

**REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011
FOR
SURETRACK MONITORING PLC**

Crowe Clark Whitehill LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

SURETRACK MONITORING PLC
CONTENTS OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011

	Page
Company Information	1
Chairman's Statement	2
Report of the Directors	4
Report of the Independent Auditor	9
Consolidated Income Statement	11
Consolidated and Company Statement of Comprehensive Income	12
Consolidated Statement of Financial Position	13
Company Statement of Financial Position	14
Consolidated Statement of Changes in Equity	15
Company Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Company Statement of Cash Flows	18
Notes to the Consolidated Financial Statements	19
Notes to the Consolidated Statement of Cash Flows	38

SURETRACK MONITORING PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 JANUARY 2011

DIRECTORS: S G Barrell(Appointed 3/08/2010)
W Hirons
B Wise

SECRETARY: D P Stretton

REGISTERED OFFICE: 17A The Square
Kenilworth
Warwickshire
CV8 1EF

REGISTERED NUMBER: 06214926

AUDITORS: **Crowe Clark Whitehill LLP**
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

BANKERS: Lloyds TSB
73 Parade
Leamington Spa
Warwickshire
CV32 4BB

SURETRACK MONITORING PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2011

These are the first full year results since the award of the Ford part number and the Company's placing to raise £1.42 million and admission to AIM in August 2010, two significant milestones for the business.

We announced in the trading update in February, the Company's 2011 revenues were below the Board's expectations at £642,612 (2010 £671,493). At that time we reported that the lower revenues were due to slower trading with Ford than had been originally expected. When the Company made its trading update in February it stated that its key focus was on Ford and that the Board was encouraged by the reception the Company's tracking device had received from the Ford dealer network. Units are being ordered in small quantities by dealerships, both for their own use in demonstrator vehicles and for new vehicle sales.

The Group's loss for the year was £542,452 including exceptional items of £23,819 (2010: £1,161,367 including exceptional items £868,162).

Sure-Track Europe.

The lower than expected revenue from Ford and the downturn in the construction sector which led to less plant utilisation from plant hire companies, were the key factors that have resulted in the continued losses for the year.

The sales and administration functions were expanded during the financial period and this has resulted in higher operating costs for the year. Since the trading update in February the Company has seen some improvement in the level of sales, although Ford is still not ordering the anticipated amount of units and we are continuing to review our arrangements and offering to Ford and their dealers. The Board's main focus is to establish an improved order flow from the core dealerships which have received full training before we invest further resource in the training programme.

In light of the lower than expected sales the Board has taken steps since the year end to reduce certain of its operating costs.

The construction plant sector is suffering from an increase in thefts and we are also seeing a pickup in overall sales to plant hire companies and in the renewal of previously dormant units. We are currently undertaking a marketing campaign to the plant hire sector focusing on our impressive record of recovering stolen assets.

The product is currently undergoing Thatcham Category 7 approval which has required a redesign of the unit which will be launched as the MT3 once full accreditation is awarded. To date the MT3 has passed stages 1 and 2, of the accreditation process and full accreditation is expected to be completed by the end of June 2011. The board believe that this will allow the Company to compete with other tracking devices for the high end vehicle insurance market where Thatcham accredited trackers are in many cases mandatory. The Board believe the accreditation will also allow the Company to also partner with Insurers specialising in farm equipment.

We are delighted to have been recently awarded an official part number by a second motor manufacturer. International Motors Group through their subsidiary International Motors Parts and Service Limited, has granted the MT3 an Isuzu part number. The launch of our product through their dealer network for all Isuzu vehicles (but initially focused on commercial vehicles) in the UK is anticipated in July 2011

The Company continues to receive orders from the Explorer Group, one of Europe's leading caravan manufacturers, as part of its line fit programme for caravans. The Board believes that the Thatcham accreditation will enhance our standing with Explorer and lead to further opportunities for sales.

Other avenues for distribution of the product are being actively pursued. In South Africa our tracking device has obtained SAIAS accreditation, the Thatcham equivalent, which is allowing our sales agent to present the product to new markets.

SURETRACK MONITORING PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2011

On 1st April 2011 the Company acquired the business and certain assets of a distributor of the MT2, Automotion Security Limited ("Automotion"). Automotion's owner, Ian Platt, an executive board member of International Association of Auto Theft Investigators in the UK has, as part of the acquisition joined Sure Track on a full time basis.

IBP

During the year under review, and since the year end, the Board has closely monitored the IBP operations and changes have been made to reduce costs whilst maintaining a strong focus on sales. The Company has relocated the IBP business and the overheads of the business have been reduced, with additional support now being provided from our head office in Kenilworth.

IBP continued to be loss making in the year, due in the main to with less support from the Government for Raid Control through regional police forces. The company is however in early stages of discussions and trials for its security products with a number of larger retailers and continues to obtain repeat business from its existing customers. IBP is currently appraising other security companies products that are complementary to its products, with a view to partnering with those suppliers in order to be able to offer a comprehensive offering.

Summary

The group is working hard to increase its revenue base and as detailed above it is making good progress in that respect. Sure Track Europe is finding that there is a longer time lag for sales of the tracking unit between the initial contact with potential clients and the receipt of orders. This is often because the Company doesn't have direct contact with the end user and sell through insurance companies or vehicle dealerships. We are working with all our partners to improve the marketing of our tracking products to end users. IBP is also seeking to expand its offering to retailers which hopefully should lead to further growth opportunities.

We are undoubtedly seeing more interest in the MT2, and following Thatcham accreditation we hope that the MT3 will increase and broaden that interest. We expect to be able to announce further partnerships and contracts later in the financial year.

We have a number of encouraging prospects which we hope to build on in the current financial year which we expect will lead to an improved trading performance.

S G Barrell

15 June 2011

SURETRACK MONITORING PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2011

The directors present their report with the financial statements of the company and the group for the year ended 31 January 2011.

PRINCIPAL ACTIVITY

The principal activity of the group in the year under review was that of the provision of tracking devices, monitoring and recovery services to businesses for the enhancement of security of their moveable assets, and the supply, assembly and installation of other security equipment.

REVIEW OF BUSINESS

The results for the year and financial position of the group are shown in the annexed financial statements. In summary, the group has made a loss for the year of £542,452 (2010: loss £1,161,367).

The directors are generally satisfied with the performance of the group during the year and are continuing to explore various avenues to help improve the profitability of the group in future years. The directors are aware of the risks and uncertainties facing the group but are confident that these will be overcome. The directors are aware of the need to improve revenue in the group as this is critical to help the group be successful and believe they are now in a position whereby activity levels and hence revenue can be improved.

DIVIDENDS

No dividends will be distributed for the year ended 31 January 2011.

RESEARCH AND DEVELOPMENT

The group will continue to undertake research and development into location identification using GSM, RF and GPS technologies.

FUTURE DEVELOPMENTS

The directors are concentrating their efforts in trying to improve revenue of the group and are confident of achieving this objective. The group are strengthening their position within the market place.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 February 2010 to the date of this report.

S G Barrell	(Appointed 03/08/2010)
W Hirons	
B Wise	
M G Fairbotham	(Resigned 03/08/2010)
M Thompson	(Resigned 14/02/2011)
N G T Linacre	(Resigned 14/02/2011)
J Nicol	(Appointed 14/02/2011 & Resigned 27/04/2011)

The directors who held office at the end of the financial period have the following interests in shares of the Company:

Name of Director	Role	Number of Shares
W Hirons	Executive Director	117,538,809
S Barrell	Non Executive Director	2,500,001
N G T Linacre	Non Executive Director	2,148,000
M Thompson	Non Executive Director	3,896,000

Mr Barrell's shares are held via his personal pension fund.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

Directors remuneration

Directors remuneration is disclosed in note 3 of the financial statements.

Directors Share Options

As at 31 January 2011 directors retained the following rights to acquire shares:

Directors	Rights over shares	Option price	Expiry Date
W Hirons*	20,000,000	0.006p	03/08/2020
S Barrell	2,000,000	0.006p	03/08/2020
B Wise	1,000,000	0.006p	03/08/2020
N G T Linacre	2,000,000	0.006p	03/08/2020
M Thompson	<u>1,000,000</u>	0.006p	03/08/2020
	<u>26,000,000</u>		

* Including 10,000,000 options granted to his wife, Deborah Davis

Since the year end further share options have been Share options granted post balance sheet date:

	Rights over shares	Option price	Expiry Date
S Barrell	4,000,000	0.0045p	13/02/2021
B Wise	3,000,000	0.0045p	13/02/2021
J Nicol	13,226,950	0.0045p	13/02/2021

Mr Linacre, Mr Thompson and Mr Nicol have one year from the date of their resignation to exercise their options.

SURETRACK MONITORING PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2011

GROUP'S POLICY ON PAYMENT OF CREDITORS

The group has a creditor payment policy of between 30-60 days. The trade creditor days during the year were 26 (2010: 51).

RISKS AND UNCERTAINTIES

The group faces a difficult time in an unstable economic environment, listed below are the key risks facing the company;

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from credit sales. It is group policy to assess the credit risk of new customers before entering contracts. Subject to this assessment, the group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer.

The directors determine concentrations of credit risk through a monthly review of trade receivables' ageing analysis. Customers placed as high risk are placed on a restricted customer list and future sales made on a prepayment basis, subject to the discretion of the directors and local management.

Liquidity risk

Liquidity risk arises from the group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The directors receive rolling 12 month cash flow projections on a monthly basis as well as information regarding cash investments. At the year end these projections indicated that the group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to secure new facilities with the bank.

Budgets are set at group level by the directors, enabling the group's cash requirements to be anticipated and any increase in facilities requires the approval of the board of directors.

Corporate Governance Statement

The Board is accountable to the Company's shareholders for good governance and this statement describes how the relevant principles of governance are applied to the Group. As an AIM listed company Suretrack Monitoring plc is not required to comply with the provisions of the 2008 Combined Code on Corporate Governance ("the Combined Code") and the current size of the Group means that full compliance with the provisions of the Combined Code is not practicable. Nevertheless, the directors believe that good corporate governance is essential and, having considered the provisions of the Code, set out below those principals which the Group has adopted since incorporation and the way they have been applied.

The Board

The Board is responsible to the shareholders for the proper management of the Group. The board maintains full and effective control over appropriate strategic, financial, organisational and compliance issues.

Board Committees

The Board delegates certain specific responsibilities to Committees which have been formally constituted and have clearly defined terms of reference. During the period the Board had two sub committees, a Remuneration Committee and an Audit Committee.

SURETRACK MONITORING PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2011

NON FINANCIAL KEY PERFORMANCE INDICATORS

The directors consider that the most relevant non financial KPI is the number of active units. As at 31 January 2011 there were 1,681 active units (2010: 2,100).

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. 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 company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- 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 and the group'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 comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Review of Business on page 4, as is the financial position of the group and its cash flows and liquidity position.

In addition, note 1 to the financial statements includes the group's objectives, policies and processes for managing its capital and its exposures to credit and liquidity risk.

As described in the directors' report on page 4 the current economic environment is challenging and the group has reported an operating loss for the year. The directors consider that the outlook presents significant challenges in terms of sales volume and pricing but are very positive with potential new clients in the pipeline. But the directors have instituted measures to preserve cash until these opportunities come to a positive fruition. The directors have prepared detailed profit and cash flow forecasts to ensure they can project their working capital requirements and manage the business accordingly.

So after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the group and company have adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and accounts.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's 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 group's auditors are aware of that information.

SURETRACK MONITORING PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JANUARY 2011

AUDITOR

Harrison, Beale and Owen Limited resigned as auditors during the year and Crowe Clark Whitehill LLP were appointed in their place.

The auditor, Crowe Clark Whitehill LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S G Barrell (Director)

Date: 15 June 2011

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SURETRACK MONITORING PLC

Independent Auditor's Report To The Members Of Suretrack

We have audited the financial statements of Suretrack Monitoring plc for the year ended 31 January 2011 which comprise the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Comprehensive Income, the Group and Company Cash Flow Statements, the Group and Parent Company Statement of Changes in Equity and the related notes numbered 1 to 28.

The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

In addition, we read all the financial and non-financial information in the Directors' Report and any other surround information to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent company's affairs as at 31 January 2011 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SURETRACK MONITORING PLC

Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Nigel Bostock

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

St Brides House

10 Salisbury Square

London

EC4Y 8EH

15 June 2011

SURETRACK MONITORING PLC
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2011

	Notes	2011 £	2010 £
CONTINUING OPERATIONS			
Revenue	2	624,612	671,493
Cost of sales		<u>(336,154)</u>	<u>(295,260)</u>
GROSS PROFIT		<u>288,458</u>	<u>376,233</u>
Other operating income		2,384	30,586
Distribution costs		(4,976)	(3,891)
Administrative expenses		(803,008)	(691,178)
Other operating expenses		-	(4,500)
Exceptional items	4	<u>(23,819)</u>	<u>(868,162)</u>
OPERATING LOSS		<u>(540,961)</u>	<u>(1,160,912)</u>
Finance costs	5	(1,623)	(455)
Finance income	5	<u>132</u>	<u>-</u>
LOSS BEFORE INCOME TAX	6	<u>(542,452)</u>	<u>(1,161,367)</u>
Income tax	7	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		<u>(542,452)</u>	<u>(1,161,367)</u>
Loss attributable to: Owners of the parent		<u>(542,452)</u>	<u>(1,161,367)</u>
Earnings per share expressed in pence per share			
Basic	9	(0.08)	(0.31)
Diluted		<u>(0.08)</u>	<u>(0.31)</u>

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SURETRACK MONITORING PLC
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2011

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
LOSS FOR THE YEAR	(542,452)	(1,161,367)	(966,124)	(84,111)
OTHER COMPREHENSIVE INCOME	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(542,452)</u>	<u>(1,161,367)</u>	<u>(966,124)</u>	<u>(84,111)</u>
Total comprehensive income attributable to: Owners of the parent	<u>(542,452)</u>	<u>(1,161,367)</u>	<u>(966,124)</u>	<u>(84,111)</u>

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SURETRACK MONITORING PLC
COMPANY NUMBER: 06214926
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 JANUARY 2011

	Notes	2011 £	2010 <i>As restated</i> £
ASSETS			
NON-CURRENT ASSETS			
Goodwill	10	885,028	885,028
Intangible assets	11	45,470	57,137
Property, plant and equipment	12	53,304	6,606
		<u>983,802</u>	<u>948,771</u>
CURRENT ASSETS			
Inventories	14	104,068	79,257
Trade and other receivables	15	256,024	139,092
Cash and cash equivalents	16	520,962	54,185
		<u>881,054</u>	<u>272,534</u>
TOTAL ASSETS		<u>1,864,856</u>	<u>1,221,305</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	17	4,133,344	4,001,430
Share premium	18	1,879,858	756,458
Other reserves	18	(2,148,000)	(2,148,000)
Retained earnings	18	(2,273,917)	(1,735,465)
TOTAL EQUITY		<u>1,591,285</u>	<u>874,423</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	273,458	346,769
Tax payable		113	113
		<u>273,571</u>	<u>346,882</u>
TOTAL LIABILITIES		<u>273,571</u>	<u>346,882</u>
TOTAL EQUITY AND LIABILITIES		<u>1,864,856</u>	<u>1,221,305</u>

The financial statements were approved and authorised for issue by the Board of Directors on 15 June 2011 and were signed on its behalf by:

S G Barrell – Director

SURETRACK MONITORING PLC
COMPANY NUMBER: 06214926
COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 JANUARY 2011

	Notes	2011	2010 <i>As restated</i>
NON-CURRENT ASSETS			
Investments	13	<u>3,033,028</u>	<u>3,845,272</u>
CURRENT ASSETS			
Trade and other receivables	15	1,272,917	602,559
Cash and cash equivalents	16	<u>429,952</u>	<u>-</u>
TOTAL ASSETS		<u>4,735,897</u>	<u>4,447,831</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	17	4,133,344	4,001,430
Share premium	18	1,880,022	756,622
Retained earnings	18	<u>(1,341,666)</u>	<u>(379,542)</u>
TOTAL EQUITY		<u>4,671,700</u>	<u>4,378,510</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	<u>64,197</u>	<u>69,321</u>
TOTAL LIABILITIES		<u>64,197</u>	<u>69,321</u>
TOTAL EQUITY AND LIABILITIES		<u>4,735,897</u>	<u>4,447,831</u>

The financial statements were approved and authorised for issue by the Board of Directors on 15 June 2011 and were signed on its behalf by:

S G Barrell - Director

SURETRACK MONITORING PLC
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2011

	Called up share capital £	Profit and loss account £	Share premium £	* Other reserves £	Total equity £
Balance at 1 February 2009	2,854,960	(574,098)	29,220	(2,148,000)	162,082
Changes in equity					
Issue of share capital	1,146,470	-	727,238	-	1,873,708
Total comprehensive income	-	(1,161,367)	-	-	(1,161,367)
Balance at 31 January 2010	<u>4,001,430</u>	<u>(1,735,465)</u>	<u>756,458</u>	<u>(2,148,000)</u>	<u>874,423</u>
Changes in equity					
Issue of share capital	131,914	-	1,123,400	-	1,255,314
Total comprehensive income	-	(542,452)	-	-	(542,452)
Share based payment charge	-	4,000	-	-	4,000
Balance at 31 January 2011	<u>4,133,344</u>	<u>(2,273,917)</u>	<u>1,879,858</u>	<u>(2,148,000)</u>	<u>1,591,285</u>

* In the year ended 31 January 2010, an amount of £727,238 was incorrectly credited to other reserves in respect of the acquisition of IBP limited. This amount should have been credited to the share premium account. The comparatives have been amended accordingly.

SURETRACK MONITORING PLC
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2011

	Called up share capital £	Profit and loss account £	Share premium £	* Other reserves £	Total equity £
Balance at 1 February 2009	2,854,960	(295,431)	29,220	-	2,588,749
Changes in equity					
Issue of share capital	1,146,470	-	727,402	-	1,873,872
Total comprehensive income	-	(84,111)	-	-	(84,111)
Balance at 31 January 2010	<u>4,001,430</u>	<u>(379,542)</u>	<u>756,622</u>	<u>-</u>	<u>4,378,510</u>
Changes in equity					
Issue of share capital	131,914	-	1,123,400	-	1,255,314
Total comprehensive income	-	(966,124)	-	-	(966,124)
Share based payment charge	-	4,000	-	-	4,000
Balance at 31 January 2011	<u>4,133,344</u>	<u>(1,341,666)</u>	<u>1,880,022</u>	<u>-</u>	<u>4,671,700</u>

* In the year ended 31 January 2010, an amount of £727,238 was incorrectly credited to other reserves in respect of the acquisition of IBP Limited. This amount should have been credited to the share premium account. The comparatives have been amended accordingly.

SURETRACK MONITORING PLC
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2011

	Notes	Group 2011 £	Group 2010 £
Cash flows from operating activities			
Cash generated from operations	21	(716,348)	(170,536)
Interest paid		(6,323)	(455)
Net cash from operating activities		<u>722,671</u>	<u>(170,991)</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(13,825)	(10,112)
Purchase of tangible fixed assets		(52,172)	(14,352)
Bank overdraft acquired with subsidiary		-	(2,870)
Interest received		132	-
Net cash from investing activities		<u>(65,865)</u>	<u>(27,334)</u>
Cash flows from financing activities			
Share issues net of expenses		<u>1,255,313</u>	<u>176,483</u>
Net cash from financing activities		<u>1,255,313</u>	<u>176,483</u>
Increase/(Decrease)/ in cash and cash equivalents		466,777	(21,842)
Cash and cash equivalents at beginning of year	22	<u>54,185</u>	<u>76,027</u>
Cash and cash equivalents at end of year	22	<u>520,962</u>	<u>4,185</u>

SURETRACK MONITORING PLC
COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2011

	Notes	Company 2011	<i>Company 2010</i>
Cash flows from operating activities			
Cash generated from operations	21	(825,493)	<i>(176,600)</i>
Interest paid		<u>-</u>	<u>-</u>
Net cash from operating activities		<u>(825,493)</u>	<u><i>(176,600)</i></u>
Cash flows from investing activities			
Purchase of intangible fixed assets		-	-
Purchase of tangible fixed assets		-	-
Bank overdraft acquired with subsidiary		-	-
Interest received		132	-
Net cash from investing activities		<u>(825,361)</u>	<u>-</u>
Cash flows from financing activities			
Share issues net of expenses		1,255,313	<i>176,600</i>
Net cash from financing activities		<u>1,255,313</u>	<u><i>176,600</i></u>
Increase/(Decrease)/ in cash and cash equivalents			
		429,952	-
Cash and cash equivalents at beginning of year	22	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	22	<u>429,952</u>	<u>-</u>

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2011

1. ACCOUNTING POLICIES

Background information

Suretrack Monitoring plc is the Groups ultimate parent company. It is incorporated and domiciled in Great Britain. The address of Suretrack Monitoring plc's registered office is 17A The Square, Kenilworth, Warwickshire, CV8 1EF which is also the Group's principal place of business. Suretrack Monitoring plc's shares are listed on the AIM of the London Stock Exchange.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except that they have been modified to include the presentation of certain non-current financial assets and liabilities at fair value.

The consolidated financial statements of Suretrack Monitoring plc are presented in pounds sterling, which is also the functional currency of the Group.

The financial statements have been prepared on a going concern basis as outlined in the Directors Report.

Basis of consolidation

The group financial statements consolidate the accounts of Suretrack Monitoring PLC and all of its subsidiary undertakings made up to 31 January 2011. The group income statement includes the results of all subsidiary undertakings for the period from the date of their acquisition and up to the date of disposal.

Inter-company transactions and balances between group companies are eliminated.

IFRS Changes

As at the date of approval of these financial statements some standards and interpretations were in issue but not yet effective. The Directors expect that the adoption of these standards and interpretations in future accounting periods will not have a material impact on the group or company's results.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of VAT. Monitoring income where invoiced annually in advance is recognised over the period to which it relates.

Sales of goods are recognised when goods are delivered and title has passed. Interest income is recognised on an accruals basis.

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. Separately recognised goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

1. **ACCOUNTING POLICIES - continued**

Customer database

The customer database is valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal instalments over their estimated useful life of 5 years. Amortisation costs are included within administrative expenses.

Development Costs

Development costs are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal instalments over the estimated useful life of 5 years. Amortisation costs are included within administration expenses.

Patents and licenses

Patents and licenses are recognised at historical cost. The patents and licences have an indefinite useful life and is reviewed for an impairment annually.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant & machinery	- 25% on reducing balance
Furniture and equipment	- 20% on reducing balance and - 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Financial Instruments

Financial instruments are initially recognised at fair value. Fair value is the amount at which such an instrument could be exchanged in an arm's-length transaction between informed and willing parties.

Investments in subsidiary undertakings are stated at cost less impairment.

Unquoted investments with no reliable measure of fair value are stated at cost less impairment. Income from these investments is recognised in the income statement when entitlement is established.

Derecognition of financial assets occurs when the rights to receive cash flows from the investments expire or substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each statement of financial position date whether or not there is objective evidence that a financial asset is impaired.

Trade and other receivables are recognised initially at fair value and subsequently restated for any impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Cash and cash equivalents comprise cash at bank and in hand as well as short term bank deposits.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

1. **ACCOUNTING POLICIES - continued**

Financial Instruments - continued

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the company becomes party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, less settlement payments. Interest related charges are recognised as an expense in finance costs in the income statement.

Finance charges, including premiums payable on settlement or redemption and direct issue costs are charged to the income statement on an accruals basis using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables are obligations to pay for goods, services and fees that have been either acquired or incurred in the ordinary course of business. Amounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

A financial liability is derecognised only when the obligation is discharged, cancelled or expires.

Income Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted and substantively enacted by the balance sheet date.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: The initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investment in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Research and development

Expenditure on research is written off in the year in which it is incurred. Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised within administration costs over the period from which the company is expected to benefit.

Leases

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

1. ACCOUNTING POLICIES - continued

Employee benefit costs

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Share based payments

The Group operates equity settled share based compensation plans for remuneration of its Directors and employees. All share-based payment arrangements are recognised in the financial statements in accordance with IFRS 2 'Share based payments'.

All services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to equity.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate, share premium.

Where the equity settled award is cancelled it is treated as if it had vested on the date of cancellation and any cost not recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award is deducted from equity with any excess over fair value being treated as an expense in the income statement.

Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of turnover, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

1. ACCOUNTING POLICIES - continued

The principal estimates and assumptions that could have a significant effect upon the company's financial results relate to impairment matters of group goodwill and parent investments. Further details of estimates and assumptions are set out in each of the relevant accounting policies and detailed notes to the financial statements.

The principal judgements made by management that could have a significant impact upon the company's financial results relate to the following:

- the assertions in the preparation of the financial statements on a going concern basis;
- the assessment and appropriateness of recognition of deferred tax assets;
- the assessment of goodwill, investments and receivables for impairment;

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

2. SEGMENTAL REPORTING

The group has two key operating segments which are overseen by distinct management teams and reported to the board. These are the provision of tracking devices, monitoring and recovery services thereon and the supply, assembly and installation of security equipment. The former is conducted through its subsidiary company, Sure-Track Europe Limited and latter through its subsidiary IBP Limited.

Segmental analysis by reportable segments*:

	Sure-Track Europe		IBP		Central adjustments*		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
	£	£	£	£	£	£	£	£
Revenue from UK	312,175	331,148	263,119	236,769	-	(65,319)	575,294	502,698
Revenue from Europe	-	-	49,318	168,895	-	-	49,318	168,895
Total revenue	312,175	331,148	312,437	405,664	-	(65,319)	624,612	671,493
Interest revenue	-	-	-	-	132	-	132	-
Interest expenses	15	67	6,308	388	-	-	6,323	455
Depreciation	3,424	1,034	2,050	1,102	-	-	5,474	2,136
Amortisation	25,492	23,138	-	-	-	-	25,492	23,138
Loss before tax	288,359	126,265	100,211	110,656	153,882	924,446	542,452	1,161,367
Total Liabilities	1,125,814	603,644	339,257	269,804	(1,191,500)	(526,566)	273,571	346,882
Total Assets	431,983	198,261	100,133	130,891	1,332,740	892,153	1,864,856	1,221,305

* The measurement of information in the table above that is reported to the board does not include consolidation adjustments or central costs.

During the year both Sure-Track Europe and IBP made sales to individual customers that exceed 10% of the total revenue. Sure-Track Europe made sales to one individual customers of £72,423. IBP made sales to one individual customers of £51,062.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

3. EMPLOYEES AND DIRECTORS

	2011	2010
	£	£
Wages and salaries	397,513	324,707
Social security costs	31,784	34,103
Other pension costs	-	2,000
	429,297	360,810

The average monthly number of employees during the year was as follows:

	2011	2010
Directors	4	4
Administration	8	3
Sales	2	-
	14	7

Directors' remuneration	£ 87,017	£ 49,341
Directors' pension contributions to money purchase schemes	-	2,000
	-	2,000

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	-	1
	-	1

The following table provides details of the remuneration and fees excluding share options of all the directors holding office at 31 January 2011:

	2011	2010
Executive Directors		
W Hirons	42,933	33,066
Non executive Directors		
S Barrell *	15,050	-
B Wise *	10,968	-
N G T Linacre	9,250	5,275
M Thompson	4,166	5,000
M G Fairbotham	4,650	6,000
	87,017	49,341
Key Management	97,958	115,498

*The services of S Barrell are provided through a consultancy agreement with SGB Consulting dated 3 August 2010. Mr Barrell does not receive any fees as a director of the company.

The services of B Wise are provided through a consultancy agreement with Belton Consulting Limited dated 3 August 2010. Mr Wise does not receive any fees as a director of the company.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

4. EXCEPTIONAL COSTS

	2011 £	2010 £
Impairment of goodwill in IBP Limited	-	868,162
Redundancy costs	<u>23,819</u>	<u>-</u>
	<u>23,819</u>	<u>868,162</u>

5. FINANCE INCOME AND FINANCE COSTS

	2011 £	2010 £
Finance income:		
Deposit account interest	<u>132</u>	<u>-</u>
Finance costs:		
Loan Interest	1,608	-
Bank interest	<u>15</u>	<u>455</u>
	<u>1,623</u>	<u>455</u>

6. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging/(crediting):

	2011 £	2010 £
Cost of inventories recognised as expense	336,154	295,260
Other operating leases	8,742	(6,319)
Depreciation - owned assets	5,475	2,136
Goodwill impairment	-	868,162
Customer database amortisation	8,000	8,000
Development costs amortisation	17,492	15,138
Auditors' remuneration	11,000	10,000
The auditing of accounts of associates of the company pursuant to legislation	7,000	4,550
Foreign exchange differences	2,553	78
Research and development	<u>(13,557)</u>	<u>2,730</u>

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

7. INCOME TAX

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 January 2011 nor for the year ended 31 January 2010.

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2011 £	2010 £
Loss on ordinary activities before tax	<u>(542,452)</u>	<u>(1,161,367)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2010 - 28%)	(108,490)	(325,183)
Effects of:		
Disallowed items	-	-
Depreciation in excess of capital allowances on qualifying assets	-	-
Losses utilised	-	-
Other tax adjustments	<u>108,490</u>	<u>325,183</u>
Total income tax	<u>-</u>	<u>-</u>

Factors that may effect future tax charges

There is an unrecognised deferred tax asset of £221,433. This relates to estimated surplus trading losses carried forward which are relieved against future profits of the same trade amounting to £1,107,169.

8. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £966,124 (2010 - £84,111), which includes an impairment of the carrying value of investments as shown in note 13 of the financial statements.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

9. EARNINGS PER SHARE

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

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	Earnings £	2011 Weighted average number of shares £	Per-share amount pence £
Basic EPS			
Earnings attributable to ordinary shareholders	(542,452)	661,347,670	(0.08)
Effect of dilutive options	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Diluted EPS			
Adjusted earnings	<u>(542,452)</u>	<u>661,347,670</u>	<u>(0.08)</u>
	<i>Earnings</i>	<i>2010 Weighted average number of shares</i>	<i>Per-share amount</i> pence
Basic EPS			
Earnings attributable to ordinary shareholders	(1,161,367)	377,985,000	(0.31)
Effect of dilutive options	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Diluted EPS			
Adjusted earnings	<u>(1,161,367)</u>	<u>377,985,000</u>	<u>(0.31)</u>

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

10. GOODWILL

Group

	£
COST	
At 31 January 2009	-
Additions	<u>1,753,190</u>
At 31 January 2010	1,753,190
Additions	<u>-</u>
At 31 January 2011	<u>1,753,190</u>
 AMORTISATION	
At 31 January 2009	-
Impairments	<u>868,162</u>
At 31 January 2010	868,162
Impairments	<u>-</u>
At 31 January 2011	<u>868,162</u>
 NET BOOK VALUE	
At 31 January 2009	<u>-</u>
At 31 January 2010	<u>885,028</u>
At 31 January 2011	<u>885,028</u>

Group

Impairment

During the financial year ended January 2010 the company acquired the entire issued share capital of IBP Limited, Goodwill arising on consolidation amounted to £1,753,190 and an impairment to goodwill of £868,162.

The carrying amount of goodwill is allocated to the cash generating units (CGU's) as follows:

	2011 £	2010 £
Security installation and supply	<u>885,028</u>	<u>885,028</u>
	<u>885,028</u>	<u>885,028</u>

The recoverable amounts of the above CGU's have been determined from value in use calculations based on cash flow projections from formally approved budgets covering a five year period to 31 January 2016. Other major assumptions are as follows:

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

	Security installation and supply %
Discount rate	5
Operating margin*	24
Growth rate**	2

*Operating margin for year 2 onwards.

** Growth rate set at 2% following projected operating cash flows for the two years to January 2013.

Operating margins have been based on past experience and future expectations in the light of anticipated economic and market conditions. Discount rates are based on the Group's beta adjusted to reflect management assessment of specific risks related to the cash generating unit. Growth rates are based on economic data relating to the CGU concerned.

The recoverable amount for the CGU,

- Security installation and supply is equal to its carrying amount following the impairment write down disclosed above.

The underlying assumptions for the discount rate would need to increase by in excess of 10% or the forecast for operating margin or growth would need to reduce substantially for a potential impairment to the recoverable amount to be triggered. Understandably, a combination of these factors could also trigger impairment in the future.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

11. **INTANGIBLE ASSETS**

Group Cost	Customer database £	Development costs £	Patents and licences £	Total £
Balance at 1 February 2009	40,000	71,514	-	111,514
Additions - externally acquired	-	10,031	-	10,031
Acquired through business combinations	-	-	3,970	3,970
Balance at 31 January 2010	<u>40,000</u>	<u>81,545</u>	<u>3,970</u>	<u>125,515</u>
Balance at 1 February 2010	40,000	81,545	3,970	125,515
Additions - externally acquired	-	13,825	-	13,825
Balance at 31 January 2011	<u>40,000</u>	<u>95,370</u>	<u>3,970</u>	<u>139,340</u>
Accumulated amortisation				
Balance at 1 February 2009	16,000	29,240	-	45,240
Amortisation charge for the year	8,000	15,138	-	23,138
Balance at 31 January 2010	<u>24,000</u>	<u>44,378</u>	<u>-</u>	<u>68,378</u>
Balance at 1 February 2010	24,000	44,378	-	68,378
Amortisation charge for the year	8,000	17,492	-	25,492
Balance at 31 January 2011	<u>32,000</u>	<u>61,870</u>	<u>-</u>	<u>93,870</u>
Net book value				
At 1 February 2009	<u>24,000</u>	<u>42,274</u>	<u>-</u>	<u>66,274</u>
At 31 January 2010	<u>16,000</u>	<u>37,167</u>	<u>3,970</u>	<u>57,137</u>
At 31 January 2011	<u>8,000</u>	<u>33,500</u>	<u>3,970</u>	<u>45,470</u>

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

12. **PROPERTY, PLANT AND EQUIPMENT**

Group	Plant & machinery £	Furniture and equipment £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1 February 2009	-	4,592	-	-	4,592
Additions	990	4,995	2,700	7,505	16,190
	990	9,587	2,700	7,505	20,782
At 31 January 2010	990	9,587	2,700	7,505	20,782
Additions	-	4,307	45,000	2,865	52,172
At 31 January 2011	990	13,894	47,700	10,370	72,954
DEPRECIATION					
At 1 February 2009	-	1,469	-	-	1,469
Charges for year	486	4,979	675	6,567	12,707
At 31 January 2010	486	6,448	675	6,567	14,176
At 1 February 2010	486	6,448	675	6,567	14,176
Charge for year	126	1,261	3,672	415	5,474
At 31 January 2011	612	7,709	4,347	6,982	19,650
NET BOOK VALUE					
At 31 February 2009	-	3,123	-	-	3,123
At 31 January 2010	504	3,139	2,025	938	6,606
At 31 January 2011	378	6,185	43,353	3,388	53,304

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

13. **INVESTMENTS**

Company

**Shares in
group
undertakings
£**

COST

At 1 February 2009 2,148,000

Additions 1,697,272

At 31 January 2010 3,845,272

Additions -

At 31 January 2011 **3,845,272**

IMPAIRMENT

At 1 February 2009 -

Charges -

At 31 January 2010 -

Charges (812,224)

At 31 January 2011 **(812,224)**

NET BOOK VALUE

At 31 January 2011 **3,033,028**

At 31 January 2010 3,845,272

At 31 January 2009 2,148,000

The group or the company's investments at the balance sheet date in the share capital of companies include the following:

Name	Incorporated in	Percentage Holding	Nature of Business
Sure-Track Europe Limited	UK	100.0%	Provision of tracking devices
IBP Limited	UK	100.0%	Supply, assembly, install of security equipment

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

14. INVENTORIES

	2011 £	2010 £
Raw materials	17,091	31,603
Finished goods	<u>86,977</u>	<u>47,654</u>
	<u>104,068</u>	<u>79,257</u>

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Current:				
Trade receivables	114,375	114,572	-	-
Amounts owed by group undertakings	-	-	1,255,608	580,449
Other receivables	8,709	-	8,709	-
Directors' current accounts	4,887	603	-	-
Called up share capital not paid	-	16,500	-	16,500
Prepayments and accrued income	<u>128,053</u>	<u>7,417</u>	<u>8,600</u>	<u>5,610</u>
	<u>256,024</u>	<u>139,092</u>	<u>1,272,917</u>	<u>602,559</u>

Disclosure of credit risk

The directors consider that the carrying amount of trade and other receivables approximates to their value.

The ageing of the trade receivables as at 31 January 2011 is detailed below:

	2011 Gross	2011 Allowance	2010 Gross	2010 Allowance
0 to 30 days	88,134	-	55,870	-
30 to 60 days	25,256	-	36,484	-
60 to 90 days	6,767	5,391	24,535	8,313
Over 90 days	<u>(391)</u>	<u>-</u>	<u>5,996</u>	<u>-</u>
	<u>119,766</u>	<u>5,391</u>	<u>122,885</u>	<u>8,313</u>

The movement in allowance for doubtful debts in respect of trade receivables is detailed below:

	2011 £	2010 £
Opening Balance	8,313	-
Additional Provisions	-	8,313
Utilised in Period	<u>(2,922)</u>	<u>-</u>
Closing balance	<u>5,391</u>	<u>8,313</u>

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Cash in hand	72	640	-	-
Bank accounts	<u>520,890</u>	<u>53,545</u>	<u>429,952</u>	<u>-</u>
	<u>520,962</u>	<u>54,185</u>	<u>429,952</u>	<u>-</u>

17. CALLED UP SHARE CAPITAL

	Number of Ordinary shares	Nominal Value £	Total Value £
Ordinary Shares			
Issued and fully paid ordinary shares of 1 pence each:			
31 January 2010	400,143,000	0.01	4,001,430
Placing – March 2010	<u>138,000</u>	0.01	<u>1,380</u>
31 July 2010	<u>400,281,000</u>		<u>4,002,810</u>
On 31 July 2010 the company undertook a capital reorganisation whereby each 1 pence ordinary shares was split into 1 new ordinary share of £0.0005 and 1 new deferred share of £0.0095.			
Capital Reorganisation 31 July 2010	400,281,000	0.0005	200,141
Placing August 2010	236,066,670	0.0005	118,033
Debt Capitalisation August 2010	<u>25,000,000</u>	0.0005	<u>12,500</u>
Total	<u>661,347,670</u>		<u>330,674</u>

Deferred shares

Since 31 July 2010 there have been 400,281,000 deferred shares at a nominal value of £0.0095.

Total ordinary and deferred shares

The issued share capital as at 31 January 2011 is as follows:

	Number of Shares	Nominal Value £	Total Value £
Deferred shares	400,281,000	0.0095	3,802,670
Ordinary shares	661,347,670	0.0005	<u>330,674</u>
Total			<u>4,133,344</u>

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

17. CALLED UP SHARE CAPITAL - CONTINUE

On flotation to AIM, the company issued 261,066,670 shares with a nominal value of £130,533 for a consideration of £1,566,400. The premium of £1,435,867 was credited to the share premium account.

Transaction costs of £312,467 were incurred on the issue of shares which were settled in cash. These costs have been deducted from the share premium account.

18. RESERVES

Group

	Retained earnings £	Share premium £	* Other reserves £	Totals £
At 1 February 2009	(574,098)	29,220	(2,148,000)	(2,692,878)
Deficit for year	(1,161,367)	-	-	(1,161,367)
Issue of share capital	-	727,238	-	727,238
At 31 January 2010	(1,735,465)	756,458	(2,148,000)	(3,127,007)
Share premium issue of equity	-	1,123,400	-	1,123,400
Deficit for the year	(542,452)	-	-	(542,452)
Share based payment charge	4,000	-	-	4,000
At 31 January 2011	(2,273,917)	1,879,858	(2,148,000)	(2,542,059)

Company

	Retained earnings £	Share premium £	* Other reserves £	Totals £
At 1 February 2009	(295,431)	29,220	-	(266,211)
Deficit for the year	(84,111)	-	-	(84,111)
Issue of share capital	-	727,402	-	727,402
At 31 January 2010	(379,542)	756,622	-	377,080
AIM Placing	-	1,123,400	-	1,123,400
Deficit for the year	(966,124)	-	-	(966,124)
Share based payment charge	4,000	-	-	4,000
At 31 January 2011	(1,341,666)	1,880,022	-	538,356

* In the year ended 31 January 2010, an amount of £727,238 was incorrectly credited to other reserves in respect of the acquisition of IBP Limited. This amount should have been credited to the share premium account. The comparatives have been amended accordingly.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

18. RESERVES- CONTINUE

The following describes the nature and purpose of each reserve within equity:-

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Other reserves	Amounts arising out of share issues as consideration for business combinations for a period before transition to IFRS.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement and consolidated statement of comprehensive income

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Current:	66,913	<i>84,727</i>	22,829	<i>27,251</i>
Trade payables				
Social security and other taxes	40,093	<i>86,965</i>	31,868	<i>31,869</i>
Other payables	-	<i>33,250</i>	-	-
Osprey House Property Loan	-	<i>20,452</i>	-	-
Accruals and deferred income	145,173	<i>118,549</i>	9,500	<i>10,200</i>
VAT	21,279	<i>2,826</i>	-	<i>1</i>
	<u>273,458</u>	<i><u>346,769</u></i>	<u>64,197</u>	<i><u>69,321</u></i>

The ageing of the trade payables as at 31 January 2011 is detailed below:

	2011	2010
	£	£
0 to 30 days	31,067	<i>28,785</i>
30 to 60 days	18,054	<i>33,466</i>
60 to 90 days	13,710	<i>13,395</i>
Over 90 days	4,082	<i>9,081</i>
	<u>66,913</u>	<i><u>84,727</u></i>

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

20. SHARE BASED PAYMENT PLANS

The expense recognised for employee services received during the year is shown in the following table:

	2011	2010
Expenses arising from equity settled share-based Payment transactions	4,000	-

Share options held by directors, employees and third parties are as follows:

Outstanding 1 February 2010	Granted during period	Exercised during period	Lapsed during period	Outstanding 31 January 2011	Date of Grant	Final date of Grant
-	26,000,000	-	-	26,000,000	03/08/2010	03/08/2020
-	6,000,000	-	-	6,000,000	03/08/2010	08/07/2013
-	13,226,953	-	-	13,226,953	03/08/2010	03/08/2014

A modified Black-Scholes model has been used to determine the fair value of the share options on the date of grant. The fair value is expensed to the income statement on a straight line basis over the vesting period, which is determined annually. The model assesses a number of factors in calculating the fair value. These include the market price on the date of grant, the exercise price of the share options, the expected share price volatility of the market sector in which the Group operates, the expected life of the options, the risk free rate of interest and the expected level of dividends in future periods.

The inputs into the model were as follows:

Granted	2011
Weighted average share price	0.006
Expected volatility	40%
Expected life	5 years
Risk-free rate	2.5%
Expected dividend yield	0%

21. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS

	Group 2011	Company 2011	Group 2010	Company 2010
Loss before income tax	(542,452)	(966,124)	(1,161,367)	(84,111)
Depreciation charges	30,967	-	25,274	-
Impairment of goodwill	-	812,243	868,162	-
Finance costs	6,323	-	455	-
Finance income	(132)	(132)	-	-
	(505,294)	(154,013)	(267,476)	(84,111)
Decrease/(Increase) in inventories	(24,811)	-	2,228	-
(Increase)/Decrease in trade and other receivables	(116,932)	(670,356)	(28,380)	(124,277)
Increase/(Decrease) in trade and other payables	(69,311)	(1,124)	123,092	31,788
Cash generated from operations	(716,348)	(825,493)	(170,536)	(176,600)

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

22. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amount:

Year ended 31 January 2011

	31.01.11	<i>01.02.10</i>
	£	£
Cash and cash equivalents	<u>520,962</u>	<u>54,185</u>

Year ended 31 January 2010

	31.01.10	01.02.09
	£	£
Cash and cash equivalents	<u>54,185</u>	<u>76,027</u>

23. PENSION COMMITMENTS

The company no longer operates a defined contribution pension scheme in respect of the directors during this financial year. A previous scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £Nil (2010: £2,000)

24. RELATED PARTY TRANSACTIONS

During the year the company paid fees to its directors of £29,057 (2010:£21,275) which are included within directors remuneration as disclosed in note 3. Included in accountancy services is £29,057 (2010: £10,500) paid to MGF, an entity controlled by M Fairbotham, a former director of the company.

The company had the following amounts outstanding with its subsidiaries at the year end:

	2011	<i>2010</i>
	£	£
Sure-Track Europe Limited	962,578	<i>452,449</i>
IBP Limited	<u>293,030</u>	<u>128,000</u>
	<u>1,255,608</u>	<u>580,440</u>

TRANSACTIONS WITH DIRECTORS

The following loan to directors subsisted during the years ended 31 January 2011 and 31 January 2010:

	2011	<i>2010</i>
	£	£
W Hiron		
Balance outstanding at start of year	603	<i>(15,253)</i>
Amounts advanced	4,284	<i>20,856</i>
Amounts repaid	-	<i>(5,000)</i>
Balance outstanding at end of year	<u>4,887</u>	<u>603</u>

No Interest is charged on this loan.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

25. CONTROLLING INTEREST

There is no overall controlling party.

26. EVENTS AFTER THE BALANCE SHEET DATE

On 1st April Sure-Track Europe Limited purchased the customer database, website and the rights to the name for a consideration of £33,500 of Automotion Security Limited.

27. OPERATING LEASE ARRANGEMENTS

At the balance sheet date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2011	<i>2010</i>
Within one Year	6,557	<i>8,742</i>
In the second to fifth years inclusive	-	<i>6,557</i>
After five years	-	-
	6,557	<i>15,299</i>

Operating lease payments represent rentals payable by the Group for its office premises.

28. RISK MANAGEMENT

General objectives, policies and procedures

The directors have overall responsibility for the determination of the group's risk management objectives and operating processes that ensure effective implementation of the policies set out below. Directors receive monthly reports through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies they set.

The overall objective of the directors is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details of these policies are set out below:-

Financial risk management

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group has exposure to the following risks:

- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

SURETRACK MONITORING PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 JANUARY 2011

28. RISK MANAGEMENT - continued

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The group is mainly exposed to credit risk from credit sales. It is group policy to assess the credit risk of new customers before entering contracts. Subject to this assessment, the group's standard payment and delivery terms and conditions are offered. Purchase limits are established for each customer.

The directors determine concentrations of credit risk through a monthly review of trade receivables' ageing analysis. Customers placed as high risk are placed on a restricted customer list and future sales made on a prepayment basis, subject to the discretion of the directors and local management. Further quantitative disclosures are included in note 15 of the financial statements.

Liquidity risk

Liquidity risk arises from the group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due.

The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The directors receive rolling 12 month cash flow projections on a monthly basis as well as information regarding cash investments. At the year end these projections indicated that the group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to secure new facilities with the bank.

Budgets are set at group level by the directors, enabling the group's cash requirements to be anticipated and any increase in facilities requires the approval of the board of directors. More details in regard to the line items (including contractual maturities) are included in note 19 entitled Trade and other payables.

Capital disclosures

The group monitors "adjusted capital" which comprises all components of equity. The group's objectives when maintaining capital are:

- to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for their stakeholders; and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The group sets the amount of capital it requires in proportion to risk. The group manages its capital structure and makes adjustments in the light of changes in economic circumstances and the risk characteristics of underlying assets. 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 group monitors capital on the basis of the debt to adjusted capital ratio. Net debt is calculated as total debt (as shown in the consolidated statement of financial position) less cash and cash equivalents. The group had net funds as at the year ended 31 January 2011 and 31 January 2010.