Belgravium Technologies plc

Belgravium Technologies plc

Annual report and financial statements
for the year ended 31 December 2014

Stock Code: BVM

A mobile
solution for
every environment

Belgravium Technologies plc

Welcome to our Annual Report 2014

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.

Our core applications include annually licenced software and support services as well as the supply of hardware, software and systems integration, backed by a fully managed service in the following markets:

- **Point of Sale** – Airline and Rail industry
- **Logistics & Transport** – Petrochemical and General industry
- **Vehicle Telematics** – Tracking and Driver performance
- **Access Control Systems** – Commercial & Industrial

"2014 was a much improved year with increased revenue and profits. The Group has made continued progress in extending its activities and offerings to cater for a wider and more discerning market. The Board believes that further progress will be achieved in the current year."

J P Kembery
Chairman

Financial highlights

Revenue

£9,408,000

Profit after tax

£509,000

Earnings per share

0.50p

Operational highlights

- Recurring revenue increased
- Enhanced & broader product range
- Successful acquisition of Access Fire & Security Limited
- Move to more Managed Service Implementations

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Chairman's statement

for the year ended 31 December 2014

> Sustained sales effort brought good results in the fourth quarter of 2014 enabling the Company to finish the year with revenues 12% higher than prior year with consequent and significant improvement in profits.

Revenues for the year were £9,408,000 compared to £8,425,000 in 2013 and were enhanced by the first full year contribution from Feedback Data. Profit after tax was £509,000 compared to £219,000 in the previous year. Exceptional costs of £27,000 were incurred relating to the acquisition of Access Fire & Security Limited ('AFS') which was completed on 31 December 2014.

As in the previous year, continued investment in research and development meant that there was a tax credit of £34,000 (£94,000 in 2013). The resulting profit for the year was £509,000, more than double the 2013 result.

EBITDA increased to £915,000 compared to £451,000 in 2013 and basic earnings per share were 0.50p per ordinary share compared to 0.22p in 2013.

Overall a much improved result.

Balance sheet

The Group's balance sheet remains strong and debt free. At the year end, cash and cash equivalents totalled £731,000 compared to £219,000 at the end of 2013. This is particularly pleasing since the acquisition of AFS, which was for a net cash consideration of approximately £300,000, was financed from existing cash resources.

Dividend

The Board has decided not to recommend the payment of a final dividend for the year. It has taken this decision in order to conserve cash for a potential acquisition that has been identified. Negotiations are still at an early stage but the Board currently anticipates that if the acquisition is concluded, it will be financed from the Company's existing cash resources and bank debt. If the acquisition does not proceed, the Board will consider paying a dividend following the announcement of the interim results in September.

Strategy

The Group designs, installs and maintains software applications and solutions for the airline, rail, retail and logistics industries. A major part of our strategy is to provide operational solutions that create a continuing long–term relationship with the customer and repeat revenues through software licenses and managed service maintenance agreements. Traditionally these solutions were based upon our own specialised hardware. Whilst there is still a need for the rugged industrial terminal, some customers now want the flexibility to run our software on multiple hardware platforms and operating systems, such as tablets and smart phones (utilising Apple iOS and Android operating systems). Meeting this requirement has been a major part of our development plan and excellent progress has been made during the year.

Development

Our mobile retailing software can now run on all three major operating platforms, Windows, Apple iOS and Android, whereas previously it could only work with Windows. This development has now been extended to our Logistics suite of software applications in the proof of delivery arena and can now also work on whatever platform the customer specifies, typically Windows and Android. This open platform approach will allow access to a wider range of customers. Hardware development continues with the upgrade and improvement of both the Hawk and Boston mobile devices, incorporating better processor technology with improved power and importantly, a lower overall production cost. The new Vienna truck mounted terminal has been widely acclaimed by customers, particularly in third party logistics operations.

Operations

Good progress has been made in the mobile retail market. As well as new product developments, we have secured a number of notable contracts, including First Great Western and Leo Express (Czech Republic). These two are particularly significant contracts as they use our mobile EPOS solution in retail sales onboard trains, where traditionally we have been dominant in the airline industry. These rail contracts, along with new airline orders secured in 2014, clearly demonstrate how our restructured 'mobile retail' sales team can employ skills and products tried and tested in the airline market for use in the rail arena.

A number of pilot systems have been delivered into the transport sector and are progressing well. One such scheme, which could be deployed on some 650 vehicles, is expected to commence during 2015. Feedback Data, acquired in May 2013, continues to perform well, consolidating its position as a leading supplier of access control and workforce data capture solutions.

Acquisitions

At the end of the year the Group completed its purchase of AFS. This was the first stage of a plan to build on the success of the Feedback Data purchase. AFS has been merged into Feedback Data and strengthens the company's position in additional market areas, namely fire security systems and CCTV solution, broadening the product range and customer base. This will allow Feedback Data to further develop its geographic reach and improve its offering to new and existing customers.

One of Belgravium's principal strategies has been growth by acquisition. We are delighted by the acquisition of Feedback Data and more recently AFS, and we shall continue to seek further acquisitions.

Outlook

2014 was a much improved year with increased revenue and profits. The Group has made continued progress in extending its activities and offerings to cater for a wider and more discerning market. The Board believes that further progress will be achieved in the current year.

J P Kembery
Executive Chairman
3 March 2015

Strategic report

for the year ended 31 December 2014

Business review and principal activities

The Group designs, installs and maintains software applications and solutions for the airline, rail, retail and logistics industries. A major part of our strategy is to provide complete operational solutions because this provides a continuing long-term relationship with the customer and repeat revenues through software licenses and managed service maintenance agreements. In all aspects of this supply, the Group is principally concerned with the collection and supply of real time data in mobile computer applications for their clients.

The Group has been successful in increasing turnover and profit. It has maintained market position in the areas where it is strongest. The Group has been involved in adding to the product portfolio to allow a complete solution offering to the clients as well as keeping abreast of the latest operating systems and software code writing tools.

The market continues to be competitive and the financial constraints of expenditure continue. The ability to offer more of a total solution allows cost justification to be more readily achieved. Some of the additional products we offer in order to offer the total solution are achieved by partnerships with other companies who have weaknesses where we have strength. As we progress, the success of these relationships in terms of both working partnership and gaining new business provides more detail on the type of acquisition the Group should seek.

The mobile computing solutions market we operate in is fast developing and continually changing; this could be cause for concern and a potential risk. The Group is continually assessing trends and developments and determining any risks that must be overcome. The growth of different operating systems on mobile devices (other than Microsoft) has meant the development initiatives on both our application software and operating systems on our own devices. This eliminates the Group's dependence on the existing systems that have dominated the sector.

Pricing pressure has been something the Group has constantly monitored and the need to offer more than just a product in a capital expense constrained environment is now very apparent. The Group offers additional products within the solution and backs these by offering a full managed support service contract to the client. The latter alleviates the need for the client to resource the management of the system as Belgravium can offer real cost benefit due to the economies of scale enjoyed by supporting multiple systems across the user base.

Following the successful acquisition of Feedback Data during 2013 we were successful in the acquisition of Access Fire and Security (AFS) during the year. AFS has now been merged into Feedback Data and strengthens the company's position in additional market areas where traditionally it had been on the periphery namely: fire security systems and CCTV solution, broadening the product range and customer base. This will allow Feedback Data to further develop its geographic reach and improve its offering to new and existing customers.

In summary to financial performance, the Group has worked hard and achieved increased turnover and profits whilst continuing to build up the annual recurring revenue, with software licence fees and managed service solutions. Turnover increased by 12% and pre-tax profit by around 280% on the previous year.

The results for the Group show a pre-tax profit of £475,000 (2013: £125,000) on sales of £9,408,000 (2013: £8,425,000).

The Group is aware of its social, community and human rights responsibilities.

Business environment

The Group's operations are focused on the industrial and retail environment: Logistics, transport distribution, secure access control and mobile point of sale. 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 Executive 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 in-flight 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.

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 handheld 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 significant number of vehicle fleet operators (including a large number of fuel distributors) on a worldwide 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.

The Group design and supply complete Time and Attendance; and Security Access control systems, utilising a strong distributor channel as well as servicing major accounts directly in both industrial and retail sectors.

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.

See Chairman's statement on pages 2 and 3 for details of the Group's business.

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 marketplaces, 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 four 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 designed hardware manufacture combined with application software gives the business the opportunity to create market specific solutions, a significant differentiating factor over much of the competition.

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

Strategic report

for the year ended 31 December 2014 (continued)

employees to participate in the success of the Group as a whole.

As at 31 December 2014 the following applied to the Group:

- all four directors are male;
- there are eight male senior managers and one female senior manager; and
- 16 of the remaining 72 employees are female.

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 worldwide 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 increased from £8,425,000 in 2013 to £9,408,000 in 2014, a 12% increase.

The gross margin has increased from 49.6% to 50.3% as a result of offering complete solution and the acquisition of Feedback Data. 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.

Position of the Group

See Chairman's statement on pages 2 to 3.

Exceptional items

See Chairman's statement on pages 2 to 3.

By order of the Board

C F Phillips
Company Secretary
3 March 2015

Directors' report

for the year ended 31 December 2014

The directors present their Annual Report and the audited financial statements of the Company and the Group for the year ended 31 December 2014.

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 marketplace and above all a strong desire to succeed, we are confident about our prospects.

Employees

The Group recognises that the contribution made by its skilled and committed workforce 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.

Dividends

The directors do not recommend a final dividend (2013: 0.10p).

Financial instruments

The Group's operations expose it to a variety of financial risks that include the effects of changes in credit risk, liquidity risk and exchange rate risk. The policies set by the Board of directors are implemented by the Group's finance department and are detailed in note 3 to the Group financial statements for the year ended 31 December 2014.

Directors

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

J P Kembery
M W Hardy
C F Phillips
M P Unwin

Non-executive directors

C F Phillips joined the Board of Belgravium Technologies plc in March 2007 following his role as a director of Touchstar Technologies Limited from the date of acquisition in 2005. For the previous four years he was managing director of Eadie Industries Limited, a management buyout of a group of engineering businesses from Eadie Holdings plc, where he had been operations director since 1995. Prior to that he spent 18 years at Horsell Graphic Industries Limited, of which the last five years were as managing director.

Purchase of own shares

The Company did not purchase any of its own shares in 2014.

At the Annual General Meeting held on 29 May 2014, 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 2013.

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 28 May 2015. 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 £729,000 (2013: £526,000); of which £476,000 (2013: £220,000) has been capitalised.

Turnover

All turnover is generated within the UK.

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 (2013: £nil).

Directors' report

for the year ended 31 December 2014 (continued)

Statutory records

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

Substantial shareholdings

As at 27 February 2015, the Company had been notified of the following interests representing 3% or more of the issued ordinary share capital:

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.

	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 & Investment Limited	4,971,292	4.93%
Pershing Nominees Ltd	3,150,000	3.12%

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
3 March 2015

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 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 company and 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 parent company financial statements respectively;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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 the group and enable them to ensure that the financial statements and the directors' remuneration report comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. 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.

The directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess a company's performance, business model and strategy.

Each of the directors, whose names and functions are listed on the directors' report on page 7; confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the group; and
- the directors' report contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

C F Phillips
Company Secretary
3 March 2015

Independent auditors' report to the members of Belgravium Technologies plc

Report on the group financial statements

Our opinion

In our opinion, Belgravium Technologies plc's Group financial statements (the 'financial statements'):

- give a true and fair view of the state of the Group's affairs as at 31 December 2014 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Belgravium Technologies plc's financial statements comprise:

- the consolidated balance sheet as at 31 December 2014;
- the consolidated income statement for the year then ended;
- the consolidated cash flow statement for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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) ('ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the Parent Company financial statements of Belgravium Technologies plc for the year ended 31 December 2014.

Ian Marsden
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
3 March 2015

Consolidated income statement

for the year ended 31 December 2014

	Note	**2014 £'000**	2013 £'000
Revenue	5	**9,408**	8,425
Cost of sales		**(4,680)**	(4,249)
Gross profit		**(4,728)**	4,176
Distribution costs		**(81)**	(122)
Administration expenses		**(4,170)**	(3,932)
Operating profit before exceptional items		**504**	333
Exceptional costs included in administration expenses	14	**(27)**	(211)
Operating profit	6	**477**	122
Finance income	10	**1**	7
Finance expense	11	**(3)**	(4)
Profit before income tax		**475**	125
Income tax credit	12	**34**	94
Profit for the year attributable to the owners of the parent		**509**	219

Basic earnings per ordinary share (pence) attributable to owners of the parent during the year:

		2014	2013
	14	**0.50p**	0.22p

There is no other comprehensive income in the current year or prior year.

The notes on pages 16 to 37 are an integral part of these Group financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2014

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total equity £'000
Balance at 1 January 2013	5,047	2,932	2,100	1,052	11,131
Comprehensive income					
Profit for the year and total comprehensive income	–	–	–	219	219
Dividend (note 13)	–	–	–	(101)	(101)
Balance at 31 December 2013	5,047	2,932	2,100	1,170	11,249
Comprehensive income					
Profit for the year and total comprehensive income	–	–	–	509	509
Dividend (note 13)	–	–	–	(101)	(101)
Balance at 31 December 2014	**5,047**	**2,932**	**2,100**	**1,578**	**11,657**

The notes on pages 16 to 37 are an integral part of these Group financial statements.

Consolidated balance sheet

as at 31 December 2014

	Note	2014 £'000	2013 £'000
Non-current assets			
Goodwill	15	**9,824**	9,495
Development expenditure	15	**716**	556
Total intangible assets		**10,540**	10,051
Property, plant and equipment	16	**217**	213
Deferred income tax assets	18	**67**	66
		10,824	10,330
Current assets			
Inventories	19	**1,435**	1,774
Trade and other receivables	20	**3,177**	2,681
Current income tax recoverable		**103**	–
Cash and cash equivalents	21	**731**	219
		5,446	4,674
Total assets		**16,270**	15,004
Current liabilities			
Trade and other payables	22	**4,027**	2,962
Borrowings	23	**18**	13
Short term provisions	24	**–**	7
		4,045	2,982
Non-current liabilities			
Deferred income tax liabilities	18	**75**	–
Deferred income	22	**480**	750
Borrowings	23	**13**	23
Total Liabilities		**4,613**	3,755
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		**1,578**	1,170
Total equity		**11,657**	11,249
Total equity and liabilities		**16,270**	15,004

The notes on pages 16 to 37 are an integral part of these Group financial statements. The Group financial statements on pages 12 to 37 were approved by the Board of Directors on 3 March 2015 and were signed on its behalf by:

J P Kembery
Director
Registered number Scotland: 5543

Consolidated cash flow statement

for the year ended 31 December 2014

	Note	2014 £'000	2013 £'000
Cash flows from operating activities			
Operating profit		477	122
Depreciation	16	122	120
Amortisation	15	316	209
Movement in:			
Provisions		(7)	(15)
Inventories		361	(197)
Trade and other receivables		(431)	(221)
Trade and other payables		653	(426)
Cash generated from / (used in) operations		1,491	(408)
Interest received		1	7
Interest paid		(3)	(4)
Corporation tax paid		9	–
Net cash generated from / (used in) operating activities		1,498	(405)
Cash flows from investing activities			
Acquisition of subsidiary undertakings (net of cash acquired)		(296)	(232)
Amount paid to clear inter-company balances	29	–	(368)
Purchase of intangible assets	15	(476)	(220)
Purchase of property, plant and equipment	16	(100)	(57)
Net cash used in investing activities		(872)	(877)
Cash flows from financing activities			
Repayments of finance lease contracts		(13)	(12)
Equity dividends paid to shareholders	13	(101)	(101)
Net cash used in financing activities		(114)	(113)
Net increase / (decrease) in cash and cash equivalents		512	(1,395)
Cash and cash equivalents at start of the year		219	1,614
Cash and cash equivalents at end of the year	21	731	219
Reconciliation of net funds			
Net increase / (decrease) in cash and cash equivalents		512	(1,395)
Net change in bank loans and finance leases	23	5	12
Movement in net funds		517	(1,383)
Net funds at beginning of year		183	1,566
Net funds at end of year	27	700	183

The notes on pages 16 to 37 are an integral part of these Group financial statements.

Notes to the Group financial statements

for the year ended 31 December 2014

1. General information

Belgravium Technologies plc ('the Parent Company' or 'Company') and its subsidiaries (together 'the Group') design and build rugged mobile computing devices and develop 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 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.

New standards, amendments to standards or interpretations

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2014. No standards have been early adopted by the Group. None of these standards and interpretations has had a material effect on the Group's financial statements.

Standard or interpretation	Content	Applicable for financial years beginning on or after
IFRS 10	Consolidated financial statements	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosures of Interests in Other Entities	1 January 2014
Amendment: IAS 27	Separate financial statements	1 January 2014
Amendment: IAS 32	Financial instruments: Presentation	1 January 2014
Amendment: IAS 36	Impairment of assets	1 January 2014
Amendment: IAS 39	Financial instruments: recognition and measurement	1 January 2014
IFRIC 21	Levies	1 January 2014
IAS 27 (revised 2011)	Separate financial statements	1 January 2014
IAS 28 (revised 2011)	Associates and joint ventures	1 January 2014

2. Summary of accounting policies (continued)

2.1 Basis of preparation (continued)

New standards, amendments to standards or interpretations (continued)

Standards, amendments and interpretations that are not yet effective are as follows:

Standard or interpretation	Content	Applicable for financial years beginning on or after
Amendment: IAS 19	Defined Benefit plans	1 July 2014
Amendment: IFRS 9	Financial instruments: classification and measurement	1 January 2015
Amendment: IFRS 11	Joint arrangements	1 January 2016
Amendment: IAS 16	Property, plant and equipment	1 January 2016
Amendment: IAS 38	Intangible assets	1 January 2016
Amendment: IAS 41	Agriculture	1 January 2016
IFRS 14	Regulatory deferral accounts	1 January 2016
Amendment: IAS 27	Separate financial statements	1 January 2016
Amendment: IAS 28	Investments in associates and joint ventures	1 January 2016
IFRS 15	Revenue from contracts with customers	1 January 2017
IFRS 9	Financial instruments	1 January 2018
Amendment: IFRS 9	Financial instruments	1 January 2018

The directors have yet to assess the potential impact of the new standards.

2.2 Consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. 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 acquisition 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.

Notes to the Group financial statements

for the year ended 31 December 2014 (continued)

2. Summary of accounting policies (continued)

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 accumulated 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.

(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;

2. Summary of accounting policies (continued)

2.6 Intangible assets (continued)

- 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 straightline 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 or depreciation 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:	Purchase cost on a weighted average basis
– Work in progress and finished goods:	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. Management review overdue debt on a case by case basis and make the judgement on whether the debt is impaired or not. 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.

Notes to the Group financial statements

for the year ended 31 December 2014 (continued)

2. Summary of accounting policies (continued)

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 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.

2. Summary of accounting policies (continued)

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 and licence contracts (managed support services) 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.

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.

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 borrowings. 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.

2.19 Exceptional items

Items which are both material and non-recurring in nature are presented as exceptional items so as to provide a better indication of the Group's underlying business performance and are shown separately on the face of the income statement.

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 2014, no forward foreign exchange contracts were outstanding (2013: £nil).

At 31 December 2014, 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 £54,000 (2013: £48,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Euro denominated trade receivables.

Our Business
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Notes to the Group financial statements

for the year ended 31 December 2014 (continued)

3. Financial risk management (continued)

3.1 Financial risk management (continued)

(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. As there are no borrowings the Group's income and operating cash flows remain consistent.

(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 2014 there were no significant concentrations of credit risk (2013: £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 cash flow.

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 2014	Less than one year £'000	Between one and four years £'000
Borrowings	**18**	**13**
Trade and other payables	**3,636**	**480**
At 31 December 2013		
Borrowings	13	23
Trade and other payables	2,802	750

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 2013.

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.

3. Financial risk management (continued)

3.2 Capital risk management (continued)

The gearing ratios at 31 December 2014 and 2013 were as follows:

	2014 £'000	2013 £'000
Net debt*	**-**	-
Total equity	**11,657**	11,249
Total capital	**11,657**	11,249
Gearing ratio	**0%**	0%

*The Group has a net cash surplus of £700,000 at 31 December 2014 (£183,000 at 31 December 2013).

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.

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, Feedback Data 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 and are presented on pages 12 to 37.

A geographical analysis of turnover by destination is given below:

	2014 £'000	2013 £'000
UK	**7,214**	6,054
Europe	**1,792**	1,474
Rest of World	**402**	897
	9,408	8,425

Notes to the Group financial statements

for the year ended 31 December 2014 (continued)

6. Operating profit

	2014 £'000	2013 £'000
Operating profit is stated after charging:		
Depreciation:		
Owned assets	**108**	106
Leased assets	**14**	14
Development expenditure amortisation	**316**	209
Operating lease rentals:		
Plant and machinery	**197**	158
Land and buildings	**158**	150
Research and development expenditure	**253**	306

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

	2014 £'000	2013 £'000
Audit services:		
Fees payable to the Company's auditors for the audit of the Parent Company and consolidated financial statements	**13**	13
Fees payable to the Company's auditors for other services:		
Audit of subsidiaries pursuant to legislation	**29**	26
Other	**2**	14
Taxation services	**18**	16
	62	69

The Group audit fees and expenses paid to the Company's auditors include £1,000 (2013: £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:

	2014 Number	2013 Number
Administrative, management and sales	58	59
Manufacturing	27	27
	85	86

	2014 £'000	2013 £'000
Staff costs for the above persons were:		
Wages and salaries	3,153	2,879
Social security costs	348	312
Other pension costs – defined contribution plans	174	170
	3,675	3,361

8. Directors' emoluments

	2014 £'000	2013 £'000
Aggregate emoluments	407	407
Pension costs – defined contribution plans	34	34
	441	441

The emoluments of the individual directors were as follows:

	2014 £'000	2013 £'000
Salaries, fees and bonuses:		
Executive directors:		
J P Kembery	86	85
M W Hardy	184	176
M P Unwin	110	108
Non-executive directors:		
C F Phillips	27	32
R D McDougall	–	6
	407	407

Salaries and fees are inclusive of car allowances for M W Hardy of £22,000 (2013: £15,000) and for M P Unwin of £8,000 (2013: £8,000).

M W Hardy is also accruing benefits under a defined contribution pension scheme. The Company made contributions of £34,000 (2013: £34,000) into the scheme. No other directors receive contributions to any pension scheme.

Notes to the Group financial statements

for the year ended 31 December 2014 (continued)

9. Key management compensation

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

	2014 £'000	2013 £'000
Wages and salaries	**765**	648
Social security costs	**106**	89
Pension costs – defined contribution plans	**61**	55
	932	792

10. Finance income

	2014 £'000	2013 £'000
Bank interest	**1**	7

11. Finance costs

	2014 £'000	2013 £'000
Interest on finance leases	**3**	4

12. Tax on profit on ordinary activities

	2014 £'000	2013 £'000
Corporation tax:		
Current tax	**(60)**	–
Adjustments in respect of prior years	**(45)**	–
Total current tax	**(105)**	–
Deferred taxation:		
Origination and reversal of timing differences	**42**	(106)
Effect of change in tax rate	**(4)**	12
Adjustments in respect of prior years	**33**	–
Total deferred tax (note 18)	**71**	(94)
Tax on profit on ordinary activities	**(34)**	(94)

Corporation tax is calculated at 21.49% (2013: 23.25%) of the estimated assessable profit for the year. This is the weighted average tax rate applicable for the year.

12. Tax on profit on ordinary activities (continued)

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 21.49% (2013: 23.25%). The differences are explained below:

	2014 £,000	2013 £,000
Profit before income tax	**475**	125
Multiplied by the standard rate of corporation tax in the UK of 21.49% (2013: 23.25%)	**102**	29
Effects of:		
Items not deductible for tax purposes	**8**	19
Enhanced research and development deduction	**(145)**	(95)
Adjustments in respect of prior years	**(12)**	–
Impact of change in rate of tax	**(3)**	28
Losses surrendered through R&D tax credit	**35**	–
(Gains)/losses not set up as an asset	**(22)**	35
Utilisation/(recognition) of previously unrecognised deferred tax	**3**	(110)
Tax credit for the year	**(34)**	(94)

Factors affecting the future tax charge

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the Group's profit chargeable to corporation tax for the prior accounting year was taxed at the effective rate of 23.25% and at 21.49% in the current accounting year.

The change in the corporation tax rate from 23% to 21% (effective from 1 April 2014), and a further reduction to 20% (effective from 1 April 2015), was enacted in the Finance Act 2013 and, as a result, UK deferred tax balances in 2014 were measured at the enacted rate of 20%.

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

	2014 £'000	2013 £'000
Final ordinary dividend paid	**101**	101

	2014	2013
Dividend paid per share	**0.10p**	0.10p

Notes to the Group financial statements

for the year ended 31 December 2014 (continued)

14. Earnings per share

	2014	2013
Basic earnings per ordinary share	0.50p	0.22p

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.

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

	2014		2013	
	Earnings £'000	Weighted average number of shares (in thousands)	Earnings £'000	Weighted average number of shares (in thousands)
Basic EPS				
Earnings attributable to owners of the parent	509	100,937	219	100,937
Exceptional items comprising of the following:				
Restructuring costs	–		148	
Deal costs	27		63	
	27		211	

Exceptional costs totalling £27,000 (2013: £211,000) were incurred. These are comprised of the acquisition costs in the current year relating to Access Fire & Security Limited.

15. Intangible assets

	Goodwill £'000	Development expenditure £'000	Total £'000
Cost			
At 1 January 2013	9,204	1,088	10,292
Acquisitions	–	264	264
Additions	371	220	591
At 31 December 2013	9,575	1,572	11,147
Acquisitions	–	–	–
Additions	329	476	805
At 31 December 2014	**9,904**	**2,048**	**11,952**
Accumulated amortisation and impairment			
At 1 January 2013	80	807	887
Amortisation charge	–	209	209
At 31 December 2013	80	1,016	1,096
Amortisation charge	–	316	316
At 31 December 2014	**80**	**1,332**	**1,412**
Net book value			
At 1 January 2013	9,124	281	9,405
At 31 December 2013	9,495	556	10,051
At 31 December 2014	**9,824**	**716**	**10,540**

Amortisation of £316,000 (2013: £209,000) is included within administrative expenses in the income statement.

Impairment tests for goodwill

Goodwill arose in relation to the Group's acquisition of Touchstar Technologies Limited and Feedback Data Limited. Additions in the year relate to Access Fire & Security Limited, refer to note 29 for further details. 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. Revenue growth for 2015 is based on the approved budget with growth up to 2019 forecast at 3%. Cash flows beyond the five year period are extrapolated using a growth rate of 2.5% (2013: 2.0%) 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 10.2% (2013: 11%) and an annualised sales growth of 3% (2013: 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 impairment. The following sensitivity analysis was performed:

- Increase the discount rate by 1.5%; and
- Reduce the growth rate by 1% beyond the first five years.

In each of these scenarios no impairment was identified.

Notes to the Group financial statements

for the year ended 31 December 2014 (continued)

16. Property, plant and equipment

	Plant and machinery £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
Cost			
At 1 January 2013	1,363	999	2,362
Acquisition	13	–	13
Additions	27	30	57
Disposals	–	(12)	(12)
At 31 December 2013	1,403	1,017	2,420
Acquisition	26	–	26
Additions	76	24	100
Disposals	–	(1)	(1)
At 31 December 2014	**1,505**	**1,040**	**2,545**
Accumulated depreciation			
At 1 January 2013	1,194	905	2,099
Charge for the year	80	40	120
Disposals	–	(12)	(12)
At 31 December 2013	1,274	933	2,207
Charge for the year	81	41	122
Disposals	–	(1)	(1)
At 31 December 2014	**1,355**	**973**	**2,328**
Net book value			
At 1 January 2013	169	94	263
At 31 December 2013	129	84	213
At 31 December 2014	**150**	**67**	**217**

Including assets under finance leases of £38,000 (2013: £35,000).

Depreciation expense of £122,000 (2013: £120,000) has been split between administrative expenses and cost of sales.

17. (a) Financial instruments by category

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

	2014 £'000	2013 £'000
Loans and receivables		
Trade and other receivables	**2,858**	2,465
Cash and cash equivalents	**731**	219
Total	**3,589**	2,684

	2014 £'000	2013 £'000
Other financial liabilities		
Trade and other payables (excluding tax and social security payable)	**4,116**	3,552
Borrowings	**31**	36
Total	**4,147**	3,588

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 (2013: 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 six years was £4,000 in aggregate.

None of the financial assets that are fully performing have been renegotiated in the last 12 months.

18. Deferred income tax

18.1 Deferred tax asset

The movement in deferred tax asset during the year was:

	2014 £'000	2013 £'000
At 1 January	**66**	(28)
Acquisition	**(3)**	–
Credit to income statement during the year	**4**	94
At 31 December	**67**	66

The movement in deferred tax assets during the year is as follows:

Deferred tax asset/(liability)	Short term timing differences and accelerated capital allowances £'000	Pensions £'000	Total £'000
At 1 January 2013	(29)	1	(28)
Credit to income statement	95	(1)	94
At 31 December 2013	66	–	66
Acquisition	(3)	–	(3)
Credit to income statement during the year	4	–	4
At 31 December 2014	**67**	**–**	**67**

Notes to the Group financial statements

for the year ended 31 December 2014 (continued)

18. Deferred income tax (continued)

18.2 Deferred tax liability

The movement in deferred tax liability during the year was:

	2014 £'000	2013 £'000
At 1 January	–	–
Charge to income statement during the year	42	–
Adjustments in respect of prior years	33	–
At 31 December	**75**	–

Deferred tax asset/(liability) analysis:

	2014 £'000	2013 £'000
Amount in respect of fixed assets	(75)	–
Amount in respect of losses	67	66

19 Inventories

	2014 £'000	2013 £'000
Raw materials and consumables	945	1,020
Work in progress	98	223
Finished goods and goods for resale	392	531
	1,435	1,774

The cost of inventories recognised as an expense amounted to £3,250,000 included within cost of sales (2013: £2,712,000). There were no reversals of previous inventory write-downs in either year. No finished goods are held at fair value less cost to sell (2013: £nil).

20. Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	2,825	2,443
Other receivables	33	22
Prepayments and accrued income	319	216
	3,177	2,681

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 2014, trade receivables of £263,000 (2013: £172,000) 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:

20. Trade and other receivables (continued)

	2014 £'000	2013 £'000
Up to three months past due	**70**	93
Over three months past due	**193**	79

As of 31 December 2014, no trade receivables (2013: £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:

	2014 £'000	2013 £'000
Sterling	**2,953**	2,378
Euros	**38**	258
Australian Dollars	**82**	45
US Dollars	**104**	–
	3,177	2,681

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

	2014 £'000	2013 £'000
Cash at bank and on hand	**731**	219

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

	2014 £'000	2013 £'000
Trade payables	**1,130**	834
Other taxes and social security payable	**391**	160
Other payables	**26**	53
Deferred income	**1,885**	1,671
Customer deposits	**308**	–
Accruals	**287**	244
	4,027	2,962

Deferred income relates to maintenance and software licence fee income. A further £480,000 (2013: £750,000) 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 2014 (continued)

23. Borrowings

	2014 £'000	2013 £'000
Non-current finance lease liabilities	**13**	23
Current finance lease liabilities	**18**	13
Total borrowings	**31**	36
Less cash and cash equivalents (note 21)	**(731)**	(219)
Net cash	**(700)**	(183)

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 is secured by a bond and floating charge over the entire assets of the Group. At 31 December 2014 the Group had total committed undrawn facilities of £480,000 (2013: £480,000).

The maturity analysis of the finance leases is as follows:

	2014 £'000	2013 £'000
In one year or less	**18**	13
Between one and two years	**8**	15
Between two and five years	**5**	8
	31	36

24. Short-term provisions

	£'000
At 1 January 2014	7
Utilised in the year	(7)
At 31 December 2014	**–**

25. Share capital

	2014 £'000	2013 £'000
Authorised 150,000,000 (2013: 150,000,000) ordinary shares of 5p each	**7,500**	7,500
Allotted, issued and fully paid 100,936,547 (2013: 100,936,547) ordinary shares of 5p each	**5,047**	5,047

26. Operating lease commitments – minimum lease payments

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

	2014		2013	
	Land and buildings £'000	**Other £'000**	Land and buildings £'000	Other £'000
Leases expiring within one year	**–**	**26**	–	45
Leases expiring later than one year but no later than five years	**360**	**286**	–	154
Leases expiring later than five years	**–**	**–**	450	–
	360	**312**	450	199

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 2014 £'000	Net cash flows £'000	Non cash movements £'000	**At 31 December 2014 £'000**
Cash and cash equivalents	219	512	–	**731**
Finance leases due after one year	(23)	15	(5)	**(13)**
Finance leases due within one year	(13)	(2)	(3)	**(18)**
Total	183	525	(8)	**700**

28. Capital commitments

At the year end, the Group had no capital commitments (2013: £nil).

Notes to the Group financial statements

for the year ended 31 December 2014 (continued)

29. Acquisitions

On 31 December 2014 the Company acquired the entire share capital of Access Fire & Security Limited for a total consideration of £500,000 being the fair value of the consideration.

The book and provisional fair value of the assets acquired are as follows:

	£'000
Fixed assets	26
Inventory	22
Trade and other receivables	71
Cash and cash equivalents	204
Trade and other payables	(152)
Net assets acquired	171
Goodwill	329
	500
Satisfied by:	
Cash	500

The book value of the assets and liabilities has been taken from the accounting records of Access Fire & Security Limited at 31 December 2014. No fair value adjustments have been made to date.

No intangible fixed assets other than goodwill were acquired.

In the last financial year to 31 January 2014 Access Fire & Security Limited made a profit after taxation of £29,000.

From the date of acquisition to 31 December 2014, Access Fire & Security Limited contributed to £nil to the Group's operating cash flows, utilised £nil for capital expenditure and £nil for development expenditure.

Had Access Fire & Security Limited been consolidated from 1 January 2014, the consolidated statement of income would show pro forma revenue of £10,033,000 and a profit of £449,000 before tax.

See note 14 for related costs incurred on the acquisition of Access Fire & Security Limited.

On 31 May 2013 the Company acquired the entire share capital of Feedback Data Limited for a total consideration of £243,000 being the fair value of the consideration.

The book value of the assets acquired are as follows:

	£'000
Intangible assets	264
Property, plant and equipment	13
Inventory	123
Trade and other receivables	323
Cash and cash equivalents	11
Amounts payable to Feedback plc	(368)
Trade and other payables	(494)
Net liabilities acquired	(128)
Goodwill	371
	243
Satisfied by:	
Cash	243

29. Acquisitions (continued)

The book value of the assets and liabilities has been taken from the accounting records of Feedback Data Limited at 31 May 2013. No fair value adjustments have been made to date.

In the year to 31 May 2013 Feedback Data Limited made a loss after taxation of £552,000.

From the date of acquisition to 31 December 2013, Feedback Data Limited contributed £83,000 to the Group's operating cash flows, utilised £4,000 for capital expenditure and £74,000 for development expenditure.

Had Feedback Data Limited been consolidated from 1 January 2013, the consolidated statement of income would show pro forma revenue of £9,025,000 and a loss of £106,000; however this includes £198,000 of management charges by the previous owners.

30. Related party transactions

There were no related party transactions in the current or prior year.

Independent auditors' report to the members of Belgravium Technologies plc

Report on the Parent Company financial statements

Our opinion

In our opinion, Belgravium Technologies plc's Parent Company financial statements (the 'financial statements'):

- give a true and fair view of the state of the Parent Company's affairs as at 31 December 2014;
- 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.

What we have audited

Belgravium Technologies plc's financial statements comprise:

- the Parent Company balance sheet as at 31 December 2014; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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) ('ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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 Parent 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Other matter

We have reported separately on the Group financial statements of Belgravium Technologies plc for the year ended 31 December 2014.

Ian Marsden
(Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Manchester
3 March 2015

Parent Company balance sheet under UK GAAP

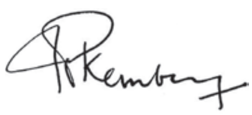
as at 31 December 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible assets	d)	**24**	38
Investments	e)	**15,798**	15,298
		15,822	15,336
Current assets			
Debtors	f)	**241**	440
		241	440
Creditors – amounts falling due within one year	g)	**(3,178)**	(3,354)
Net current liabilities		**(2,937)**	(2,914)
Total assets less current liabilities		**12,885**	12,422
Creditors – amounts falling due after more than one year	h)	**(8)**	(23)
Net assets		**12,877**	12,399
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)	**2,798**	2,320
Total shareholders' funds	l)	**12,877**	12,399

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 account.

The notes on pages 41 to 46 form an integral part of these financial statements.

The Parent Company financial statements on pages 12 to 37 were approved by the Board of directors on 3 March 2015 and were signed on its behalf by:



J P Kembery
Director
3 March 2015

Notes to the Parent Company financial statements

for the year ended 31 December 2014

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.

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.

Notes to the Parent Company financial statements

for the year ended 31 December 2014 (continued)

b) Profit and loss account

As permitted by Section 408 of the 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 £579,000 (2013: £539,000).

c) Employees and directors' emoluments

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

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

	2014 Number	2013 Number
By activity		
Office, management and sales	**5**	5

	2014 £'000	2013 £'000
Staff costs (for the above persons)		
Wages and salaries	**403**	413
Social security costs	**50**	51
Other pension costs	**36**	36
	489	500

Directors' emoluments	2014 £'000	2013 £'000
Aggregate emoluments including pension contributions of £34,000 (2013: £34,000) and benefits in kind	**441**	441

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

	2014 £'000	2013 £'000
Aggregate emoluments and benefits	**184**	176
Pension contributions	**34**	34
	218	210

During the year pension benefits were made to one director (2013: one director) under a defined contribution pension scheme. At the end of the year, contributions of £nil (2013: £nil), representing the unpaid contributions for December 2014, were outstanding.

d) Tangible assets

	Fixtures, fittings and computer equipment £'000
Cost	
At 1 January 2014 and 31 December 2014	**466**
Accumulated depreciation	
At 1 January 2014	428
Charge in year	14
At 31 December 2014	**442**
Net book value	
At 31 December 2014	**24**
At 31 December 2013	38

Includes assets under finance leases of £22,000 (2013: £35,000).

e) Fixed asset investments

	Shares in subsidiary undertakings £'000
Cost	
At 1 January 2014	19,298
Additions	500
At 31 December 2014	**19,798**
Provision	
At 1 January and 31 December 2014	**4,000**
Net book value	
31 December 2014	**15,798**
31 December 2013	15,298

Additions relate to the acquisition of Access Fire & Security Limited. Further details can be found in note 29 of the Belgravium Technologies plc Group financial statements.

The directors believe that the carrying value of the investments is supported by their underlying cash flows.

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
Touchstar Technologies Limited	Real time electronic data systems	100,000 ordinary £1 shares
Feedback Data Limited	Real time electronic data system	140,000 ordinary £1 shares
Belgravium Limited	Dormant	6,000,000 ordinary £1 shares
Novo IVC Limited	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 2014 (continued)

Access Fire & Security Limited	Electronic data systems	4 ordinary £1 shares

f) Debtors

	2014 £'000	2013 £'000
Amounts owed by subsidiary undertakings	**217**	417
Prepayments and accrued income	**17**	17
Deferred tax asset (note i)	**7**	6
	241	440

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

g) Creditors – amounts falling due within one year

	2014 £'000	2013 £'000
Bank loans and overdrafts	**2,977**	3,165
Amounts owed to subsidiary undertakings	**54**	65
Taxation and social security	**61**	60
Finance lease liabilities	**15**	13
Accruals and deferred income	**71**	51
	3,178	3,354

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

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

	2014 £'000	2013 £'000
Finance lease contracts	**8**	23

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

	2014 £'000	2013 £'000
In one year or less	**2,992**	3,178
Between one and five years	**8**	23
	3,000	3,201

i) Deferred taxation

Deferred tax is fully provided in the financial statements as follows:

	2014 £'000	2013 £'000
Accelerated capital allowances	**7**	6
Asset at 1 January	**6**	4
Deferred tax credit in profit and loss account	**1**	2

Asset at 31 December (note f)	**7**	6

j) Called up share capital

	2014 £'000	2013 £'000
Authorised		
150,000,000 (2013: 150,000,000) ordinary shares of 5p each	**7,500**	7,500
Allotted, issued and fully paid		
100,936,547 (2013: 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 2014	2,932	2,100	2,320
Profit for the financial year	–	–	579
Dividend paid in the year	–	–	(101)
At 31 December 2014	**2,932**	**2,100**	**2,798**

l) Reconciliation of movements in total shareholders' funds

	2014 £'000	2013 £'000
Profit for the financial year	**579**	539
Dividend paid in the year	**(101)**	(101)
Increase in shareholders' funds	**478**	438
Opening total shareholders' funds	**12,399**	11,961
Closing total shareholders' funds	**12,877**	12,399

m) Commitments under operating leases

At 31 December 2014 the Parent Company was committed to annual payments in respect of non-cancelled operating leases as follows:

	2014 £'000	2013 £'000
Leases which expire:		
within one year	**2**	11

Notes to the Parent Company financial statements

for the year ended 31 December 2014 (continued)

between two and five years	**21**	5
	23	16

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) Dividends

	2014 £'000	2013 £'000
Final ordinary dividend paid	**101**	101

	2014	2013
Dividend paid per share	**0.10p**	0.10p

p) Cash flow statement

In view of the exemption available under FRS 1 'Cash flow statements' (revised 1996) no cash flow statement has been prepared. A Group cash flow statement consolidating the cash flows of the Company is contained within the financial statements of Belgravium Technologies plc, the ultimate parent undertaking.

Notice of Annual General Meeting

Notice is hereby given that the one hundred and eleventh Annual General Meeting of the Company will be held at the offices of PricewaterhouseCoopers LLP, 101 Barbirolli Square, Lower Mosley Street, M2 3PW, on 28 May 2015 at 11.00 am for the following purposes:

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

Ordinary business

1. To receive, consider and adopt the annual financial statements for the year ended 31 December 2014 together with the last directors' report and the auditors' report on those financial statements.

2. To reappoint Mark William Hardy as a director of the Company who retires by rotation in accordance with the articles of association of the Company.

3. 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 financial statements are laid before the Company and that their remuneration be fixed by the directors.

Special business

4. 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 2016, 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.

5. That subject to the passing of resolution 4 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 4 as if section 561 (1) of the Act did not apply to the allotment. This power shall be limited to:

5.1 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

   5.1.1 holders of ordinary shares; and

   5.1.2 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);

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

   5.3 the allotment (otherwise than pursuant to sub paragraphs 5.1 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 2016, 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.

Notice of Annual General Meeting

(continued)

6. 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:

   6.1 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 2014;

   6.2 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

   6.3 unless previously renewed, varied or revoked, this authority hereby conferred will expire on 30 June 2016, 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 or 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
3 March 2015

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 6:00 pm on 26 May 2015 or, if this Meeting is adjourned, at 6:00 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 Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. Tel No. 0871 664 0300 (calls cost 10p per minute plus network charges, lines are open 8.30 am 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 Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent BR3 4TU and received by Capita Asset Services no later than 11:00 am on 26 May 2015. 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 Asset Services Crest ID is RA10.
8. Note to Resolution 4

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.

Shareholder Notes

Shareholder Notes

Group Information

Registered Number in Scotland 5543

Secretary and Registered Office
C F Phillips
1 George Square
Glasgow
G2 1AL

Independent Statutory Auditors
PricewaterhouseCoopers LLP
Chartered Accountants and
Statutory Auditors'
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Solicitors
Harrison Clark Rickerbys Limited
5 Deansway
Worcester
WR1 2JG

Registrars
Capita Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Stockbroker and Financial Advisors
WH Ireland Limited
3rd Floor
Royal House
28 Sovereign Street
Leeds
LS1 4BJ

Bankers
Barclays Corporate Bank
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