

Company Registration Number: 2826917

**Centurion Electronics Plc**

Report and Financial Statements

Year Ended

30 September 2009

# CENTURION ELECTRONICS PLC

## Annual report and financial statements for the year ended 30 September 2009

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# CENTURION ELECTRONICS PLC

## Directors & Advisers

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### Directors

C Rhodes  
E Kastner  
M Attridge  
S. Parrish (appointed on 23 October 2008 and resigned 22 July 2009)

### Registered Office

Satellite House, City Park  
Swiftfields  
Welwyn Garden City  
Herts  
AL7 1LY

### Company Number

2826917

### Auditors

Hillier Hopkins LLP  
64 Clarendon Road  
Watford  
Herts  
WD17 1DA

### Principal Bankers

Fortis  
Greenwood House  
91/99 New London Road  
Chelmsford Road  
Essex  
CM2 0PP

### Principal Solicitors

Finers Stephens Innocent  
179 Great Portland Street  
London  
W1W 5LS

# CENTURION ELECTRONICS PLC

## Report of the directors for the year ended 30 September 2009

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The directors have pleasure in submitting their report and the audited financial statements for the year ended 30 September 2009.

### Business of the company

The principal activities of the company in the year under review continued to be the design, development and supply of automotive infotainment systems.

A review of the development of the business during the year, its position at the end of it and likely future developments are set out below.

### Results and Dividends

The profit and loss account is set out on page 7 and shows a profit for the year of £180,420 (2008 loss of £654,075).

The directors do not recommend the payment of a final dividend (2008: nil).

### Review of the business and future developments

The Directors' believe the following measures to represent the key performance indicators (KPIs) of the company:

	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>Pre</b>	<b>Post</b>	<b>Pre</b>	<b>Post</b>
	<b>Exceptional</b>	<b>Exceptional</b>	<b>Exceptional</b>	<b>Exceptional</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Turnover	4,420,046	4,420,046	4,086,876	4,086,876
Gross profit	1,605,107	1,605,107	1,922,969	1,922,969
Profit/Loss before tax	191,968	180,717	(661,388)	(745,762)

Risks: The major risk to the business is once again the failure to meet anticipated sales forecasts. The directors have taken the view that revenue for the forthcoming financial year will continue to be generated under recessionary conditions and, as a result, have structured overhead and capital cost expenditure accordingly.

In accordance with expectations, the Company completed its defined product development plan during the year and, whilst it is anticipated that forecast volumes will be realised, projections have been discounted to reflect a cautious recovery of the global automotive market.

Opportunities: From the beginning of financial year 2010, revenue will be generated from the launch of new products with Mercedes Benz, Nissan and Toyota, as well as the migration of existing Toyota products into a number of new territories including Australia, South Africa and the Middle East. This, boosted by the significant presence of some customers in North American, has now resulted in the Company's strategy to extend its reach beyond Western Europe being fully realised. However, despite recent positive post-launch market feedback, future revenues have still been downgraded to reflect current economic circumstances, Nevertheless, in the event that customer business plan projections are realised, revenues could be exceeded by well over 100%.

### Risk Management

The risks facing the business are assessed on an ongoing basis. The executive Directors evaluate the likelihood and potential impact of each risk and ensure appropriate action is taken to mitigate them. A number of key risks such as liquidity, interest rate changes and foreign currency fluctuations come under the direct control of the executive directors.

## **CENTURION ELECTRONICS PLC**

### **Report of the directors for the year ended 30 September 2009**

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Centurion's policy on interest rate risk is to minimise net interest charges. Operations are financed through a mixture of convertible loans, invoice discounting, and leasing arrangements (predominantly operating leases related to company vehicles and leasehold premises). The company's bank deposits are at floating rates.

Centurion's policy on liquidity risk is to maintain sufficient funding to meet any foreseeable peak in cash requirements. Short term flexibility is provided through the Lloyds TSB invoice discounting. Liquidity risk is monitored regularly through cash reports, cash forecasts and comparisons to budgets.

Centurion's main customers are blue chip automotive manufacturers which give rise to little or no credit risk.

#### **Employees**

The directors consider its employees as essential to the continued prosperity of the company. As a result it maintains motivation through a full appraisal process linked to fully consultative remuneration review. This has kept voluntary staff turnover well below the industry average. Integral to this is the sharing of information with employees that is of interest and concern to them. The directors further encourage openness and discussion between members of staff at all levels.

#### **Research and Development**

The company is committed to its development programme, taking customer vehicle concepts and developing a solution for ICE incorporating future proof functionality.

#### **Environmental Issues**

The Company is committed to surpassing the conditions of current and future environmental legislation and regulation and will continue to employ best practice tools such as IMDS in order to track compliance. Furthermore, the directors are committed to the pursuit of ISO14001 accreditation and minimising the impact of the Company's activities, products and services on the environment through waste reduction and increases in re-use and recycling.

#### **Policy on the payment of creditors**

It is the policy of the company to negotiate and agree payment terms with each individual supplier. Creditors are paid in accordance with these agreed terms. The number of days purchases of the company represented by trade creditors at 30 September 2009 was 56 (2008: 83).

#### **Donations**

During the year the company did not make any charitable donations (2008: £nil).

#### **Going concern**

The directors are satisfied that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly these financial statements have been prepared on a going concern basis.

# **CENTURION ELECTRONICS PLC**

## **Report of the directors for the year ended 30 September 2009**

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### **Directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

Financial statements are published on the company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the company's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

### **Auditors**

Hillier Hopkins LLP were nominated as the Company's auditors in 2008.

### **Directors' statement as to the disclosure of information to auditors**

The directors who were members of the Board at the time of approving the directors' reports are listed on page 1. Having made enquiries of fellow directors and of the Company's auditors, each of these directors confirms that:

- to the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the Company's auditors are unaware; and
- each director has taken all steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditors are aware of that information.

### **By order of the board**

**E. Kastner**  
**Secretary**  
**CENTURION ELECTRONICS PLC**

## **Report of the independent auditors for the year ended 30 September 2009**

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### **To the Shareholders of Centurion Electronics Plc**

We have audited the financial statements of Centurion Electronics PLC for the year ended 30 September 2009, set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of directors' responsibilities, 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 the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the Financial Statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

### **Opinion on the Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

# CENTURION ELECTRONICS PLC

## Report of the independent auditors

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### Opinion on other matters prescribed by the Companies Act 2006

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

### Emphasis of Matter

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in relation to the recoverability of a year end debtor who applied for insolvency on 12<sup>th</sup> February 2009. The directors have only partially provided against this amount because the debt was guaranteed by another entity when the work was originally undertaken. The directors are confident that the outstanding balance will be recoverable from the other entity.

### Matters on which we are required to report by exception

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

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

Richard Malone ACA (Senior statutory auditor)

for and on behalf of  
**HILLIER HOPKINS LLP**

Registered Auditor

64 Clarendon Road  
Watford  
Hertfordshire  
WD17 1DA

## CENTURION ELECTRONICS PLC

### Profit and loss account for the year ended 30 September 2009

	Note	2009	2009	2009	2008	2008	2008
		Pre-exceptional	Exceptional *	Total	Pre-exceptional	Exceptional *	Total
		£	£	£	£	£	£
<b>Turnover</b>	2	4,420,046	-	4,420,046	4,086,876	-	4,086,876
Cost of sales		(2,814,939)	-	(2,814,939)	(2,163,907)	-	(2,163,907)
<b>Gross profit</b>		1,605,107		1,605,107	1,922,969		1,922,969
Administrative expenses		(1,283,495)	(11,251)	(1,294,746)	(2,287,973)	(84,374)	(2,372,347)
<b>Operating profit/(loss)</b>	3	321,612	(11,251)	310,361	(365,004)	(84,374)	(449,378)
Interest payable and similar charges	6	(129,644)	-	(129,644)	(296,384)	-	(296,384)
<b>Profit/(loss) on ordinary activities before taxation</b>		191,968	(11,251)	180,717	(661,388)	(84,374)	(745,762)
Taxation on (loss)/profit on ordinary activities	7	(297)	-	(297)	91,687	-	91,687
<b>Profit/(loss) on ordinary activities after taxation</b>		191,671	(11,251)	180,420	(569,701)	(84,374)	(654,075)

\* Further details of exceptional items are disclosed in note 3

There are no other recognised gains, or losses, other than the profit of £180,420 (2008: loss of £654,075) as stated above

All amounts relate to continuing operations

**CENTURION ELECTRONICS PLC**

Registered Number: 2826917

**Balance sheet at 30 September 2009**

	Note	2009	2009	2008	2008
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8		31,254		48,301
Tangible assets	8		469,245		370,326
			<u>500,499</u>		<u>418,627</u>
<b>Current assets</b>					
Stocks	9	846,935		1,386,367	
Debtors	10	901,816		982,253	
Cash at bank and in hand		112,735		15,642	
		<u>1,861,486</u>		<u>2,384,262</u>	
<b>Creditors: amounts falling due within one year</b>	11	(810,555)		(1,431,879)	
		<u>(810,555)</u>		<u>(1,431,879)</u>	
<b>Net current assets</b>			1,050,931		952,383
			<u>1,050,931</u>		<u>952,383</u>
<b>Total assets less current liabilities</b>			1,551,430		1,371,010
<b>Creditors: amounts falling due after more than one year</b>	12	(3,000,000)		(3,000,000)	
		<u>(3,000,000)</u>		<u>(3,000,000)</u>	
<b>Net (liabilities)/assets</b>			<u>(1,448,570)</u>		<u>(1,628,990)</u>
<b>Capital and reserves</b>					
Called up share capital	14		880,681		880,681
Share premium account	15		7,139,660		7,139,660
Capital redemption reserve	15		130,000		130,000
Profit and loss account	15		(9,598,911)		(9,779,331)
			<u>(1,448,570)</u>		<u>(1,628,990)</u>
<b>Shareholders' (deficit)/funds - Equity</b>	16		<u>(1,448,570)</u>		<u>(1,628,990)</u>

The financial statements were approved by the Board on

**E. Kastner**  
**Director**

Notes on pages 10 to 23 form part of these financial statements.

# CENTURION ELECTRONICS PLC

## Cash flow statement for the year ended 30 September 2009

	Note	2009 £	2009 £	2008 £	2008 £
<b>Net cash inflow/(outflow) from operating activities</b>	19		744,152		(1,627,798)
<b>Returns on investments and servicing of finance</b>					
Interest paid		(128,669)		(295,343)	
Finance lease interest		(975)		(1,041)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(129,644)		(296,384)
<b>Taxation – UK corporation tax</b>			(297)		91,687
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(260,324)		(46,415)	
Sale of tangible fixed assets		5,390		21,107	
			(254,934)		(25,308)
<b>Net cash inflow/(outflow) before financing</b>			359,277		(1,857,803)
<b>Financing</b>					
Asset finance		(256,309)		335,068	
Bank loans repaid		-		(6,250)	
Loan note issued		-		750,000	
Capital element of finance lease rental payments		(5,875)		(16,302)	
			(262,184)		1,062,516
Increase/(decrease) in cash	20		97,093		(795,287)

The notes on pages 10 to 23 form part of these financial statements.

# CENTURION ELECTRONICS PLC

## Notes forming part of the financial statements for the year ended 30 September 2009

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### Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The accounting policies applied are the same as in the previous financial year.

The following principal accounting policies have been applied:

#### *Turnover*

Turnover is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of goods.

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets over their expected useful lives. It is calculated at the following rates:

Motor vehicles	-	20% per annum on reducing balance
Fixtures and fittings	-	10% - 50% per annum on cost
Office equipment	-	20% per annum on cost
Tooling	-	25% per annum on cost

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### *Research and development*

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred. Where the company undertakes development activities and where those activities are in respect of a specific product that is anticipated to be profitable within the market, the costs attributable to that development are capitalised as intangible fixed assets at cost. These costs will be amortised over the expected life of the product.

#### *Foreign currency*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward foreign currency contract. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates, or if appropriate the forward contract rate. Any differences are taken to the profit and loss account.

**Accounting policies (*continued*)**

*Pensions*

The company contributes to a money purchase pension scheme. The amounts charged to the profit and loss in respect of pension costs represent contributions payable in the year. Differences between contributions payable and actually paid are shown as either accruals or prepayments in the balance sheet.

*Loans*

At 30 September 2009, the company had Asset based finance loans. These were initially recorded in the balance sheet at the net proceeds value. Any interest is charged to the profit and loss account on the carrying amount of the debt. The carrying values of the loans are reduced as customer payments are made.

*Deferred tax*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax with the following exception

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

*Leased assets*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful life. The capital elements of future obligations under leases are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and represent a constant proportion of capital repayments outstanding.

Rentals payable under operating leases are charge in the profit and loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the next rent review.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

# CENTURION ELECTRONICS PLC

Notes forming part of the financial statements for the year ended 30 September 2009 (continued)

## 2 Turnover, net assets and profits

Turnover, net assets and profits are wholly attributable to the principal activity of the company.

No further segmental reporting disclosures have been presented in these financial statements as the directors believe these would be seriously prejudicial to the interests of the company.

## 3 Operating loss, exceptional items and auditor's remuneration

This is arrived at after charging/(crediting)	2009 £	2008 £
Depreciation of tangible fixed assets	146,464	246,512
Exceptional items (see below)	11,251	84,374
Operating leases – other than plant and machinery	16,464	169,115
Foreign exchange (gain)	(31,803)	(916,994)
Auditors' remuneration:		
Audit of the financial statements	8,040	30,492
Other fees to auditors - taxation services	4,500	-

Exceptional Items

Included in administrative expenses for the year ended 30 September 2009 is an exceptional charge of £11,251 (2008: £84,374) of which £11,251 (2008: £71,317) related to redundancy costs following restructuring and £Nil (2008:13,056) relating to costs related to the share restructuring.

The cash flow implications relating to the exceptional items during the year totalled £11,251 (2008: £84,374) as detailed above.

## 4 Employees

Staff costs (including directors) consist of:	2009 £	2008 £
Wages and salaries	878,133	1,272,649
Social security costs	103,533	131,214
Other pension costs	22,151	65,776
Share-based payment	-	(322,811)
	<u>1,003,817</u>	<u>1,146,828</u>

The average number of employees, including directors, during the year was as follows:

	Number	Number
Management and administration	4	5
Sales and distribution	11	10
Technical and engineering	10	17
	<u>25</u>	<u>32</u>

# CENTURION ELECTRONICS PLC

Notes forming part of the financial statements for the year ended 30 September 2009 (*continued*)

## 5 Directors' remuneration

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Aggregate emoluments	280,757	205,304
Compensation for loss of office	-	39,869
Company contributions made to money purchase pension scheme	-	12,020
	<u>280,757</u>	<u>257,193</u>

Included within the aggregate emoluments is an amount in respect of the highest paid director of £110,025 (2008: £112,052).

## 6 Interest payable and similar charges

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Invoice discounting charges	34,670	23,154
Other loan interest and charges	12,295	6,008
Convertible loan interest	83,116	266,181
Finance lease interest	975	1,041
Less: Interest received	(1,412)	-
	<u>129,644</u>	<u>296,384</u>

**CENTURION ELECTRONICS PLC**

Notes forming part of the financial statements for the year ended 30 September 2009 (*continued*)

<b>7 Taxation on loss on ordinary activities</b>	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<i>Current tax</i>		
UK corporation tax on profit for the year	297	-
Adjustments in respect of previous periods	-	(91,687)
	<hr/>	<hr/>
Total current tax	297	(91,687)
	<hr/>	<hr/>
Taxation on loss on ordinary activities	297	(91,687)
	<hr/> <hr/>	<hr/> <hr/>

The tax assessed for the year is different from the standard rate of corporation tax in the UK of 21% (2008: 29%). The differences are reconciled below:

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
Profit/(loss) on ordinary activities before taxation	180,717	(745,762)
	<hr/> <hr/>	<hr/> <hr/>
(Loss) on ordinary activities at the standard rate of corporation tax in the UK of 21% (2008: 28%)	37,951	(216,271)
Effects of:		
Expenses not allowable for tax purposes	2,077	(87,971)
Depreciation in excess of capital allowances	(3,454)	21,308
Adjustments in respect of previous periods	-	(91,687)
Losses utilised during the period	(36,277)	-
Unrelieved losses carried forward	-	282,934
	<hr/>	<hr/>
Current tax charge for year	297	(91,687)
	<hr/>	<hr/>

# CENTURION ELECTRONICS PLC

Notes forming part of the financial statements for the year ended 30 September 2009 (*continued*)

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## 7 Taxation on loss on ordinary activities (*continued*)

The company has estimated trading losses of £9,366,551 (2008: £9,872,569) and decelerated capital allowances of £25,171 (2008: £11,007) available for offset against future profits. The company has not recognised the deferred tax asset of £2,667,920 (2008: £2,767,401) since there is no persuasive evidence that there will be suitable taxable gains against which the losses can be relieved.

## 8 Fixed assets

### *Intangible fixed assets*

	<b>Development Costs £</b>
<i>Cost</i>	
At 1 October 2008	51,142
Additions	-
	<hr/>
At 30 September 2009	51,142
	<hr/> <hr/>
<i>Amortisation</i>	
At 1 October 2008	2,841
Provided for the year	17,047
	<hr/>
At 30 September 2009	19,888
	<hr/> <hr/>
<i>Net book value</i>	
At 30 September 2009	31,254
	<hr/> <hr/>
At 30 September 2008	48,301
	<hr/> <hr/>

**CENTURION ELECTRONICS PLC**

Notes forming part of the financial statements for the year ended 30 September 2009 (*continued*)

**8 Fixed assets (continued)**

*Tangible fixed assets*

	<b>Tooling</b>	<b>Motor</b>	<b>Fixtures</b>	<b>Office</b>	<b>Total</b>
	<b>£</b>	<b>Vehicles</b>	<b>and fittings</b>	<b>Equipment</b>	<b>£</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<i>Cost</i>					
At 1 October 2008	465,080	35,384	601,011	387,273	1,488,748
Additions	248,323	-	-	12,001	260,324
Disposals	-	(35,384)	-	-	(35,384)
	<u>713,403</u>	<u>-</u>	<u>601,011</u>	<u>399,274</u>	<u>1,713,688</u>
<i>Depreciation</i>					
At 1 October 2008	395,446	19,135	371,932	331,909	1,118,422
Provided for the year	39,295	1,308	48,296	57,565	146,464
Disposals	-	(20,443)	-	-	(20,443)
	<u>434,741</u>	<u>-</u>	<u>420,228</u>	<u>389,474</u>	<u>1,244,443</u>
<i>Net book value</i>					
At 30 September 2009	<u>278,662</u>	<u>-</u>	<u>180,783</u>	<u>9,800</u>	<u>469,245</u>
At 30 September 2008	<u>69,634</u>	<u>16,250</u>	<u>229,079</u>	<u>55,363</u>	<u>370,329</u>

The net book value of tangible fixed assets included assets held under finance leases and hire purchase contracts as follows:

	<b>2009</b>	<b>2008</b>
	<b>£</b>	<b>£</b>
<i>Net book value</i>		
Motor vehicles	-	16,250
	<u>-</u>	<u>16,250</u>
<i>Depreciation charged on these assets during the year was as follows:</i>		
Motor vehicles	-	6,531
	<u>-</u>	<u>6,531</u>

**CENTURION ELECTRONICS PLC**Notes forming part of the financial statements for the year ended 30 September 2009 (*continued*)

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<b>9</b>	<b>Stocks</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Finished goods held for resale	846,935	1,386,367
		<u>          </u>	<u>          </u>
	There is no material difference between the replacement cost of stocks and the amounts stated above.		
<b>10</b>	<b>Debtors</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Trade debtors	714,260	600,057
	Other debtors	146,926	323,162
	Prepayments	40,630	59,034
		<u>          </u>	<u>          </u>
		901,816	982,253
		<u>          </u>	<u>          </u>
<b>11</b>	<b>Creditors: amounts falling due within one year</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Asset Financing (secured as per note 12)	78,759	335,068
	Trade creditors	359,165	490,842
	Other taxation and social security	72,588	92,595
	Obligations under finance lease and hire purchase contracts	-	5,875
	Other creditors	266,281	207,546
	Accruals	33,762	299,953
		<u>          </u>	<u>          </u>
		810,555	1,431,879
		<u>          </u>	<u>          </u>
<b>12</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2009</b>	<b>2008</b>
		<b>£</b>	<b>£</b>
	Convertible loan notes	3,000,000	3,000,000
		<u>          </u>	<u>          </u>
		3,000,000	3,000,000
		<u>          </u>	<u>          </u>

## CENTURION ELECTRONICS PLC

Notes forming part of the financial statements for the year ended 30 September 2009 *(continued)*

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### 12 Creditors: amounts falling due after more than one year *(continued)*

#### Convertible loan notes

Obligations under convertible loan notes are due as follows:	2009 £	2008 £
In more than one year but not more than two years	3,000,000	3,000,000
In more than two years but not more than five years	-	-
	<u>3,000,000</u>	<u>3,000,000</u>
	<u><u>3,000,000</u></u>	<u><u>3,000,000</u></u>

In January 2008, the company issued £3,000,000 of 10% convertible loan notes in consideration for £750,000 and the irrevocable and unconditional release and discharged of the £1,000,000 convertible 2009 loan notes: £1,000,000 convertible 2007 loan notes: obligations under the £250,000 working capital loan agreement dated 14<sup>th</sup> March 2006. The new convertible loan note was confirmed by shareholders at the EGM held by the company on 22<sup>nd</sup> May 2008 and is held by Ravensworth.

Up to £3,000,000 is redeemable in June 2010 if not previously converted and carries interest at 10% p.a. payable quarterly in arrears. The holders of the loan notes may convert whole or part of their holding of convertible loan notes into new ordinary shares at the conversion price of 0.5p per new ordinary share. This would result in the issue and allotment of 6,000,000,000 new ordinary shares at a price of 0.5p per share. In the event of the conversion in full of the convertible loan notes and together with the existing shareholding held by Ravensworth would result in them holding 97.98 percent of the issued share capital of the company.

In February 2008 a Receivables Finance agreement was established with Lloyds TSB giving an facility maximum of £1,500,000 allowing a 85% advance on invoicing with an interest cost of 1.75% above base rate. In addition a loan agreement with Lloyds TSB on inventory up to a maximum of £150,000 at 2.25% above base rate. Lloyds TSB have an all Assets Debenture by way of a fixed and floating charge.

**CENTURION ELECTRONICS PLC**

Notes forming part of the financial statements for the year ended 30 September 2009 (*continued*)

**13 Deferred Tax**

	<b>Unprovided 2009 £</b>	<b>Unprovided 2008 £</b>
Accelerated capital allowances	(5,286)	(3,082)
Losses carried forward	(2,622,634)	(2,764,319)
	<u>                    </u>	<u>                    </u>

The un-provided deferred tax asset has been calculated at the prevailing rate of UK tax of 21% (2008: 28%).

**14 Share capital**

	<b>2009 No. 000's</b>	<b>2009 £</b>	<b>2008 No. 000's</b>	<b>2008 £</b>
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**Authorised**

*Equity share capital*

New Ordinary shares of 0.5p each	1,237,543	6,187,720	1,237,543	6,187,720
New Deferred shares of 4.5p each	13,680	615,613	13,680	615,613
Deferred shares of £1 each	197	196,667	197	196,667
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	1,251,420	7,000,000	1,251,420	7,000,000
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

**Allotted, called up and fully paid**

	<b>2009 No. 000's</b>	<b>2009 £</b>	<b>2008 No. 000's</b>	<b>2008 £</b>
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*Equity share capital*

New ordinary shares of 0.5p each	13,680	68,401	13,680	68,401
New deferred shares of 4.5p each	13,680	615,613	13,680	615,613
Deferred shares of £1 each	197	196,667	197	196,667
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
	27,557	880,681	27,557	880,681
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

## CENTURION ELECTRONICS PLC

Notes forming part of the financial statements for the year ended 30 September 2009 *(continued)*

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### 14 Share capital *(continued)*

#### *Share options*

At 30 September 2009 the following share options were outstanding under the company's share option schemes in respect of the ordinary shares of 0.5 pence each:

#### **EMI Scheme**

Date of Grant	Number of Shares	Period over which option can be exercised	Exercise price of option
05/10/2004	7,530	5 October 2006 to 5 October 2014	7.500pence
10/04/2006	554,320	27 June 2007 to 27 June 2015	6.875pence
17/04/2007	5,130,110	1 October 2010 to 17 April 2017	1.450pence

#### **Unapproved share option scheme**

Date of Grant	Number of Shares	Period over which option can be exercised	Exercise price of option
19/04/2006	2,181,800	27 June 2007 to 27 June 2015	6.875pence

All of the above shares under option at 30 September 2009 were held by the directors and employees of the company.

The Directors consider that an important part of the company's remuneration policy should include equity incentives through the grant of share options to directors and employees. Consequently on 21 November 2002, the company entered into the Enterprise Management Incentive (EMI) Options and adopted the Unapproved Share Option Scheme.

Pursuant to the Share Option Schemes, options have or may be granted to directors and employees of the company at not less than the market value of the Ordinary Shares at the time of grant over an aggregate maximum of 10% of the company's issued ordinary share capital.

All options issued are conditional upon the individual remaining a director or employee of the Company.

No share options were exercised during the period. The options outstanding at 30 September 2009 had a weighted average exercise price of 3.34p and a weighted average remaining contractual life of 6.92 years (2008: 7.87 years).

**CENTURION ELECTRONICS PLC**

Notes forming part of the financial statements for the year ended 30 September 2009 *(continued)*

<b>15 Reserves</b>	<b>Share premium account £</b>	<b>Capital redemption reserves £</b>	<b>Profit and loss account £</b>
As previously reported at 1 October 2007	7,139,660	130,000	(8,802,445)
Loss for the year	-	-	(654,075)
Share based payment expense	-	-	(322,811)
	<hr/>	<hr/>	<hr/>
As at 30 September 2008	7,139,660	130,000	(9,779,331)
Loss for the year	-	-	180,420
	<hr/>	<hr/>	<hr/>
As at 30 September 2009	7,139,660	130,000	(9,598,911)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<b>16 Reconciliation of movements in shareholders' funds</b>	<b>2009 £</b>	<b>2008 £</b>
Loss on ordinary activities after taxation for the year	180,420	(654,075)
	<hr/>	<hr/>
	180,420	(654,075)
Share based payment expense	-	(322,811)
	<hr/>	<hr/>
Net movement in shareholders' funds	180,420	(976,886)
Opening shareholders' funds	(1,628,990)	(652,104)
	<hr/>	<hr/>
Closing shareholders' funds	(1,448,570)	(1,628,990)
	<hr/> <hr/>	<hr/> <hr/>

# CENTURION ELECTRONICS PLC

Notes forming part of the financial statements for the year ended 30 September 2009 (continued)

## 17 Commitments under operating leases

As at 30 September 2009, the company had annual commitments under non-cancellable operating leases in respect of land and buildings and motor vehicles as set out below:

	2009 £	2008 £
Operating leases which expire: Within one year		
Motor vehicles	-	931
	-	20,445
In two to five years		
Land and buildings	145,674	145,674
Motor vehicles	20,164	15,515
	165,838	161,189

## 18 Related party transactions and Post Balance Sheet Events

Following the agreements reached with Ravensworth, there is a potential for Ravensworth to become a related party with 97.77% of the shares and as such there would be a requirement to disclose transactions with Ravensworth.

## 19 Reconciliation of operating profit to net cash outflow from operating activities

	2009 £	2008 £
Operating profit/(loss)	310,361	(449,378)
Share based payments	-	(322,811)
Loss on sales of fixed assets	9,552	17,016
Depreciation	146,464	246,512
Amortisation	17,047	2,841
(Increase)/Decrease in stocks	539,432	(919,797)
(Increase)/Decrease in debtors	80,436	(248,944)
Increase/(Decrease) in creditors	(359,140)	46,763
Net cash inflow/(outflow) from operating activities	744,152	(1,627,798)

# CENTURION ELECTRONICS PLC

Notes forming part of the financial statements for the year ended 30 September 2009 (continued)

<b>20 Reconciliation of net cash inflow to movement in net debt</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Increase in cash in the year	97,093		(795,287)	
Cash (inflow)/outflow from changes in debt and lease financing	262,184		(1,062,516)	
Change in net debt resulting from cash flows		359,277		(1,857,803)
Movement in net debt in the year		359,277		(1,857,803)
Net debt at start of year		(3,325,301)		(1,467,498)
Net debt at end of year (note 21)		(2,966,024)		(3,325,301)

<b>21 Analysis of net debt</b>	<b>At</b>	<b>Cash</b>	<b>At</b>
	<b>1 October</b>	<b>flow</b>	<b>30 September</b>
	<b>2008</b>	<b>£</b>	<b>2009</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand and at bank	15,642	97,093	112,735
Debt due after 1 year	(3,000,000)	-	(3,000,000)
Debt due within 1 year	(335,068)	256,309	(78,759)
Obligations under finance leases	(5,875)	5,875	-
Total	(3,325,301)	359,277	(2,966,024)

## 22 Pension Commitments

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

## 23 Controlling Party

The Directors do not consider there to be one ultimate controlling party.