchstar Technologies Limited. An impairment test has been performed on the carrying value of goodwill based on value-in-use calculations.

The value-in-use calculations have used pre-tax cash flow projections based on the financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using a growth rate of 2.7% (2011: 2.7%) which does not exceed the long term average growth rate for the business. The other key assumptions used in the value in use calculations are the discount rate, which has been determined at 11% (2011: 11%) and an annualised sales growth of 3% (2011: 3%), over the five year period. Management determined budgeted sales growth based on historic performance and its expectations of market development. The discount rates are pre-tax and reflect the specific risks relating to the business.

These calculations did not result in an impairment.

The following sensitivity analysis was performed:

- Increase the discount rate by 1.5%;
- Reduce the growth rate to 1%.

In each of these scenarios no impairment was identified.

16 Property, plant and equipment

	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 January 2011	1,158	894	2,052
Additions	174	96	270
Disposals	–	(10)	(10)
At 31 December 2011	1,332	980	2,312
Additions	31	33	64
Disposals	–	(14)	(14)
At 31 December 2012	**1,363**	**999**	**2,362**
Accumulated depreciation			
At 1 January 2011	925	870	1,795
Charge for the year	124	20	144
Disposals	–	(10)	(10)
At 31 December 2011	1,049	880	1,929
Charge for the year	145	39	184
Disposals	–	(14)	(14)
At 31 December 2012	**1,194**	**905**	**2,099**
Net book value			
At 1 January 2011	233	24	257
At 31 December 2011	283	100	383
At 31 December 2012	**169**	**94**	**263**

Including assets under finance leases of £49,000 (2011: £62,000).

Depreciation expense of £184,000 has been split between administrative expenses and cost of sales.

Notes to the Group Financial Statements for the year ended 31 December 2012 (continued)

17 (a) Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

	2012 £'000	2011 £'000
Loans and receivables		
Trade and other receivables	**2,106**	3,006
Cash and cash equivalents	**1,614**	1,220
Total	**3,720**	4,226

	2012 £'000	2011 £'000
Other financial liabilities		
Trade and other payables (excluding tax and social security payable)	**3,245**	4,069
Borrowings	**48**	146
Total	**3,293**	4,215

17 (b) Credit quality of financial assets

Credit risk is managed on a Group basis and arises from cash and cash equivalents and credit exposures to customers. For banks, only independently rated parties with a minimum rating of 'A' are acceptable. The Group has dealt with one (2011: one) bank during the year. For customers the directors consider that based on the historical information about default rates and the current strength of customer relationships, a number of which are recurring long term customers, the credit quality of financial assets that are neither past due nor impaired is good. In addition the level of bad debt write offs over the last eight years was £10,000 in aggregate.

None of the financial assets that are fully performing have been renegotiated in the last twelve months.

18 Deferred income tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The movement in net deferred tax liability during the year was:

	2012 £'000	2011 £'000
At 1 January	**70**	61
(Credited) / charged to income statement during the year	**(42)**	9
At 31 December	**28**	70

The movement in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax (liability) / asset	**Short term timing differences and accelerated capital allowances £'000**	**Pensions £'000**
At 1 January 2011	(63)	2
Charged to income statement	(9)	-
At 31 December 2011	(72)	2
Credited / (charged) to income statement	43	(1)
At 31 December 2012	**(29)**	**1**

19 Inventories

	2012 £'000	2011 £'000
Raw materials and consumables	**598**	804
Work in progress	**102**	106
Finished goods and goods for resale	**754**	634
	1,454	1,544

The cost of inventories recognised as an expense amounted to £3,172,000 included within cost of sales (2011: £4,628,000). There were no reversals of previous inventory write-downs in either year. No finished goods are held at fair value less cost to sell (2011: £nil).

Notes to the Group Financial Statements for the year ended 31 December 2012 (continued)

20 Trade and other receivables

	2012 £'000	2011 £'000
Trade receivables	**1,829**	2,600
Less: provision for impairment of trade receivables	**–**	–
Trade receivables – net	**1,829**	2,600
Other receivables	**25**	41
Prepayments and accrued income	**252**	365
	2,106	3,006

The fair value of trade and other receivables is the same as the book value.

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2012, trade receivables of £30,000 (2011: £29,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2012 £'000	2011 £'000
Up to 3 months past due	**30**	29
Over 3 months past due	**–**	–

As of 31 December 2012, no trade receivables (2011: £nil) were impaired and provided for (see also note 17 (b)).

The carrying amount of the Group's trade and other receivables denominated in the following currencies is:

	2012 £'000	2011 £'000
Sterling	**1,592**	2,580
Euros	**514**	426
	2,106	3,006

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

21 Cash and cash equivalents

	2012 £'000	2011 £'000
Cash at bank and on hand	**1,614**	1,220

The Group has the right of offset with its bank accounts, held with Barclays Bank, and thus the cash at bank is shown net.

22 Trade and other payables

	2012 £'000	2011 £'000
Trade payables	**455**	992
Other taxes and social security payable	**368**	199
Other payables	**19**	46
Deferred income	**1,597**	1,442
Accruals	**204**	640
	2,643	3,319

Deferred income relates to maintenance and software license fee income. A further £970,000 (2011: £949,000) is due in more than one year and is presented as such on the Consolidated balance sheet.

Notes to the Group Financial Statements for the year ended 31 December 2012 (continued)

23 Borrowings

	2012 £'000	2011 £'000
Non–current		
Finance lease liabilities	**36**	48
	36	48
Current		
Finance lease liabilities	**12**	11
Bank loans	**–**	87
	12	98
Total borrowings	**48**	146
Less cash and cash equivalents	**(1,614)**	(1,220)
Net cash	**(1,566)**	(1,074)

The carrying amounts of borrowings approximate to their fair value due to their short term maturity meaning that the impact of discounting is not significant. The carrying amounts of the Group's borrowings are denominated solely in Sterling.

The Group bank overdraft facility and bank loan are secured by a bond and floating charge over the entire assets of the Group. The bank loan was repayable by instalments to February 2012 at an interest rate of 5.0% above LIBOR. At 31 December 2012 the Group had total committed undrawn facilities of £480,000 (2011: £730,000).

The maturity analysis of the bank loans and finance leases is as follows:

	2012 £'000	2011 £'000
In one year or less	**12**	98
Between one and two years	**13**	13
Between two and five years	**23**	35
	48	146

24 Short term provisions

	£'000
At 1 January 2012	13
Charged to the income statement	22
Utilised in the year	(13)
At 31 December 2012	**22**

Provisions relate to warranty provisions and expect to be realised in the next 12 months from the balance sheet date.

25 Share capital

	2012 £'000	2011 £'000
Authorised		
150,000,000 (2011: 150,000,000) ordinary shares of 5p each	**7,500**	7,500
Allotted, issued and fully paid		
100,936,547 (2011: 100,936,547) ordinary shares of 5p each	**5,047**	5,047

Share options and warrants

Options granted before 7 November 2002 are not required to be accounted for in accordance with IFRS 2. The disclosures required by IFRS 2 in these circumstances have been made below:

Options have been granted to certain directors and employees to subscribe for 450,000 ordinary shares of 5p each at a price of 13.1p per share under the Belgravium Technologies plc Enterprise Management Incentive Scheme. These options are exercisable except as provided in the scheme rules, between three and ten years following the date of grant. No options were exercised, granted or cancelled during the year. 450,000 lapsed during the year (2011: 790,000).

The number of shares subject to options and warrants, the periods in which they were granted and the periods in which they may be exercised are given below:

	Year of Grant	Exercise price (Pence)	Exercise period	**2012 numbers**	2011 numbers
Enterprise management incentive scheme	2002	13.10	2005–2012	**–**	450,000

Notes to the Group Financial Statements for the year ended 31 December 2012 (continued)

26 Operating lease commitments – minimum lease payments

The Group's aggregate commitment under non-cancellable operating leases is as follows:

	2012 Land and buildings £'000	**Other £'000**	2011 Land and buildings £'000	Other £'000
Leases expiring within one year	**55**	**11**	–	19
Leases expiring later than one year but no later than five years	**–**	**200**	105	177
Leases expiring later than five years	**540**	**–**	630	–
	595	**211**	735	196

The Group leases various offices under non-cancellable operating lease agreements. The leases have various terms, escalation clauses and renewal rights.

27 Cash flow statement

Analysis of changes in net funds / (debt)

	At 1 January 2012 £'000	Net cash flows £'000	Non cash movements £'000	**At 31 December 2012 £'000**
Cash and cash equivalents	1,220	394	–	**1,614**
	1,220	394	–	**1,614**
Loans/finance leases due after one year	(48)	12	–	**(36)**
Loans/finance leases due within one year	(98)	86	–	**(12)**
Total	1,074	492	–	**1,566**

28 Capital commitments

At the year end, the Group had no capital commitments (2011: £nil).

29. Related party transactions

J P Kembery and C F Phillips are both directors of Belgravium Technologies plc and significant shareholders of Heathermoor Limited which wholly owns Eadie Industries Limited.

During the year recharges from Belgravium Technologies plc to Eadie Industries Limited amounted to £nil (excluding VAT) (2011: £38,000) in respect of payroll and certain administration costs incurred on behalf of Eadie Industries Limited. As at 31 December 2012, the debt owed by Eadie Industries Limited was £nil (2011: £23,000).

Independent Auditors' Report to the members of Belgravium Technologies plc

We have audited the parent company ('Company') financial statements of Belgravium Technologies plc for the year ended 31 December 2012 which comprise the Parent Company Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the Company 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 Company 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non financial information in the Annual Report and Accounts to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2012;
- 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 Company financial statements are prepared is consistent with the Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Belgravium Technologies plc for the year ended 31 December 2012.

Ian Marsden (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
5 March 2013

Parent Company Balance Sheet under UK GAAP as at 31 December 2012

	Note	2012 £'000	2011 £'000
Fixed assets			
Tangible assets	d)	**53**	63
Investments	e)	**15,055**	15,055
Current assets		**15,108**	15,118
Debtors	f)	**29**	47
		29	47
Creditors – amounts falling due within one year	g)	**(3,140)**	(3,613)
Net current liabilities		**(3,111)**	(3,566)
Total assets less current liabilities		**11,997**	11,552
Creditors – amounts falling due after more than one year	h)	**(36)**	(48)
Net assets		**11,961**	11,504
Capital and reserves			
Called up share capital	j)	**5,047**	5,047
Share premium account	k)	**2,932**	2,932
Capital redemption reserve	k)	**2,100**	2,100
Profit and loss account	k)	**1,882**	1,425
Total shareholders' funds	l)	**11,961**	11,504

The Parent Company has elected to take the exemption under Section 408 of the Companies Act 2006 to not present the Parent Company profit and loss amount.

The notes on pages 37 to 43 form an integral part of these financial statements.

The Parent Company financial statements on pages 36 to 43 were approved by the board of directors on 5 March 2013 and were signed on its behalf by:

JPKembery

J P Kembery
Director

Notes to the Parent Company Financial Statements for the year ended 31 December 2012

a) Accounting policies

The Parent Company financial statements have been prepared on the going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies of the Parent Company, which have been applied consistently is set out below.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.
Provisions for depreciation and diminution in value, including obsolescence and impairment, have been made against fixed assets at rates calculated to reduce the net book amount of each asset to its estimated residual value on a straight line basis over its estimated economic life. The principal annual rates used for this purpose are:

Fixtures, fittings and computer equipment over 4 – 5 years

Fixed asset investments

Investments are shown at historic cost less provision for impairment. Any impairment in the value of investments is charged to the profit and loss account.

Deferred taxation

The charge for taxation is based on the result for the year. Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax in future, or a right to pay less tax, at a future date at rates expected to apply when they crystallise, based on current tax rates and laws. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no binding contract to dispose of these assets. Deferred tax assets are only recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities recognised have not been discounted.

Derivative financial instruments

The Parent Company did not use derivative financial instruments in either period.

Interest

Interest is recognised on an accruals basis using the effective rate method.

Dividends

Any annual final dividend paid is not provided for until approved at the Annual General Meeting whilst interim dividends are charged in the period they are paid. Dividend income received is recognised in the period in which the income is received.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The Company leases certain property, plant and equipment. Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

Related party transactions

The Parent Company has taken advantage of the exemption in FRS 8 'Related Party Disclosures' from disclosing transactions with Group companies.

b) Profit and loss account

As permitted by Section 408 Companies Act 2006, the Parent Company has not presented its own profit and loss account. The profit for the financial year of the Parent Company was £558,000 (2011: profit £540,000).

Notes to the Parent Company Financial Statements for the year ended 31 December 2012 (continued)

c) Employees and directors' emoluments

The average monthly number of employees (including directors) during the year was:

	2012 Number	2011 Number
By activity		
Office, management and sales	**6**	6

	2012 £'000	2011 £'000
Staff costs (for the above persons)		
Wages and salaries	**437**	431
Social security costs	**53**	50
Other pension costs	**36**	19
	526	500

Directors' emoluments

	2012 £'000	2011 £'000
Aggregate emoluments (including pension contributions of £34,000 (2011: £17,000) and benefits in kind)	**465**	443

Fees and other emoluments include amounts paid to the highest paid director as follows:

	2012 £'000	2011 £'000
Aggregate emoluments and benefits	**173**	192
Pension contributions	**34**	17
	207	209

During the year pension benefits were accruing to 1 director (2011: 1 director) under a defined contribution pension schemes. At the end of the year, contributions of £nil (2011: £nil), representing the unpaid contributions for December 2012, were outstanding.

d) Tangible assets

	Fixtures, fittings and computer equipment £'000
Cost	
At 1 January 2012	462
Additions	4
At 31 December 2012	**466**
Accumulated Depreciation	
At 1 January 2012	399
Charge in year	14
At 31 December 2012	**413**
Net book value	
At 31 December 2012	**53**
At 31 December 2011	63

Includes assets under finance leases of £49,000 (2011: £62,000).

e) Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January and 31 December 2012	**19,055**
Provision	
At 1 January and 31 December 2012	**4,000**
Net book value	
31 December 2012	**15,055**
31 December 2011	15,055

The directors believe that the carrying value of the investments is supported by their underlying net assets

The Parent Company has the following wholly owned subsidiary undertakings, incorporated and operating in Great Britain which are registered in England and Wales:

Name of company	Nature of business	Description of shares held
Belgravium Limted	Real time electronic data systems	6,000,000 ordinary £1 shares
Touchstar Technologies Limited	Real time electronic data systems	100,000 ordinary £1 shares
Novo IVC Ltd	Dormant	600,000 ordinary £1 shares 1,187,500 preference £1 shares

Notes to the Parent Company Financial Statements for the year ended 31 December 2012 (continued)

f) Debtors

	2012 £'000	2011 £'000
Other debtors	**7**	23
Prepayments and accrued income	**18**	23
Deferred tax asset (note i)	**4**	1
	29	47

g) Creditors – Amounts falling due within one year

	2012 £'000	2011 £'000
Bank loans and overdraft	**2,977**	3,401
Amounts owed to subsidiary undertakings	**54**	24
Corporation tax payable	**–**	51
Other taxes and social security	**62**	70
Finance lease liabilities	**12**	11
Accruals	**35**	56
	3,140	3,613

The Group bank overdraft facility and bank loan are secured by unlimited cross-guarantees between the company and its subsidiary undertakings and by a bond and floating charge over the entire assets of the Group. The bank loan was repayable by instalments to February 2012 at an interest rate of 5.0% above LIBOR.

Amounts owed to subsidiary undertakings are unsecured, interest free and repayable on demand.

h) Creditors – Amounts falling due after more than one year

	2012 £'000	2011 £'000
Finance lease contracts	**36**	48

The maturity analysis of the bank loan, overdraft and finance lease liabilities is as follows:

	2012 £'000	2011 £'000
In one year or less	**2,989**	3,412
Between one and five years	**36**	48
	3,025	3,460

i) Deferred taxation

Deferred tax is fully provided in the accounts as follows:

	2012 £'000	2011 £'000
Accelerated capital allowances	**4**	1
Short term timing differences	**–**	–
	4	1
Asset at start of year	**1**	4
Deferred tax credit / (charge) in profit and loss account	**(3)**	3
Asset at end of year (note f)	**4**	1

j) Share capital

	2012 £'000	2011 £'000
Authorised		
150,000,000 (2011: 150,000,000) ordinary shares of 5p each	**7,500**	7,500
Allotted, issued and fully paid		
100,936,547 (2011: 100,936,547) ordinary shares of 5p each	**5,047**	5,047

k) Reserves

	Share premium account £'000	**Capital redemption reserve £'000**	**Profit and loss account £'000**
At 1 January 2012	2,932	2,100	1,425
Profit for the year	–	–	558
Dividend paid in the year	–	–	(101)
At 31 December 2012	**2,932**	**2,100**	**1,882**

The share premium account represents the issue of 6,000,000 ordinary shares of 5p each at a price of 7p, the issue of 33,600,000 ordinary shares of 5p each at a price of 14p, the issue of 195,000 ordinary shares of 5p each at a price of 6.5p and the issue of 315,788 ordinary shares of 5p each at a price of 9.5p.

Notes to the Parent Company Financial Statements for the year ended 31 December 2012 (continued)

l) Reconciliation of movements in total shareholders' funds

	2012 £'000	2011 £'000
Profit for the financial year	**558**	540
Dividend paid in the year	**(101)**	–
Increase in shareholders' funds	**457**	540
Opening shareholders' funds	**11,504**	10,964
Closing shareholders' funds	**11,961**	11,504

m) Commitments under operating leases

At 31 December 2012 the Parent Company was committed to annual payments in respect of non-cancellable operating leases as follows:

	2012 £'000	2011 £'000
Leases which expire:		
– within one year	**–**	1
– between two and five years	**26**	21
	26	22

n) Financial instruments

The Parent Company's financial instruments in both years comprised share capital, borrowings, borrowing facilities and working capital arising directly from the Parent Company's activities. The Parent Company did not trade in financial instruments or undertake any hedging activities in either year.

o) Related party transactions

J P Kembery and C F Phillips are both directors of Belgravium Technologies plc and significant shareholders of Heathermoor Limited which wholly owns Eadie Industries Limited.

During the year recharges from Belgravium Technologies plc to Eadie Industries Limited amounted to £nil (excluding VAT) (2011: £38,000) in respect of payroll and certain administration costs incurred on behalf of Eadie Industries Limited. As at 31 December 2012, the debt owed by Eadie Industries Limited was £nil (2011: £23,000).

p) Dividends

	2012 £'000	2011 £'000
Final ordinary dividend paid	**101**	–

The directors are proposing a final dividend in respect of the financial year ended 31 December 2012 of 0.10p per share, which will absorb an estimated £101,000 of shareholders funds. It will be paid on 18 June 2013 to shareholders who are on the register of members at 24 May 2013.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and ninth annual general meeting of the Company will be held at the offices of PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, M2 3PW, on 23 May 2013 at 11.00 am for the following purposes:

To consider and, if thought fit, pass the following resolutions of which resolutions 1, 2, 3, 4, and 5 will be proposed as ordinary resolutions and resolutions 6 and 7 will be proposed as special resolutions:

Ordinary business

1. To receive, consider and adopt the annual accounts for the year ended 31 December 2012 together with the last directors' report and the auditors' report on those accounts.

2. To approve the final dividend of 0.10p for each ordinary share. This dividend is in respect of the year ended 31 December 2012 and is payable to shareholders on the register at the close of business on 24 May 2013.

3. To reappoint Michael Paul Unwin as a director of the Company who retires by rotation in accordance with the articles of association of the Company.

4. To reappoint PricewaterhouseCoopers LLP as auditors of the Company to hold office from the conclusion of the meeting until the conclusion of the next general meeting at which the accounts are laid before the Company and that their remuneration be fixed by the directors.

Special business

5. That the directors be generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (**'Act'**) to allot Relevant Securities (as defined in the notes to this resolution) up to an aggregate nominal amount of £1,766,390 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on 30 June 2014, or, if earlier, the date of the next annual general meeting of the Company after the passing of this resolution, but the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the board may allot Relevant Securities in pursuance of that offer or agreement.

   This resolution revokes and replaces all unexercised authorities previously granted to the directors to allot Relevant Securities but without prejudice to any allotment of shares or grant of rights already made, offered or agreed to be made pursuant to such authorities.

6. That subject to the passing of resolution 5 the directors be generally empowered to allot equity securities (as defined by section 560 of the Act) for cash pursuant to the authority conferred by resolution 5 as if section 561 (1) of the Act did not apply to the allotment. This power shall be limited to:

   6.1 the allotment of equity securities in connection with an offer for securities open for acceptance for a period fixed by the directors by way of rights to

   6.1.1 holders of ordinary shares; and

   6.1.2 holders of such other equity securities as the directors may determine on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attaching to them (but subject to such exclusions or other arrangements necessary or expedient to deal with fractional entitlements that would otherwise arise or with legal or practical problems under the laws of any territory or the requirements of any recognised regulatory body or any stock exchange in any territory or otherwise however);

   6.2 the allotment of equity securities pursuant to the terms of any share scheme for directors and employees approved by the Company in general meeting;

   6.3 the allotment (otherwise than pursuant to sub paragraphs 6.1 and 6.2 above) of equity securities up to an aggregate nominal value of £252,341,

   provided that the power hereby conferred shall expire on 30 June 2014, or, if earlier, the date of the next annual general meeting of the Company after the passing of this resolution save that the directors may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if the power conferred hereby had not expired.

   This resolution revokes and replaces all unexercised powers previously granted to the directors to allot equity securities as if either section 89(1) of the Companies Act 1985 or section 561(1) of the 2006 Act did not apply but without prejudice to any allotment of equity securities already made or agreed to be made pursuant to such authorities.

7. THAT in accordance with article 43 of the articles of association of the Company and Part 18 of the Act, the Company be and is hereby generally and unconditionally authorised for the purposes of section 166 of the Act to make one or more market purchases (as defined by section 693(4) of the Act) of its ordinary shares of 5p each in the capital of the Company subject to the following conditions:

   7.1 the maximum aggregate number of ordinary shares which may be purchased is 10,093,655 being 10% of the Company's shares in issue as at 31 December 2012;

   7.2 the price at which an ordinary share may be purchased shall not exceed 105% of the average of the middle market quotations for the ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date of purchase and shall not be less than 5p per ordinary share, in both cases exclusive of expenses; and

   7.3 unless previously renewed, varied or revoked, this authority hereby conferred will expire on 30th June 2014, or, if earlier, the conclusion of the Company's next annual general meeting, except that the Company may before such authority expires enter into a contract to purchase its own shares which may be completed wholly of partly after the expiry of this authority and may make a purchase of its own shares in pursuance of any such contract.

By order of the board

C F Phillips
Company Secretary
5 March 2013

Registered office
1 George Square
Glasgow
G2 1AL

Notes

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at 6 pm on 21 May 2013 or, if this Meeting is adjourned, at 6 pm on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, (an) additional proxy form(s) may be obtained by contacting Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Tel No. 0871 664 0300 (calls cost 10p per minute plus network charges, lines are open 8.30am to 5.30 pm Mon-Fri.) or you may photocopy the proxy form with this notice. Please indicate in the box provided the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of the multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote. To appoint a proxy using the proxy form, the form must be completed and signed, sent or delivered to Capita Registrars at Proxies Department, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU and received by Capita Registrars no later than 11 am on 21 May 2013. In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Capita Registrars' CREST ID is RA10.

8. Note to Resolution 5

8.1 Relevant Securities means:

8.1.1 Shares in the Company other than shares allotted pursuant to:

(a) an employee share scheme (as defined by section 1166 of the Act);

(b) a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or

(c) a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.

8.1.2 Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the Act). References to allotment of Relevant Securities in the resolution include the grant of such rights.

Group Information

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