red24 plc Financial Report

For the year ended 31 March 2011

red24 is an assistance company that provides a range of security and other assistance services, offering preventative and reactive advice to help individuals and organisations to avoid and manage security risks to themselves, their families and their organisations. The products are distributed through leading international financial service companies.

red24 Cape Town

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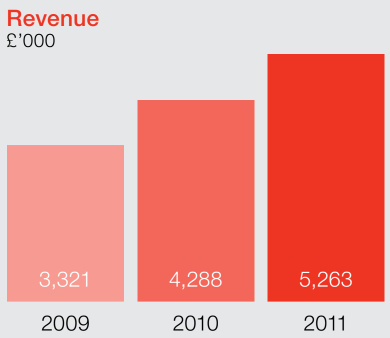
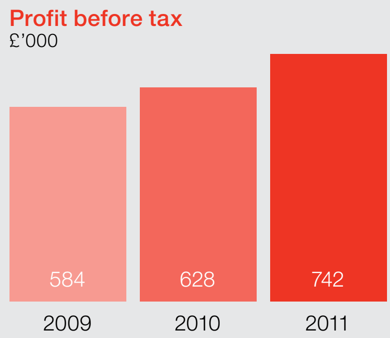
HIGHLIGHTS

- Revenue increased by 22% to £5,263,007 (2010: £4,287,744)
- Profit Before Tax up 18% to £741,946 (2010: £628,294)
- Basic EPS of 1.51p (2010: 1.43p)
- Dividend payment increased by 60% to 0.24p per share (2010: 0.15p) paid in January
- Net cash increased to £1,196,150 (2010: £937,885)
- Two main distribution deals on three year contracts
- New contract wins to provide additional special risk services, including a major international insurer starting May 2011.

+22%	+18%	+60%	+23%
Revenue	Profit before tax	Dividend	Net Cash





Simon Richards, Chairman, commented:

"This has been an excellent year for the Group and one that saw us build on the sound platform created in the previous year. The strength of our performance was across the board, with revenues, profits and cash generation all showing marked improvements on a strong prior year and providing us with the confidence to increase our dividend by 60% as part of our commitment to a progressive dividend strategy.

"Our two key distribution deals with TravelGuard and HSBC are on three year contracts providing a sound platform from which to grow the business. Our response to changes in the demand for additional special risk services has been well received and we have won a significant market share in this area. With this substantial progress in our business we continue to view the future with confidence."

CHAIRMAN'S STATEMENT

The Board are delighted with our organic growth and aim to sustain it.

Introduction
I am pleased to present our annual report for the year ended 31 March 2011.

Financial Overview
The business continues to make excellent progress. Revenue has increased by 22% to £5,263,007 from £4,287,744 achieved last year, which itself was a 29% increase on the year before. All of this growth has been achieved organically. Profit before tax of £741,946 is an increase of 18% on the previous year's £628,294, itself an increase of almost 17% on the year before.

This improvement has also been reflected in both the balance sheet and in cash returns to shareholders. The net assets per share have increased by 50% to 4p from 2.65p and available cash has increased by 23% We were pleased to announce a 60% increase in the dividend paid to shareholders in January this year. The increase to 0.24p per share from 0.15p, is covered by earnings and the Board remain committed to a progressive dividend policy.

The Board are delighted with this organic growth and aim to sustain it. More importantly, the improved financial strength of the group gives the Board the flexibility to expand either by acquiring complementary businesses or by taking on staff with the requisite skills to expand our range of services. To this end the Board have redesignated its business segments as "security assistance" and "other assistance". This reflects the Board's long standing view that we do not wish to enter low margin sectors of the security industry but wish to remain in sectors where we can add value and also to expand our expertise to other industries where the business model developed in the security industry can be profitably pursued. This change has made very little difference to the year just gone, but is expected to assist growth in the coming years. The Board are particularly hopeful of opportunities in the fields of environmental consulting and food safety.

In achieving organic growth the Board aim to sustain margins, but the results for the year have been adversely affected by exchange rate movements and gross profit margins are some 2% lower than last year. Almost all our revenue is in US dollars or sterling whereas 47% of our costs are incurred in rand which has appreciated against both of our revenue generating currencies despite a significantly higher rate of inflation. The decline of the dollar against sterling has also impacted the results as much of our dollar revenue is fixed and so worth less in sterling terms. These are complex factors and whilst the Board continues to believe that it is neither practical nor desirable to hedge these risks fully, we do work to minimise the adverse impact.

Security assistance
red24 is the brand name for our global security service, which provides preventative and reactive advice to help individuals and businesses avoid and manage personal risks to themselves, their staff and their families.

Revenues for the red24 business segment have grown by some 22% and segment profit has increased by 9%. The majority of this growth has come from the increase in business with special risk insurance providers. We announced last year that we had won contracts with three leading US underwriters. These took effect from the beginning of the calendar year 2010, so last year enjoyed only one quarter of revenue from these sources whilst the current year had a full years income. Since then we have succeeded in adding other UK and US underwriters in these fields and have built up a solid reputation in these areas. Further I am pleased to announce a new contract with a major international insurer that started on 1 May 2011 and which will benefit the new financial year.

Last year some 10% of the increase in revenue resulted from an increase in response work for those clients who do not buy the product on an inclusive basis. These revenues are clearly unpredictable and arise where there is a security crisis or a natural disaster that affects members, but interestingly the current year generated a very similar level of work, largely arising from the events associated with the "Arab Spring". We do not budget for these revenues but the world remains an unpredictable place and we envisage that we will continue to get response work of this type.

Improved financial strength of the group gives flexibility to expand

CHAIRMAN'S STATEMENT

Other assistance

To date our other assistance work has been provided by The Arc Training International Academy for Security Management which is one of the UK's leading providers of security management training courses and one of the best-known international security management training companies in the world. The courses offer a range of qualifications and education for full-time security professionals and for managers for whom security is one of their key responsibilities. Each year a published programme of courses, open to all, is run in the UK and, increasingly overseas where they may be branded as Arc courses or in conjunction with local training partners.

During 2011 we have launched Green 24 Ltd. This company has developed a website that provides objective advice on environmental issues that are relevant both to individuals and to corporate clients. The site was launched in mid-January and has been positively received. Users of the web based information can ask for bespoke advice from our experts and can engage them for consulting work. We envisage that the service will assist corporate clients, who are looking to find cost effective solutions to their corporate social responsibility concerns and who will utilise the service both to address specific corporate concerns as well as to provide suitable information to their end consumers.

The passing of the Food Modernisation Act in the United States has introduced significant legislative requirements across the food industry. This has produced an increase in demand for our services in this area and we have recently appointed Eric Smith as Head of Food Safety. Eric has over 30 years of experience, working for the World Health Organisation, Wellcome Trust, the International Meat Trade Association and for the Hong Kong Urban Services Department in their Food and Environmental Hygiene Department. He has carried out research in meat and food safety while being a senior lecturer at University of Salford. We have already increased our team of food specialists in the United States and are developing a website that will support the food and insurance industries as well as providing food safety and hygiene training courses.

The decision to develop the green24 and food safety business has been based on a growing demand for these services and the Board felt it appropriate to exploit these opportunities. We have been able to utilise our existing expertise and facilities in the development of these services making research and development extremely cost effective. The Board intends to continue to pursue a policy of providing assistance services in specialist areas and to high value customers.

Revenues in this segment grew by almost 19%, which came entirely from the training business. The costs of bringing on a new business stream held back the overall profitability of the segment, but future periods should benefit.

Outlook

We have worked hard to establish a reputation for high quality work for well established clients and we see future growth both from our existing services and also from the addition of other services that are likely to be of assistance to our customers.

The work of the past few years is now showing through in the group's financial performance and this is now being reflected more closely in the share price. Although there are risks to any business and these are considered in the Director's Report, the Board feel encouraged by the progress of the last year and are confident of further progress to come.

Staff

Our staff are absolutely crucial to the quality of service provided and to creating an environment where we can attract good quality people who want to come to work for us. The Board are most grateful to all the staff for their hard work and are gratified that so many of them are choosing to build their careers with the group.

Simon Richards
Chairman
9 June 2011

Opportunities to develop assistance services organically in the United States

DIRECTORS' REPORT

Year ended 31 March 2011

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

Principal activities, business review, future developments, principal risks and key performance indicators

red24 plc is incorporated in Scotland and domiciled in England. Its shares are listed on the AIM Market ("AIM") of the London Stock Exchange. The company acts as a holding company. The principal activities of its wholly-owned trading subsidiaries are the provision of security risk management and training services. These activities are expected to continue for the foreseeable future.

A fair review of the business, and its future prospects, is contained in the Chairman's Statement on pages 2 to 3. The Board considers the key performance indicators to be turnover, gross profit, profit before tax and available cash and the Board consider that the progress made in the second half of the year was satisfactory. The Board intend to adopt non-financial key performance indicators in the coming year.

The principal risks and uncertainties facing the group continue to include the timing of revenues. Revenues have grown to a degree that monthly revenues almost always exceed monthly costs and both the trading divisions, and the group as a whole, are now trading profitably. Profitability has led to an improved cash flow and a much stronger balance sheet, thereby enabling the group to maintain reserves against the possibility of periods of reduced working capital. Internally the dependence on one or two key accounts for a significant proportion of our revenue remains a key risk. The Board are endeavouring to mitigate this risk by broadening the customer base. Externally the economic environment remains a challenging one as many governments struggle with debt constraints. This has implications for the relative value of currencies and not least sterling, which is our reporting currency. The past year has seen significant growth in our dollar revenues and costs, and we also have a significant rand cost base in South Africa. However the impact of currency movements on our earnings cannot be reliably forecast and remain an area of uncertainty. Other normal business risks include dependence on the continued availability of key personnel to ensure that our clients receive the level of service they are entitled to expect, and the ability of the group to continue to provide that level of service. The reputation of the group is critical to its continued success and the group works hard to develop and protect its reputation by ensuring that it only associates itself with activities that are appropriate for a business in its sector.

Results for the year

The financial result for the year ended 31 March 2011 and the comparative result for the year ended 31 March 2010 are set out on page 13. An interim dividend of 0.24p per share (2010: 0.15p) was paid on 17 January 2011, no final dividend is recommended (2010: £Nil).

Directors

S A Richards, J E A Mocatta and M S H Worsley-Tonks held office throughout the year.

J E A Mocatta retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Biographies of Directors

Simon Richards, who is a Chartered Accountant, is the company's executive chairman. He also acts as the part time finance director as well as being the chairman of Sidebell Limited.

Mal Worsley-Tonks is the group's chief executive. A former Lieutenant Colonel in the British Army, having commanded a regular Parachute Battalion, he has over ten years' experience in the security industry.

John Mocatta, who is a Chartered Accountant, is the company's non-executive director. He is a specialist in corporate finance and has previously been both an executive and a non-executive director of a number of public and private companies.

DIRECTORS' REPORT

Year ended 31 March 2011

Directors' interests

The interests of the directors in the company's share capital, including shares held by companies controlled by the directors, were as follows:

	31 March 2011		
	Ordinary shares of 1p each	Ordinary share options (iii)	Ordinary share options (iv)
S A Richards (i)	580,000	50,000	–
J E A Mocatta (ii)	600,000	50,000	–
M S H Worsley-Tonks	913,500	175,000	500,000

	1 April 2010		
	Ordinary shares of 1p each	Ordinary share options (iii)	Ordinary share options (iv)
S A Richards (i)	580,000	50,000	–
J E A Mocatta (ii)	600,000	50,000	–
M S H Worsley-Tonks	913,500	175,000	500,000

(i) S A Richards is interested in the shares of Sidebell Limited, which held 13,059,250 ordinary shares of 1p each at 31 March 2011 (1 April 2010: 12,659,250 ordinary shares of 1p each).

At 31 March 2010 Sidebell Limited also held warrants to subscribe for 1,150,000 ordinary shares of 1p each at a subscription price of 5p per share at any time up to 30 September 2010. These warrants were exercised during the year.

S A Richards is also interested in the shares of Financial & General Securities Limited, which held 500,000 new ordinary shares of 1p each at 31 March 2011 (1 April 2010: 500,000).

(ii) J E A Mocatta is also interested in 20,000 (1 April 2010: 20,000) ordinary shares held in trust for his grandchildren.

(iii) On 16 April 2004 options over ordinary shares of 1p each at a price of 18.75p per share were granted to directors and certain employees. These options are exercisable between 16 April 2006 and 15 April 2014.

(iv) On 2 March 2010 options over ordinary shares of 1p each at a price of 8p per share were granted to M S H Worsley-Tonks. These options are exercisable between 31 March 2013 and 31 March 2016.

DIRECTORS' REPORT

Year ended 31 March 2011 continued

Substantial shareholdings

The following shareholders had advised the company of holding an interest of 3 per cent or more in the issued ordinary share capital of the company at 13 May 2011:

	Number of ordinary shares of 1p each	Percentage of issued ordinary share capital
Sidebell Limited	13,059,250	26.80
J M Briggs and EMIS	8,128,568	16.68
Hargreave Hale Nominees	2,288,217	4.70
R G C Whiting and Regent Trust Company	2,169,922	4.45
Pershing Nominees	2,035,000	4.18
TD Waterhouse Nominees Europe	1,902,582	3.90
Barclayshare Nominees	1,821,674	3.74

Directors' and officer's liability insurance

During the year the company has maintained insurance to indemnify the directors against potential claims arising from the performance of their duties.

Related parties

The group considers that the Directors, their spouses and children and other companies or businesses of which the Directors, their spouses or children are either directors or principals, or both, are related parties. Full details of transactions with related parties are disclosed in note 24 to these accounts. The interests of related parties in the shares of the company are set out above.

Equal opportunities

The group endorses and supports the principles of equal employment opportunities. It is the policy of the group to provide equal employment opportunities to all qualified individuals, which ensures that all employment decisions are made, subject to legal obligations, on a non-discriminatory basis.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that the training, career development and promotion opportunities of disabled persons should, as far as possible, be identical with those of other employees.

Product development

The group invests in its products and services on a continuous basis to ensure that its offerings remain at the forefront of those on offer in the market place.

Suppliers' payment terms

It is the policy of the group to agree terms of payment with its suppliers when trading relationships are established, to ensure that the terms of payment are clear and to abide by the agreed terms, provided the suppliers meet their obligations. Payable days at 31 March 2011 were 33 (2010: 44) for the group and 43 (2010: 39) for the company.

Financial instruments

Details of the financial instruments of the company and its subsidiary undertakings are contained in note 25.

Employee participation

The group values the involvement of its employees and keeps them informed of matters affecting them as employees and on the various factors affecting the performance of the group. Employees are encouraged to become shareholders in the company through the share loan scheme.

Statement as to disclosure of information to auditor

Each of the directors confirms that, so far as he is aware, there is no relevant audit information of which the company's auditor is unaware, and that he has taken all 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 company's auditor is aware of that information.

Auditor

A resolution proposing that Baker Tilly UK Audit LLP, Chartered Accountants, be appointed as auditor of the company will be put to the members at the Annual General Meeting. Baker Tilly UK Audit LLP have indicated its willingness to continue in office.

On behalf of the Board

J E A Mocatta
Secretary
9 June 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare group and company financial statements for each financial year. The directors are required by the AIM Rules of the London Stock Exchange to prepare group financial statements in accordance with International Financial Reporting Standards ("IFRS") – as adopted by the European Union ("EU") and have elected under company law to prepare the company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the group and the company and the financial performance of the group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group for that period.

In preparing the group and company financial statements, the directors are required to:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and accounting estimates that are reasonable and prudent;

c. state whether they have been prepared in accordance with IFRSs adopted by the EU;

d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the red24 plc website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CORPORATE GOVERNANCE STATEMENT

As a company listed on the AIM Market of the London Stock Exchange, the Directors' policy is, as far as is possible in relation to the group's size, to manage the affairs of the group in accordance with the Principles of Good Governance and Code of Best Practice issued by the Financial Reporting Council ("the Combined Code").

Application of the principles of good governance

The names of the directors and their respective responsibilities are shown on page 4. The Board presently consists of two executive and one non-executive director. The full Board meets regularly and receives appropriate information from management in advance of its meetings. Certain functions are delegated to Board Committees.

The Remuneration Committee is chaired by the non-executive director and consists of that director and the Chairman. Its key role is to make recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost and to determine on behalf of the Board specific remuneration packages for the Executive Directors.

The Audit Committee consists of the Chairman and the non-executive director, both of whom are Chartered Accountants. The Committee, which is chaired by the non-executive director, meets with the independent auditor to consider the group's financial reporting in advance of its publication.

The Board considers that its structure is appropriate to its present stage of development and that the non-executive director is independent of the executives in both character and judgement.

Internal control

The Board has overall responsibility for ensuring that the group maintains a system of internal control to provide it with reasonable assurance regarding the reliability of information used within the business and for publication and that assets are safeguarded. There are inherent limitations in any system of internal control and, accordingly, even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets.

The key features of the internal control system that operated during the year may be summarised as follows:

- Board responsibility for overall strategy and for approving budgets, forecasts and plans;
- clear lines of authority, responsibility and financial accountability within each business unit, ensuring an appropriate organisational structure for planning, executing, controlling and monitoring its business operations;
- consideration and review by the Board of monthly management accounts which compare actual results with budgets and prior years' results;
- regular reporting of legal and accounting developments to the Board; and
- comprehensive accounting policies and regular reviews of compliance with those policies.

The Audit Committee reviews the operation and effectiveness of this framework on a regular basis and, on behalf of the Board, has reviewed the half yearly report and the annual financial statements along with the nature and scope of the external audit.

The directors consider that there have been no weaknesses in internal financial control that have resulted in any material losses, contingencies or uncertainties requiring disclosure in the group's financial statements.

Relations with shareholders

The Chairman and Chief Executive make themselves available to major shareholders on request and periodically attend meetings with and presentations to shareholders. The Annual General Meeting is normally attended by all directors and shareholders are invited to ask questions during the meeting and to meet with directors after the formal proceedings have ended.

Going concern

Having made enquiries, the directors have a reasonable expectation that the company and the group as a whole will have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

CORPORATE GOVERNANCE STATEMENT

Auditor independence

The Audit Committee undertakes a formal assessment of the external auditor's independence each year which includes:

- a review of non-audit services provided to the group and related fees;
- receipt from the auditor of a written report detailing relationships with the company and any other parties that could affect independence or the perception of independence;
- a review of the auditor's own procedures for ensuring independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- obtaining written confirmation from the auditor that, in their professional judgement, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 4 to the financial statements.

On behalf of the board

J E A Mocatta
Audit Committee Chairman
9 June 2011

REMUNERATION REPORT

Year ended 31 March 2011

The Remuneration Committee comprises J E A Mocatta, as Chairman, and S A Richards.

Policy on remuneration of Executive Directors

The purpose of the Remuneration Committee is to consider all aspects of executive directors' remuneration and determine the specific remuneration packages of each of the executive directors and, as appropriate, other senior executives, ensuring that the remuneration packages are competitive within the service industry and reflect both group and personal performance.

The current remuneration packages of the executive directors consist of basic salary, share options and a discretionary bonus.

M S H Worsley-Tonks has a letter of appointment dated 1 April 2008, which is capable of termination by twelve months notice by either party.

S A Richards has a letter of appointment dated 23 September 2004, which is capable of termination by twelve months' notice by either party.

Non-executive Director

John Mocatta & Co has agreed to provide the services of J E A Mocatta, as a non-executive director, under a letter of appointment dated 23 September 2004. The remuneration of the Non-Executive Director is set by the Board as a whole and the appointment is capable of termination by the giving of twelve months' notice by either party.

Directors' remuneration

The emoluments of the individual directors, which comprise salaries or fees and bonus were as follows:

	2011		
	Salary or fees £	Bonus £	Total £
S A Richards	73,000	7,300	80,300
J E A Mocatta	34,500	2,400	36,900
M S H Worsley-Tonks	96,000	19,200	115,200
	203,500	28,900	232,400

	2010		
	Salary or fees £	Bonus £	Total £
S A Richards	70,000	7,000	77,000
J E A Mocatta	33,000	3,300	36,300
M S H Worsley-Tonks	90,000	18,000	108,000
	193,000	28,300	221,300

None of the directors received any benefits in kind during the year or during the previous year, nor were any pension contributions made on behalf of any director in either year.

REMUNERATION REPORT

Year ended 31 March 2011

Directors' interests in shares and options

The interests of the directors holding office at 31 March 2011 in the company's share capital, including share options and also including shares held by companies controlled by the directors, are shown in the directors' report on page 5. The directors are not eligible to participate in the group's share loan scheme.

The directors continue to believe that the success of the group will depend to a high degree on the future performance of the management team. On 2 March 2010 the Board awarded M S H Worsley-Tonks share options to subscribe to 500,000 ordinary shares at a price of 8p per share at any anytime between 31 March 2013 and 31 March 2016. This reflected his contribution both to the continued profitability of the company and to the development of new revenue streams, which have been the core of the organic growth this financial year.

Managers and staff are encouraged to take advantage of the group's share loan scheme and actually purchase shares. Last year the Board were highly gratified that the scheme was used by seventeen members of staff, who made commitments of £35,100 during the year and in April 2011 eleven members of staff made further commitments of £37,100.

The Board believe that the direct participation in the equity of the company leads to a significant reduction in staff turnover and is a far more effective method than the awarding of share options in ensuring that the longer term interests of staff and shareholders coincide.

J E A Mocatta
Remuneration Committee Chairman
9 June 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RED24 PLC

Year ended 31 March 2011

We have audited the group and parent company financial statements on pages 13 to 45. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

Respective responsibilities of directors and auditor

As more fully explained in the Statement of Directors' Responsibilities on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's ("APB's") Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the 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's affairs as at 31 March 2011 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received by 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.

Euan Banks (Senior Statutory Auditor)
for and on behalf of BAKER TILLY UK AUDIT LLP,
Statutory Auditor
Chartered Accountants
25 Farringdon Street
London
EC4A 4AB

9 June 2011

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2011

	Notes	2011 £	2010 £
Revenue	3	5,263,007	4,287,744
Cost of sales		(1,244,959)	(926,148)
Gross profit		4,018,048	3,361,596
Administrative expenses		(3,277,414)	(2,704,818)
Operating profit	4	740,634	656,778
Investment income	5	2,881	3,622
Finance costs	6	(1,569)	(32,106)
Profit before tax	3	741,946	628,294
Tax (charge)/credit	10	(17,481)	9,075
Profit for the year attributable to owners of the parent	21	724,465	637,369
Basic earnings per share (pence)	11	1.51p	1.43p
Diluted earnings per share (pence)	11	1.50p	1.40p

The results above arose from continuing operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Profit for the year		724,465	637,369	210,180	283,667
Other comprehensive income for the year net of tax					
Currency translation differences	21	13,945	5,536	–	–
Total comprehensive income for the year attributable to owners of the parent		738,410	642,905	210,180	283,667

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

Attributable to owners of the parent	Share capital £	Share premium £	Other reserves £	Translation reserve £	Revenue reserve £	Total £
Balance at 1 April 2009	444,411	–	45,570	62,118	(23,321)	528,778
Total comprehensive income for the year	–	–	–	5,536	637,369	642,905
Transactions with owners						
Issue of shares	28,000	114,600	–	–	–	142,600
Transfer on exercise of warrants	–	–	(6,140)	–	6,140	–
Dividends paid	–	–	–	–	(66,662)	(66,662)
Total transactions with owners	28,000	114,600	(6,140)	–	(60,522)	75,938
Share based payments	–	–	4,950	–	–	4,950
Balance at 31 March 2010	472,411	114,600	44,380	67,654	553,526	1,252,571
Total comprehensive income for the year	–	–	–	13,945	724,465	738,410
Transactions with owners						
Issue of shares	11,500	46,000	–	–	–	57,500
Transfer on exercise of warrants	–	–	(1,960)	–	1,960	–
Dividends paid	–	–	–	–	(116,139)	(116,139)
Total transactions with owners	11,500	46,000	(1,960)	–	(114,179)	(58,639)
Balance at 31 March 2011	483,911	160,600	42,420	81,599	1,163,812	1,932,342

COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011

Attributable to owners of the parent	Share capital £	Share premium £	Other reserves £	Revenue reserve £	Total £
Balance at 1 April 2009	444,411	–	45,570	140,716	630,697
Comprehensive income for the year	–	–	–	283,667	283,667
Transactions with owners					
Issue of shares	28,000	114,600	–	–	142,600
Transfer on exercise of warrants	–	–	(6,140)	6,140	–
Dividends paid	–	–	–	(66,662)	(66,662)
Total transactions with owners	28,000	114,600	(6,140)	(60,522)	75,938
Share based payments	–	–	4,950	–	4,950
Balance at 31 March 2010	472,411	114,600	44,380	363,861	995,252
Comprehensive income for the year	–	–	–	210,180	210,180
Transactions with owners					
Issue of shares	11,500	46,000	–	–	57,500
Transfer on exercise of warrants	–	–	(1,960)	1,960	–
Dividends paid	–	–	–	(116,139)	(116,139)
Total transactions with owners	11,500	46,000	(1,960)	(114,179)	(58,639)
Balance at 31 March 2011	483,911	160,600	42,420	459,862	1,146,793

BALANCE SHEETS

31 March 2011

	Notes	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Assets					
Non–current assets					
Intangible assets	12	314,503	273,190	11,798	10,910
Investment in group companies	13	–	–	181,474	147,877
Property, plant & equipment	14	74,177	73,214	–	–
Deferred tax assets	15	159,347	163,244	–	–
Trade and other receivables	16	26,525	36,060	551,301	616,282
		574,552	545,708	744,573	775,069
Current assets					
Trade and other receivables	16	1,454,518	945,913	175,461	173,958
Cash and cash equivalents	17	1,196,150	967,623	332,899	131,017
		2,650,668	1,913,536	508,360	304,975
Total assets		3,225,220	2,459,244	1,252,933	1,080,044
Capital and reserves					
Called up share capital	20	483,911	472,411	483,911	472,411
Share premium account	21	160,600	114,600	160,600	114,600
Other reserves	21	42,420	44,380	42,420	44,380
Translation reserve	21	81,599	67,654	–	–
Retained earnings	21	1,163,812	553,526	459,862	363,861
Equity attributable to owners of the parent	21	1,932,342	1,252,571	1,146,793	995,252
Non–current liabilities					
Borrowings	19	–	10,762	–	–
Current liabilities					
Trade and other payables	18	1,292,878	1,176,935	106,140	84,792
Borrowings	19	–	18,976	–	–
		1,292,878	1,195,911	106,140	84,792
Total equity and liabilities		3,225,220	2,459,224	1,252,933	1,080,044

The financial statements on pages 13 to 45 were approved and authorised for issue by the Board of Directors on 9 June 2011

Signed on behalf of the Board of Directors

S A Richards M S H Worsley-Tonks

DIrector Director

The accompanying notes are an integral part of these financial statements.

CASH FLOW STATEMENTS

For the year ended 31 March 2011

	Notes	Group 2011 £	Group 2010 £	Company 2011 £	Company 2010 £
Cash generated from operating activities	22	404,531	548,587	227,135	171,879
Investing activities					
Interest received		2,881	3,622	198	64
Dividend received		–	–	75,000	100,000
Investment in subsidiary		–	–	(33,597)	(752)
Purchase of intangibles		(56,500)	(2,131)	(8,215)	–
Purchase of property, plant & equipment		(33,828)	(37,206)	–	–
Net cash (used in)/generated from investing activities		(87,447)	(35,715)	33,386	99,312
Financing activities					
Dividends paid		(116,139)	(66,662)	(116,139)	(66,662)
Interest paid		(1,569)	(47,106)	–	(37,500)
Repayment of finance lease obligations		(8,968)	(8,598)	–	–
Issue of ordinary share capital		57,500	142,600	57,500	142,600
Repayment of bank loans		(20,770)	(10,008)	–	–
Repayment of loan notes		–	(250,000)	–	(250,000)
Net cash used in financing activities		(89,946)	(239,774)	(58,639)	(211,562)
Net increase in cash and cash equivalents	22	227,138	273,098	201,882	59,629
Cash and cash equivalents at the beginning of the year		967,623	626,180	131,017	71,388
Effect of foreign exchange rate changes		1,389	68,345	–	–
Cash and cash equivalents at the end of the year		1,196,150	967,623	332,899	131,017

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

1 Accounting policies

(a) Basis of preparation
From 1 April 2007, the group and company have adopted International Financial Reporting Standards ("IFRS") and the International Financial Report Interpretations Committee ("IFRIC") interpretations as adopted by the European Union ("EU") in the preparation of its financial statements and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost basis.

The accounts are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the directors have taken into account relevant available information about the future including profit and cash forecasts for the next two financial years and the assumptions on which they are based.

(b)Basis of consolidation
The consolidated financial statements include the financial statements of the company and all of the entities controlled by the company (its subsidiaries) made up to 31 March each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefit from its activities. The acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured as the cash paid and the fair value of other assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange of contracts. Costs directly attributable to the acquisition are expensed as incurred.

The results of subsidiaries sold or acquired are included in the consolidated income statement up to, or from, the date control passes. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

The company has not presented its own income statement as permitted by Section 408 of the Companies Act 2006. The profit for the year was £210,180 (2010: £283,667).

(c) Revenue recognition
Revenue represents the fair value of the consideration received or receivable in respect of services provided in the normal course of business, net of discounts, value added tax and other sales related taxes. Sales of services are recognised when the services have been provided, services invoiced in advance are treated as deferred income and income is accrued where services have been provided but not yet invoiced.

Interest income is accrued on a time-apportioned basis.

(d) Cost of sales, gross profit and operating profit
Cost of sales represent the fair value of costs directly incurred in the supply of goods sold and services provided. Costs are recognised at the time when the goods have been supplied or the services have been provided. Costs relating to still to be provided services are carried forward in other receivables to the extent it is considered probable they will be recovered.

Gross profit is defined as revenue recognised less cost of sales.

Operating profit is arrived at after deducting all administrative expenses from gross profit, including restructuring and impairment costs, but before investment income and finance costs.

(e) Borrowing costs
All borrowing costs are recognised in the income statement in the period in which they are incurred. Interest costs are accrued on a time basis by reference to the principal outstanding at the effective interest rate applicable.

(f) Taxation
The tax credit or expense represents the sum of the current tax expense and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statements because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using rates that have been enacted or subsequently enacted by the balance sheet date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

1 Accounting policies continued

(f) Taxation continued

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred income tax is charged or credited in the income statement, except where it relates to items charged or credited directly to equity, in which case the deferred income tax is also dealt with in equity.

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

(g) Intangible assets

Goodwill, being the excess of the cost of acquisition over the fair value of net assets, including any intangible assets identified, acquired, is capitalised. Goodwill is not amortised but is tested at least annually for impairment and carried at cost less accumulated impairment provisions.

Goodwill is allocated to cash generating units for the purpose of impairment testing. If the recoverable amount of the cash generating unit is less than the carrying amount of the unit, then any goodwill is considered to be impaired. Impairment losses recognised for goodwill are not reversed in subsequent periods.

The recoverable amounts of the cash generating units are determined from value in use calculations. The group prepares cash flow forecasts from the most recent financial budgets approved by management. The cash flows are then discounted at an appropriate interest rate to determine value in use.

Intellectual properties, including computer software licences, websites and training courses are capitalised at cost and are amortised on a straight-line basis over their estimated useful economic lives of between one and three years.

(h) Property, plant & equipment and depreciation

Property, plant and equipment is valued at cost less accumulated depreciation and less provisions for impairment. Depreciation is provided at the following annual rates in order to write off each asset, on a straight-line basis, over its estimated useful life:

Fixtures, fittings and equipment	16.67% to 50% per annum
Motor vehicles	20% per annum
Leasehold premises	the shorter of the lease term and the useful economic life of the asset

The depreciation charge is time apportioned in the years of acquisition and disposal of assets.

(i) Product development

Product development is written off to the income statement as incurred 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 over the period during which the company is expected to benefit.

(j) Foreign currency translation

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purposes of the consolidated financial statements, the results and financial position of each group company are expressed in sterling, which is the functional currency of the company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions expressed in currencies other than the entity's functional currency (foreign currencies) are at rates of exchange approximating to those ruling at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at rates ruling at the balance sheet date. Non monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the profit or loss before tax for the period.

In presenting the consolidated financial statements the assets and liabilities of the overseas subsidiary are translated at the rate ruling at the balance sheet date. The results of the overseas subsidiary have been translated at the average exchange rate ruling during the year. Differences arising on retranslation are added to or deducted from the group's translation reserve.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

1 Accounting policies continued

(k) Financial assets
Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as “Loans and receivables”. These receivables are initially recognised at fair value and subsequently measured at their amortised cost using the effective interest rate method less any provision for impairment.

Financial assets are assessed for indications of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the asset have been impacted. For trade and other receivables the carrying amount is reduced by an allowance reflecting the impairment. When a trade receivable is uncollectible it is written off against the allowance, subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance are reflected in the income statement.

Cash and cash equivalents comprise cash in hand and on demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(l) Financial liabilities and equity
Financial liabilities and equity are classified according to the substance of the contracted arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the transaction. At the date of issue the fair value of the liability is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or upon the instrument reaching maturity. The equity component initially brought to account is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised in equity through other reserves and is not subsequently re-measured.

Other financial liabilities are initially measured at fair value, net of transaction costs, and subsequently at amortised cost using the effective interest method. Interest bearing bank loans and overdrafts together with obligations under finance leases are classified as “Borrowings”. Trade payables and other payables and borrowings for the purposes of IAS 39 are classified as “other financial liabilities”.

(m) Net cash
Net cash is defined as the excess of cash and cash equivalents over borrowings.

(n) Investments
Non-current investments representing investments in subsidiary undertakings are valued at cost less any provision for impairment in the value of the investment.

(o) Share based payments
The group issues equity-settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the group’s estimate of options that will eventually vest. Fair value is measured by use of the Black Scholes model. The assumptions underlying the number of awards expected to vest are subsequently adjusted to reflect conditions prevailing at the balance sheet date. At the vesting date of an award, the cumulative expense is adjusted to take account of the awards that actually vest.

The group has issued warrants to subscribers of certain equity issues and to a distributor and these are measured at fair value at the date of grant in the same way as employee related share based payments.

(p) Leased assets and obligations
An asset is acquired when substantially all the risks and rewards are transferred and is capitalised as an asset under a finance lease with the corresponding liability to the finance company included in trade and other payables. Depreciation on assets held under finance leases is provided in accordance with the policy noted in (h) above. Finance lease payments are treated as consisting of capital and interest elements and the interest is charged to the income statement on a constant rate basis over the period of the agreement. Finance charges are charged directly to income. All other leases are operating leases.

Rentals receivable or payable under operating leases are credited or charged to the income statement on a straight line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

1 Accounting policies continued

(q) Dividends

Dividend payments are recognised as liabilities once they are appropriately authorised and no longer at the discretion of the company.

(r) Adoption of new and revised standards

In the current financial year the group has adopted the amended IFRS 2 (Group cash settled share based payment transactions). This has had no material impact on the financial statements of the Group.

The various improvements to IFRS 2007-2009 which were effective for this financial period, have had no material impact on the financial statements of the Group.

At the date of authorisation of these financial statements, the following Standards and Interpretations, which have not yet been applied in these financial statements, were in issue but not yet effective:

- IAS 24 (Revised 2009) 'Related Party Disclosures';
- IAS 12 'Deferred Tax: Recovery of Underlying Assets';
- IFRS 7 "Financial Instruments: Disclosures – Amendments; Disclosures – Transfers of Financial Assets
- IFRS 9 'Financial Instruments';
- IFRS 3 'Business combinations';
- Annual Improvements to IFRSs'.

The directors do not anticipate that they will have a material impact on the financial statements.

2 Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are evaluated on a continual basis and are based on historical experience together with expectations of future events believed to be reasonable at the time. In considering the possible impairment of intangible assets and in recognising deferred tax assets, estimates of future revenues are particularly critical. The directors have prepared forecasts of revenues and expenses covering the next two financial years to assist in the making of estimates and judgements.

In the process of applying the group's accounting policies, which are described in note 1, the directors have made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Much of the group's revenue comes from business that relates to the provision of services over a period of time. Invoiced revenue may cover more than one accounting period and these revenues are time apportioned to the accounting period to which they relate and the obligation for future service is shown in deferred income. Even after recognition as revenue on a time apportioned basis, there may be uncertainty as to the costs relating to these revenues for some time afterwards and there may remain an obligation for future service. An estimate of this obligation has been made by the directors, using their experience of similar contracts, and deducted from recognised revenue.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

3 Revenue and segment analysis

For management purposes the group is currently organised into two divisions – security and other assistance. This reflects a change in designation of the divisions by which the group reports its management information to the group board, to reflect the way the group is expanding in the areas of assistance provided, but the comparative figures are unchanged. The security assistance segment uses the red 24 brand and provides preventative and reactive security advice to customers across the globe, whilst the other assistance segment provides training in security management both in the UK and overseas and web based environmental advice under the green 24 brand.

The following tables provide details of revenue, profit, assets and liabilities and capital expenditure by business segment:

Business segment

	2011			2010		
	Security assistance £	Other assistance £	Consolidated £	Security assistance £	Other assistance £	Consolidated £
Revenue	4,430,363	832,644	5,263,007	3,586,348	701,396	4,287,744
Segment result	860,592	12,102	872,694	788,720	28,473	817,193
Unallocated head office costs			(132,060)			(160,415)
Operating profit			740,634			656,778
Investment income			2,881			3,622
Finance expense			(1,569)			(32,106)
Profit before tax			741,946			628,294
Tax (charge)/credit			(17,481)			9,075
Profit for the year			724,465			637,369

Business segment
Balance sheet

	2011			2010		
	Security assistance £	Other assistance £	Consolidated £	Security assistance £	Other assistance £	Consolidated £
Segment assets	2,353,248	336,265	2,689,513	1,797,764	268,822	2,066,586
Unallocated corporate assets			376,360			229,414
Deferred tax assets			159,347			163,244
Consolidated total assets			3,225,220			2,459,244
Segment liabilities	876,493	310,245	1,186,738	835,669	256,474	1,092,143
Unallocated corporate liabilities			106,140			84,792
Borrowings			–			29,738
Consolidated total liabilities			1,292,878			1,206,673

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

3 Revenue and segment analysis continued
Business segment
Other segment items

	2011			2010		
	Security assistance £	Other assistance £	Consolidated £	Security assistance £	Other assistance £	Consolidated £
Capital expenditure						
– intangible assets	2,181	54,320	56,501	2,131	–	2,131
– property, plant & equipment	29,600	4,229	33,829	34,265	2,941	37,206
Depreciation	31,465	2,140	33,605	33,300	2,454	35,754
Amortisation of intangibles	1,577	15,215	16,792	6,897	1,670	8,567

No single customer accounts for more than 10% of the revenue of the other assistance segment. For the security segment the two key distributors each account for more than 10% of group revenue. One accounts for 25.4% (2010: 31.0%) and the other accounts for 14.5 % (2010:21.1%).

The group's operations are located in the United Kingdom and in the Republic of South Africa. The following table provides an analysis of the group's sales by location of customer, irrespective of the origin of the services, and a geographical analysis of the location of segment assets and additions to property, plant and equipment and intangible assets.

Geographic segment

	Revenue 2011 £	Revenue 2010 £	Segment assets 2011 £	Segment assets 2010 £	Capital expenditure 2011 £	Capital expenditure 2010 £
United Kingdom	3,006,416	2,189,551	2,068,916	1,630,512	66,405	29,120
South Africa	49,931	33,047	755,701	599,318	23,925	10,217
Rest of Europe	46,824	111,954	–	–	–	–
United States of America	1,855,974	1,666,297	12,445	–	–	–
Rest of the World	303,862	286,895	–	–	–	–
	5,263,007	4,287,744	2,837,062	2,229,830	90,330	39,337
Shared corporate assets	–	–	388,158	229,414	–	–
	5,263,007	4,287,744	3,225,220	2,459,244	90,330	39,337

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

4 Operating profit

The operating profit is stated after charging:

	2011 £	2010 £
Amortisation of intangible assets	16,792	8,567
Depreciation of property, plant and equipment	33,605	35,754
Operating lease rentals – land and buildings	114,445	116,829
– equipment	762	1,369
Loss on foreign exchange transactions	103,565	21,430
Share based payments	–	4,950
Fees payable to the auditor for the audit of the company and group annual accounts	17,000	14,000
Audit of the company's subsidiaries pursuant to legislation	18,000	15,500
Fees payable to auditor and their associates for other services:		
Other services pursuant to legislation	1,500	1,900
Fees payable to auditor's associate for the audit of the South African subsidiary	13,867	11,654
Fees payable to auditor's associate for other services in South Africa	5,743	4,203

Auditor's remuneration includes £36,500 (2010: £31,400) in respect of the group auditor, of which £35,000 (2010: £29,500) relates to audit services and £1,500 (2010: £1,900) to non audit services. Other services comprise £Nil (2010: £700) for the advice in relation to incorporation of a United States subsidiary and £1,500 (2010: £1,200) relating to a review of the group's half year report.

5 Investment income

	2011 £	2010 £
Bank and other interest receivable	2,881	3,622

6 Finance costs

	2011 £	2010 £
Interest on bank loans and overdrafts	747	1,420
Loan note interest	–	22,500
Interest element of finance leases	791	3,864
Other interest payable	31	4,322
	1,569	32,106

7 Employees

	2011 Number	2010 Number
(a) Average monthly number of employees of the group, including executive directors, during the year:		
Consultants and sales	10	10
Office and management	63	55
	73	65

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

7 Employees continued
Employee costs are included in administrative expenses in the consolidated income statement.

	2011 £	2010 £
(b) Staff costs including executive directors:		
Wages and salaries	1,868,250	1,507,462
Social security costs	117,534	106,382
Share based payments	–	4,950
	1,985,784	1,618,794

8 Share based payments
The company has issued share options to certain directors and employees. The options cannot be exercised in the first three years following their grant and, under normal circumstances, the options lapse if an employee leaves the group.

On 16 April 2004, the company granted 1,595,000 options to subscribe for ordinary shares of 1p each under the company's new general share option scheme, exercisable at 18.75p per share between 16 April 2006 and 15 April 2014 and are not subject to any performance conditions.

On 2 March 2010, the company granted 500,000 options to subscribe for ordinary shares of 1p each under the company's executive share option scheme, exercisable at 8p per share between 31 March 2013 and 31 March 2016 and are not subject to any performance conditions.

There were no movements in the numbers of share options outstanding in the year.

	2004 Series	2010 Series	Total
At 1 April 2010 & 31 March 2011	522,500	500,000	1,022,500

At 31 March 2011 1,022,500 outstanding options are exercisable (2010: 1,022,500) at a weighted average exercise price of 13.49p (2010: 13.49p).

The following movement took place in the previous year:

	2004 Series	2010 Series	Total
At 1 April 2009	522,500	–	522,500
Granted during the year	–	500,000	500,000
At 31 March 2010	522,500	500,000	1,022,500

The total charge recognised in administration expenses in the income statement from share based transactions, all equity-settled, amounted to £Nil (2010: £4,950).

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

8 Share based payments continued
Fair value is determined by use of the Black Scholes model using the following assumptions:

	2010 Series	2004 Series
Grant date	2 March 2010	16 April 2004
Exercise price	8p	18.75p
Shares issued under option	500,000	1,320,000
Weighted average share price	8p	15p
Vesting period	3 years	2 years
Expected volatility	51%	83%
Contractual expiry date	31 March 2016	15 April 2014
Option life taken as expected life	3 years	5 years
Risk free rate	3.5%	4.5%
Expected dividend yield	2.0%	0%
Probability of option vesting	90%	10%
Fair value per option	3p	10p

The expected volatility of all equity compensation benefits is based on the expected volatility of the underlying share price over the term of the option. This has been calculated using historical share price data.

9 Directors' emoluments
The total emoluments of the directors, who are considered to be the key management personnel, were as follows:

	2011 £	2010 £
Salaries, fees and bonuses	232,400	221,300
Social security costs	24,098	22,218
Share based payments	–	4,950
	256,498	248,468

Bonus payments were made to the executive directors during the year, and for the previous year, based on a percentage of annual salary, as shown in the remuneration report. The directors received no benefits in kind during the year or during the previous year, nor were any pension contributions made on behalf of any director in either year. Details of the highest paid director are shown in the remuneration report and details of the directors' interests in share options are given in the directors' report.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

10 Taxation
(a) Analysis of income tax charge/(credit) for the year

	2011 £	2010 £
Current tax		
United Kingdom	2,823	7,907
South Africa	10,433	3,212
Deferred tax:		
United Kingdom	9,469	(56,390)
South Africa	(5,244)	36,196
	17,481	(9,075)

(b) Factors affecting the income tax charge/(credit) for the year
The charge for the year can be reconciled to the profit per the income statement as follows:

	2011 £	2010 £
Profit before taxation	741,946	628,294
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2010: 28%)	207,745	175,922
Effects of:		
Expenses not deductible for tax purposes	16,690	13,842
Temporary differences	(997)	(404)
Difference between interest paid and payable	–	(4,200)
Tax losses not utilised in the year	5,642	21,452
Utilisation of tax losses brought forward	(229,080)	(206,612)
Change in deferred tax rate	17,481	(9,075)
Income tax charge/(credit)	17,481	(9,075)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

10 Taxation continued

(c) Factors affecting tax charge for future years

The company has capital losses for tax purposes at 31 March 2011 of £605,994 (2010: £605,994) available to carry forward against future capital gains and excess management expenses of £1,382,325 (2010: £1,382,325), subject to acceptance by H M Revenue & Customs. The UK trading subsidiaries have losses for corporation tax purposes at 31 March 2011 available to carry forward against profits from the same trade of £1,024,562 (2010: £1,631,646) subject to acceptance by H M Revenue & Customs.

The group and the company have deferred tax assets not included in the financial statements as recovery is not sufficiently certain, calculated at a corporation tax rate of 26% (2010: 28%), as follows:

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Tax losses carried forward:				
Capital losses	157,558	169,678	157,558	169,678
Management expenses	359,405	387,051	359,405	387,051
Trading losses	120,678	301,454	–	–
Non-current asset temporary differences	2,582	4,766	–	–
	640,223	862,949	516,963	556,729

The deferred tax asset in respect of trading losses is recoverable against future profits from the same trade.

11 Earnings per share

	2011	2010
Attributable profit (£)	724,465	637,369
Weighted average number of ordinary shares in issue for the purposes of basic profit per share	47,887,874	44,485,409
Effect of dilutive potential ordinary shares on exercise of warrants	261,450	947,535
Weighted average number of ordinary shares in issue for the purposes of diluted profit per share	48,149,324	45,432,944
Basic earnings per share (pence)	1.51p	1.43p
Diluted earnings per share (pence)	1.50p	1.40p

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

12 Intangible assets

Group

	Intellectual Property £	Goodwill £	Total £
Cost			
At 1 April 2009	29,612	256,020	285,632
Foreign currency adjustment	1,810	–	1,810
Additions	2,131	–	2,131
At 1 April 2010	33,553	256,020	289,573
Foreign currency adjustment	205	–	205
Additions	56,501	1,536	58,037
At 31 March 2011	90,259	257,556	347,815
Amortisation and impairment			
At 1 April 2009	6,707	–	6,707
Foreign currency adjustment	1,109	–	1,109
Amortisation charge for the year	8,567	–	8,567
At 1 April 2010	16,383	–	16,383
Foreign currency adjustment	137	–	137
Amortisation charge for the year	16,792	–	16,792
At 31 March 2011	33,312	–	33,312
Carrying amount			
At 31 March 2011	56,947	257,556	314,503
At 31 March 2010	17,170	256,020	273,190
At 1 April 2009	22,905	256,020	278,925

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

12 Intangible assets continued
Company

	Intellectual Property £	Total £
Cost		
At 1 April 2009 and 31 March 2010	16,379	16,379
At 1 April 2010	16,379	16,379
Additions	8,215	8,215
At 31 March 2011	24,594	24,594
Amortisation and impairment		
At 1 April 2009	–	–
Amortisation charge for the year	5,469	5,469
At 31 March 2010	5,469	5,469
Amortisation charge for the year	7,327	7,327
At 31 March 2011	12,796	12,796
Carrying amount		
At 31 March 2011	11,798	11,798
At 31 March 2010	10,910	10,910
At 1 April 2009	16,379	16,379

The goodwill acquired in a business combination is allocated, at acquisition, to the cash generating segments that are expected to benefit from that business combination. At the date of transition to IFRS the carrying amount of goodwill had been allocated as red24 segment £136,020 and training segment £120,000.

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. Charges for amortisation and impairment of goodwill and intellectual property are included within administrative expenses.

The recoverable amounts of the cash generating units are determined from value in use calculations. The group prepares cash flow forecasts from the most recent financial budgets approved by management. The cash flows are then discounted at an appropriate interest rate to determine value in use.

The forecast cash flows for the next two years, taking forecast revenues, based upon historical experience, and anticipated expenditure are then discounted at a rate of ten percent per annum to arrive at a recoverable amount for each cash generating unit. This shows that each cash generating unit has a recoverable amount in excess of the carrying value of goodwill and that no charge for impairment in necessary.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

13 Investment in group companies

	Company £
Investments in subsidiary companies:	
Cost	
At 1 April 2009	1,646,029
Additions	752
At 31 March 2010	1,646,781
Additions	33,597
At 31 March 2011	1,680,378
Impairment provisions	
At 1 April 2009	1,518,904
Reversal of impairment charge	(20,000)
At 31 March 2010 and 31 March 2011	1,498,904
Net book amount	
At 31 March 2011	181,474
At 31 March 2010	147,877
At 1 April 2009	127,125

The subsidiary companies at 31 March 2011 and their activities during the year were:

Held directly:	Percentage of ordinary share capital held	Activity
red24 Operations Limited	100%	Security risk management services
red24 CRM (Pty) Limited	100%	Security risk management services
red24 Sales Limited	100%	Security risk management services
red24 Inc	100%	Security risk management services
Green 24 Limited	100%	Environmental assistance
ARC Training International Limited	100%	Training in security risk management

All of the subsidiary companies are incorporated in Great Britain and registered in England and Wales, with the exception of red24 CRM (Pty) Limited, which is incorporated and registered in South Africa and red24 Inc which is incorporated in the United States of America. The financial statements of all the above subsidiaries are included in these financial statements.

The additions in the year reflect the investment in share capital in Green 24 Limited and red24 inc.

The company's investment in red24 CRM (Pty) Limited includes R1,300,000 5% convertible redeemable cumulative preference shares of R1 each. The company has waived its right to the dividend due on these shares up to 31 March 2011. For the year to 31 March 2011 this would have amounted to R65,000 (£5,835).

The company's loan to red24 CRM (Pty) Limited is subordinated in favour of that company's creditors until such time as the net assets of that subsidiary exceed its net liabilities.

Each year the company reviews the carrying value of the investment in each subsidiary against the amount estimated to be recoverable from that subsidiary, if recovery is not reasonably foreseeable then the investment is considered impaired and a charge made.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

14 Property, plant & equipment

Group

	Leasehold premises £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
Cost				
At 1 April 2009	–	4,446	210,592	215,038
Foreign currency adjustment	–	978	30,194	31,172
Additions	12,633	–	24,573	37,206
Disposals	–	–	(39,197)	(39,197)
At 1 April 2010	12,633	5,424	226,162	244,219
Foreign currency adjustment	–	97	3,167	3,264
Additions	3,178	–	30,651	33,829
Disposals	–	–	(2,002)	(2,002)
At 31 March 2011	15,811	5,521	257,978	279,310
Depreciation				
At 1 April 2009	–	1,299	152,644	153,943
Foreign currency adjustment	–	286	20,088	20,374
Charge for the year	842	542	34,370	35,754
Disposals	–	–	(39,066)	(39,066)
At 1 April 2010	842	2,127	168,036	171,005
Foreign currency adjustment	–	38	2,487	2,525
Charge for the year	3,162	552	29,891	33,605
Disposals	–	–	(2,002)	(2,002)
At 31 March 2011	4,004	2,717	198,412	205,133
Carrying amount				
At 31 March 2011	11,807	2,804	59,566	74,177
At 31 March 2010	11,791	3,297	58,126	73,214
At 1 April 2009	–	3,147	57,948	61,095

The depreciation has been charged to administrative expenses.

At 31 March 2011 the group had no capital commitments (2010: £Nil).

At 31 March 2011 the group held no fixtures, fittings or equipment under finance leases, secured on those assets. In the previous year these were as follows:

	2011 £	2010 £
Cost	–	47,870
Accumulated depreciation	–	(42,285)
Net book amount	–	5,585
Depreciation charged in the year	–	8,542

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

15 Deferred tax assets
The deferred tax assets, realisable after more than one year, are included at current tax rates and represent the following:

	Total £	Group Tax losses carried forward £	Temporary differences £
At 1 April 2009	138,144	126,851	11,293
Foreign currency adjustment	4,905	2,730	2,175
Income statement credit/(charge)	20,195	22,769	(2,574)
At 1 April 2010	163,244	152,350	10,894
Foreign currency adjustment	327	–	327
Income statement (charge)/credit	(4,224)	(5,450)	1,226
At 31 March 2011	159,347	146,900	12,447

The deferred tax assets recognised in respect of tax losses carried forward represent £146,900 (2010: £152,350) relate entirely to UK subsidiary companies. Tax losses, which may be carried forward indefinitely, are recoverable against future profits from the same trade and in the country in which they were incurred.

16 Trade and other receivables

	Group		Company	
Current assets:	2011 £	2010 £	2011 £	2010 £
Trade receivables (i)	1,354,922	890,882	–	–
Provisions for impairment (ii)	(122,324)	(68,706)	–	–
	1,232,598	822,176	–	–
Due from subsidiary undertakings (iii)	–	–	132,000	128,000
Other receivables	89,409	51,630	6,756	16,818
Prepayments and accrued income	132,511	72,107	36,705	29,140
	1,454,518	945,913	175,461	173,958
Non-current assets:				
Due from subsidiary undertakings (iii)	–	–	984,055	1,160,017
Provisions for impairment (ii)	–	–	(432,754)	(579,795)
Net amount due from subsidiary undertakings (iii)	–	–	551,301	580,222
Other receivables	26,525	36,060	–	36,060
	26,525	36,060	551,301	616,282

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

16 Trade and other receivables continued

(i) The average credit period on sales of services is 94 days (2010: 76 days). Trade receivables over 120 days at the balance sheet date, that have not been received within 60 days of the balance sheet date are provided for in full. Other trade receivables over 60 days at the balance sheet date are provided for on estimated irrecoverable amounts. The carrying value of trade and other receivables is considered to be the same as their fair value.

Included in trade receivables are receivables with a carrying amount of £594,119 (2010: £246,674) that are designated in foreign currencies, of which £562,171 (2010: £222,739) are designated in US dollars and £31,948 (2010: £23,935) in other currencies.

Included in the group's trade receivables are debtors with a carrying amount of £319,156 (2010: £153,511) which are overdue at the balance sheet date for which the group has not provided as there has not been a significant change in credit quality and the group believes that these amounts are still recoverable. The group does not hold any collateral over these balances. The ageing of amounts past due but not impaired is as follows:

	2011 £	2010 £
60-90 days	180,852	65,108
90-120 days	52,404	47,667
120+ days	85,900	40,736
	319,156	153,511

The red24 product is sold through key distributors, which does lead to a significant concentration of credit risk. These distributors are major global concerns and this limits the risk. At the balance sheet date £343,550 (2010: £286,904) was due to the group from key distributors and is included within trade and other receivables.

(ii) Movement in the allowances against trade and other receivables:

	Group Trade receivables		Company Due from subsidiary undertakings	
	2011 £	2010 £	2011 £	2010 £
Balance at 1 April	68,706	23,528	579,795	806,312
Increase in provision	53,618	45,178	–	–
Release of provision to income statement	–	–	(147,041)	(226,517)
Balance at 31 March	122,324	68,706	432,754	579,795

(iii) The amounts due from subsidiary companies are unsecured and interest to 31 March 2011 has been waived. There are no fixed terms for repayment.

17 Cash and cash equivalents

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Cash and cash equivalents	1,196,150	967,623	332,899	131,017

Cash and cash equivalents comprise cash held in short-term bank deposits with a maturity of three months or less. The carrying amount of these assets approximated to their fair value. Repatriation of funds to the UK is subject to South African exchange control legislation, at 31 March 2011 £160,358 (2010: £379,879) was held with banks in South Africa.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

18 Trade and other payables due within one year

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Trade payables	228,145	245,650	30,583	29,500
Other taxation and social security	95,630	57,172	8,393	15,129
Accruals and deferred income	969,103	874,113	67,164	40,163
	1,292,878	1,176,935	106,140	84,792

The average credit period taken on purchases of services is 33 days (2010: 44 days). The carrying value of trade and other payables is considered to be the same as their fair value.

Included in group trade payables are payables with a carrying amount of £63,919 (2010: £92,251) that are designated in foreign currencies, of which £63,462 (2010: £74,536) are designated in US dollars and £457 (2010: £17,715) in other currencies.

19 Borrowings

Due within one year

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Bank loan (i)	–	10,008	–	–
Obligations under finance leases (ii)	–	8,968	–	–
	–	18,976	–	–

Due after more than one year

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Bank loan (i)	–	10,762	–	–
	–	10,762	–	–

(i) Secured by a fixed and floating charge over the assets and undertaking of the company and those of a subsidiary company, red24 Sales Limited. The loan was repaid during the year, prior to that it was being repaid at the rate of £834 per calendar month. The interest charged on the loan was 2.75% per annum over the base rate of HSBC Bank plc.

(ii) Secured on the related property, plant and equipment as shown in note 14.

The fair value of group borrowings is considered to be the same as the carrying value.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

19 Borrowings continued

The group entered into a finance lease in relation to its telephone system in South Africa, the lease expired in late 2010; minimum future payments under the finance leases were as follows:

Group

	Minimum future payments		Present value of payments	
	2011 £	2010 £	2011 £	2010 £
Payable within one year	–	9,796	–	8,968
	–	9,796	–	8,968
Future finance charges	–	(828)	–	–
Present value of minimum lease payments	–	8,968	–	8,968

20 Share capital

	Number
Authorised	
Number of shares	
Ordinary shares of 1p each	
At 1 April 2009 and 31 March 2010 and 2011	75,000,000

Authorised	
Ordinary shares of 1p each	£
At 1 April 2009 and 31 March 2010 and 2011	750,000

	Number
Issued & fully paid	
Number of shares	
At 1 April 2009	44,441,083
Issued during the year	2,800,000
At 31 March 2010	47,241,083
Issued during the year	1,150,000
At 31 March 2011	48,391,083

	£
Issued & fully paid	
Par value of shares	
At 1 April 2009	444,411
Issued during the year	28,000
At 31 March 2010	472,411
Issued during the year	11,500
At 31 March 2011	483,911

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

20 Share capital continued

In 2005 and 2006 the company issued warrants to subscribe to ordinary shares of 1p each, movements on the numbers of warrants outstanding are shown in the table below:

	Number of warrants
At 1 April 2009	3,500,000
Exercised during the year at 5p per share	(1,350,000)
Exercised during the year at 4p per share	(1,000,000)
At 1 April 2010	1,150,000
Exercised during the year at 5p per share	(1,150,000)
At 31 March 2011	–

All the outstanding warrants have been exercised.

On 2 March 2010 a further 450,000 ordinary shares were issued at a price of 7.8p per share to members of staff under the share loan scheme as described above.

On 31 March 2010, following the exercise of warrants as described above, 2,350,000 ordinary shares were issued, 1,000,000 at 4p each and 1,350,000 at 5p each.

On 9 September 2010, following the exercise of warrants as described above, 1,150,000 ordinary shares were issued at 5p each.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

21 Share capital and reserves

	Group					
	Revenue reserve £	Share capital £	Share premium £	Other reserves £	Translation reserve £	Total £
1 April 2009	(23,321)	444,411	–	45,570	62,118	528,778
Exchange differences on translation of overseas operations	–	–	–	–	5,536	5,536
Profit for the year	637,369	–	–	–	–	637,369
Issue of shares	–	28,000	114,600	–	–	142,600
Share based payments	–	–	–	4,950	–	4,950
Transfer on exercise of warrants	6,140	–	–	(6,140)	–	–
Payment of dividend	(66,662)	–	–	–	–	(66,662)
31 March 2010	553,526	472,411	114,600	44,380	67,654	1,252,571
Exchange differences on translation of overseas operations	–	–	–	–	13,945	13,945
Profit for the year	724,465	–	–	–	–	724,465
Issue of shares	–	11,500	46,000	–	–	57,500
Share based payments	–	–	–	–	–	–
Transfer on exercise of warrants	1,960	–	–	(1,960)	–	–
Payment of dividend	(116,139)	–	–	–	–	(116,139)
31 March 2011	1,163,812	483,911	160,600	42,420	81,599	1,932,342

	Company				
	Revenue reserve £	Share capital £	Share premium £	Other reserves £	Total £
1 April 2009	140,716	444,411	–	45,570	630,697
Profit for the year	283,667	–	–	–	283,667
Issue of shares	–	28,000	114,600	–	142,600
Share based payments	–	–	–	4,950	4,950
Transfer on exercise of warrants	6,140	–	–	(6,140)	–
Payment of dividend	(66,662)	–	–	–	(66,662)
1 April 2010	363,861	472,411	114,600	44,380	995,252
Profit for the year	210,180	–	–	–	210,180
Issue of shares	–	11,500	46,000	–	57,500
Share based payments	–	–	–	–	–
Transfer on exercise of warrants	1,960	–	–	(1,960)	–
Payment of dividend	(116,139)	–	–	–	(116,139)
31 March 2011	459,862	483,911	160,600	42,420	1,146,793

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

21 Share capital and reserves continued

The share premium reserve records the premium above the par value of the shares paid on the issue of shares by the company, less the costs of the issue of shares.

The translation reserve arises from currency differences arising on the retranslation of foreign currency balances as explained in accounting policy 1(j).

Retained earnings reflect changes in equity not shown elsewhere and are the group and company's distributable reserves.

Other reserves include both the cumulative amount of the fair value of warrants and the cumulative amount charged to the income statement in respect of the company's share options as set out in note 8. The following table provides further detail on these reserves:

Other reserves

	Group			Company		
	Fair value of warrants £	Share option reserve £	Total £	Fair value of warrants £	Share option reserve £	Total £
1 April 2009	8,100	37,470	45,570	8,100	37,470	45,570
Share based payments	–	4,950	4,950	–	4,950	4,950
Transfer on exercise of warrants	(6,140)	–	(6,140)	(6,140)	–	(6,140)
1 April 2010	1,960	42,420	44,380	1,960	42,420	44,380
Share based payments	–	–	–	–	–	–
Transfer on exercise of warrants	(1,960)	–	(1,960)	(1,960)	–	(1,960)
31 March 2011	–	42,420	42,420	–	42,420	42,420

22 Notes to the cash flow statement

(a) Cash generated from operating activities

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Operating activities				
Profit before tax	741,946	628,294	210,180	283,667
Adjustments for:				
Investment income	(2,881)	(3,622)	(75,198)	(100,064)
Finance costs	1,569	32,106	–	22,500
Depreciation and amortisation	50,397	44,321	7,326	5,469
Provisions	–	–	–	(20,000)
Share based payments	–	4,950	–	4,950
Loss on disposal of property, plant & equipment	–	131	–	–
Exchange gains and losses	12,019	5,536	–	–
Income tax expense	(6,035)	–	–	–
(Increase)/decrease in receivables	(499,070)	(556,156)	63,478	10,377
Increase/(decrease) in payables	106,586	393,027	21,349	(35,020)
Cash generated from operating activities	404,531	548,587	227,135	171,879

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

22 Notes to the cash flow statement continued
(b) Analysis of changes in net cash (group)

	1 April 2010 £	Cash movements £	Other movements £	31 March 2011 £
Cash and cash equivalents	967,623	227,138	1,389	1,196,150
Debt due within one year	(10,008)	10,008	–	–
Debt due after more than one year	(10,762)	10,762	–	–
	946,853	247,908	1,389	1,196,150
Finance leases due within one year	(8,968)	8,968	–	–
Net cash	937,885	256,876	1,389	1,196,150

Included in other movements on cash and cash equivalents is a foreign exchange movement of £1,389 (2010: £68,345).

(c) Reconciliation of net cash flow movement to movement in net cash (group)

	2011 £	2010 £
Increase in cash	227,138	273,098
Decrease in finance leases	8,968	8,598
Decrease in bank loan	20,770	10,008
Decrease in loan notes	–	250,000
Translation difference	1,389	68,345
Increase in net cash	258,265	610,049
Opening net cash	937,885	327,836
Closing net cash	1,196,150	937,885

23 Operating lease commitments
At 31 March 2011 the group was committed to making minimum annual lease payments under non-cancellable operating leases as follows:

	Group			
	Office equipment		Land and buildings	
Leases expiring	**2011 £**	**2010 £**	**2011 £**	**2010 £**
Within one year	**–**	**752**	**73,840**	**68,945**
Between one and five years	**–**	**–**	**42,418**	**34,918**
	–	**752**	**116,258**	**103,863**

Operating leases represent rental payments payable by the group for certain of its office properties and items of office equipment. The average contractual life of these leases is two years and only one of the lease obligations extends beyond 31 December 2012, in this case the lease extends to March 2016 but there is a break clause in November 2012. In the ordinary course of business these leases are renewable. Rental payments under these leases are fixed until the end of the term, with the exception of the South African premises which are subject to an annual increase of 9% on 1 May in each year.

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24 Related party transactions
Since 1 January 2005, the company has paid Sidebell Limited amounts for the use of Sidebell's offices and the use of accountancy services. S A Richards, a director of the company, has an interest in the share capital of Sidebell Limited. In the year to 31 March 2011, these amounts were £2,000 per month, totalling £24,000 (2010: £24,000). The balance due to Sidebell Limited at 31 March 2011 was £Nil (2010: £Nil).

At the 1 April 2009 Sidebell Limited held £190,000 of loan notes due 30 September 2010, these were redeemed early by the company on 31 March 2010. Interest due of £5,700 was paid on 31 March 2010 on the loan notes that were repaid on that date. These loan notes carried warrants to subscribe to ordinary shares, which have all been exercised. Full details of these and other warrants held by related parties are set out in the directors' report.

The directors' report sets out the interests of the directors in the share capital of the company, in addition all the directors hold share options under the group's share option scheme and these are also disclosed in that report. Key management remuneration is as follows:

	2011 £	2010 £
Salaries	232,400	221,300
Social security costs	24,098	22,218
Share-based payments	–	4,950
	256,498	248,468

Refer to the remuneration report, and note 9, for further details of the remuneration of directors employed by the company.

During the year the company entered into the following transactions with its subsidiaries:

	2011 £	2010 £
Management charges receivable	350,000	300,000
Dividends receivable	75,000	100,000
Licence fee receivable	120,000	120,000
Amounts owed by subsidiaries at year end	1,116,055	1,288,017

The management charges reflect a charge to partly recover the time of the group directors and the cost of central services such as administrative offices, the conduct of the audit and the maintenance of professional insurances.

As shown in note 16, impairment provisions totalling £432,754 (2010: £579,795) have been made against the amounts shown as due from subsidiaries in the table above.

NOTES TO THE FINANCIAL STATEMENTS

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25 Financial instruments and risk summary

(a) Financial risk policies and objectives

The group's financial instruments comprise, for the purposes of IFRS 7, cash and cash equivalents, trade and other receivables, trade and other payables, loans and finance leases. Details of the significant accounting policies in relation to these financial assets and liabilities are disclosed in note 1 to the financial statements.

All financial assets are categorised as loans and receivables as follows:

	Group		Company	
Non-current financial assets:	2011 £	2010 £	2011 £	2010 £
Trade and other receivables	26,525	36,060	551,301	616,282
	26,525	36,060	551,301	616,282
Current financial assets:				
Trade and other receivables	1,322,007	873,806	175,461	173,958
Cash and cash equivalents	1,196,150	967,623	332,899	131,017
	2,518,157	1,841,429	508,360	304,975
Total	2,544,412	1,877,489	1,059,661	921,257

All financial liabilities are categorised as other financial liabilities as follows:

	Group		Company	
Current financial liabilities:	2011 £	2010 £	2011 £	2010 £
Trade and other payables	1,292,878	1,176,935	106,140	84,792
Bank loan	–	10,008	–	–
Obligations under finance leases	–	8,968	–	–
	1,292,878	1,195,911	106,140	84,792
Non-current financial liabilities:				
Bank loan	–	10,762	–	–
	–	10,762	–	–
Total	1,292,878	1,206,673	106,140	84,792

The Board's principal objective in managing its financial assets and liabilities is to ensure that the operating units have sufficient working capital for their day-to-day needs. Surplus cash is maintained on call deposits with the clearing bankers to the operating units, as the group is not yet sufficiently cash generative to warrant a separate treasury function or take advantage of greater returns that may be available from other sources or maturities. The group does derive income in overseas currencies, principally the US dollar, and does incur expenses in overseas currencies, principally the costs of its South African operation which is Rand based. No forward contracts have been entered into to hedge these exposures as these would give the group's bankers additional credit exposure and the Board consider that such exposure as is available to them is better deployed elsewhere in the group's operations. The Board would expect this policy to change as the group develops.

(b) Capital risk management

The directors consider the company's capital comprises its share capital and reserves and any loan notes in issue. Whenever possible the group has financed its operations from equity share issues, as the Board considers this helps to ensure that entities in the group will be able to continue in business as going concerns. In the past there have been occasions when capital has been required and the market price of the group's shares has been below their par value, and in those circumstances the group has raised convertible debt finance. The market price of the group's shares is regularly reviewed by the Board and if it persists at below par value for a prolonged period the Board will convene a meeting of shareholders to consider a reduction in the par value of the shares in order to ensure that equity markets remain open to the group as a source of capital.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

25 Financial instruments and risk summary continued

(c) Foreign currency risk and sensitivity
The group has an overseas subsidiary whose functional currency is Rand and in addition undertakes transactions denominated in foreign currencies, principally US dollars, hence exposures to exchange rate fluctuations arise. The carrying amount of the group's foreign currency denominated financial assets and financial liabilities at the reporting date is as follows:

	Assets		Liabilities	
	2011 £	2010 £	2011 £	2010 £
Rand	46,837	65,980	457	15,503
Dollar	836,501	604,711	63,462	74,536
Other currencies	28,211	13,248	–	2,212
	911,549	683,939	63,919	92,251

The company does not have any exposure to foreign currencies as all its transactions are in sterling. The group's exposure to the Rand is such that were the Rand to appreciate by 10% against sterling the cost of its operations in South Africa would rise by £136,928 (2010: £107,814), this would be mitigated by a rise in the value in the groups' Rand assets of £7,229 (2010: £15,314). The groups' exposure to the US dollar is such that were the dollar to depreciate by 10% against sterling profit would be reduced by £125,358 (2010: £117,054). The Board are aware that these are significant risks and are intending to negotiate forward exchange facilities with their bankers when the group's credit position is sufficiently strong to warrant them.

(d) Market risk
The group's activities expose it to the financial risks of changes in foreign currency exchange rates (see section (c)) and interest rates (see section (f)). As explained above, the group has, for the present, accepted exposure to these risks.

(e) Liquidity risk
Ultimate responsibility for liquidity risk management rests with the board of directors, which regularly reviews the short, medium and long term funding and liquidity management requirements. The board consider that equity remains the most appropriate source of funds for the business at its present stage of development and endeavours to maintain access to equity capital markets to fund medium and long term liquidity requirements. Financial assets are maintained on short term deposit to assist with the management of day-to-day working capital requirements.

(f) Fair value of financial instruments
There is no material difference between the fair value and carrying value of financial assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

25 Financial instruments and risk summary continued

(g) Interest rate risk and sensitivity

The group has financial assets of £2,544,412 at 31 March 2011 (2010: £1,877,489) comprising cash deposits and trade and other receivables. Trade and other receivables have been excluded from the following tables as they are non-interest bearing.

The interest rate profile of the group's financial assets, excluding trade and other receivables was:

Group	Floating rate deposits 2011 £	Average rate 2011 £	Floating rate deposits 2010 £	Average rate 2010 £
Currency				
Sterling	920,753	0.5%	519,671	1%
Rand	2,065	9%	65,980	9%
Dollar	273,332	0%	381,972	0%
	1,196,150		967,623	
Company				
Sterling	332,899	0%	131,017	0%

The group has financial liabilities of £323,775 (2010: £345,543). Trade and other payables are excluded from the following tables as they are non-interest bearing.

The group and company had no financial liabilities, excluding trade and other payables, at 31 March 2011.

The interest rate profile of the group's financial liabilities, excluding trade and other payables, at 31 March 2010 was:

Group	Floating rate liabilities £	Fixed rate liabilities £	Total financial liabilities £	Average rate of floating rate liabilities
Currency				
Sterling bank loan	20,770	–	20,770	8.25%
Rand finance lease	–	8,968	8,968	–
	20,770	8,968	29,738	

The average interest rate of floating rate liabilities in the year and in the previous year is based on Libor +2%.

The entire group's trade and other payables (other than bank loans, loan notes and finance leases) are excluded from above because they are either short term payables or fall outside the definition of a financial liability. The group's had no loan facilities at 31 March 2011.

The Rand fixed rate liability was at 21.06% for five years from the inception of the lease.

The bulk of the group's borrowings were at fixed rates and an increase or decrease of 1% in interest rates would have had no material affect on the group's income statement.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2011

25 Financial instruments and risk summary continued

(g) Interest rate risk and sensitivity continued

The following tables detail the remaining contractual maturity for the group and company's financial liabilities, of which there were none at 31 March 2011. The table is based on the earliest date on which the group can be required to pay. The table includes both principal cash flows and interest, or an estimate of interest for floating rate instruments and excludes trade and other payables as the contractual maturities are all due within one year of the balance sheet date.

Group	Average interest rate	Due within one year	Due in one to two years	Total
2010				
Finance lease liability	26%	8,968	–	8,968
Floating rate bank loan	8.25%	10,008	10,762	20,770
		18,976	10,762	29,738

(h) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has a credit policy of only dealing with creditworthy counterparties as a means of mitigating this risk. The group's exposure to credit risk is monitored on a monthly basis and remedial action taken where appropriate.

Despite the above policies there does remain a concentration of credit risk in that two customers, one a major bank and the other a major insurance company, constitute 25.4% (2010: 30.7%) of the groups trade and other receivables. These receivables are within their trading terms but nonetheless present an ongoing risk. The group is endeavouring to mitigate this risk by gaining new customers at a faster rate than business with these two counterparties develops.

The group's maximum exposure to credit risk on its financial assets is £2,544,412 (2010: £1,877,489), for the company its maximum exposure, excluding amounts due from subsidiaries, is £336,655 (2010: £183,895). The group does not hold any collateral against these financial assets.

26 Contingent liabilities

The company has a contingent liability in respect of the value added tax of certain subsidiary companies under a group registration and is therefore jointly and severally liable for all the other group companies' debt in this respect. At 31 March 2011 the maximum potential liability was £51,513 (2010: £17,382).

The company has an additional contingent liability in respect a guarantee given in relation to banking facilities granted to a subsidiary company. At 31 March 2011 the extent of these facilities was £Nil (2010: £20,770).

The company disposed of interests in a number of leasehold properties during the 15 months to 31 March 2002 but retains a contingent liability in respect of one of those properties should the assignees fail to fulfil their obligations under the lease. For this lease, which expires in 2013 and where the annual rent is £135,000, the assignee's obligations are guaranteed by a major clearing bank. The directors consider it unlikely that there will be any cost to the company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY given that the Annual General Meeting of red24 plc ('the Company') will be held at 11.00 a.m. on Tuesday 2 August 2011 at the offices of red24, The London Underwriting Centre, 3 Mincing Lane, London, EC3R 7DD, for the following purposes:

Ordinary business

To consider as ordinary business and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. To receive and consider the Company's accounts for the year ended 31 March 2011 and the Directors' Report and Auditors' Report thereon.

2. To re-appoint J E A Mocatta as a director of the Company.

3. To appoint Baker Tilly UK Audit LLP as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the members and to authorise the directors to agree their remuneration.

Special business

To consider as special business and, if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

4 THAT: subject only to Resolution 5 below being passed as a Special Resolution, the directors of the Company be and they are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities (as defined in Section 551 of the Companies Act 2006 ("the Act")) up to a nominal amount equal to £125,000 provided that this authority shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of the conclusion of the Annual General Meeting of the Company next following the passing of this Resolution and 15 months from the date of this Resolution and further provided that the Company shall be entitled before such expiry to make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors of the Company shall be entitled to allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.

To consider as special business and, if thought fit, to pass the following resolution which will be proposed as a special resolution:

5 THAT subject to Resolution 4 above being duly passed as an Ordinary Resolution, the directors of the Company be and they are hereby empowered pursuant to Section 571 of the Act to allot equity securities (as defined in Section 560 of the Act) for cash pursuant to and for the duration of the authority conferred on them by Resolution 4 above as if Section 561 of the Act did not apply to any such allotment provided that this authority is limited to:

5.1 the allotment of equity securities in connection with any rights issue in favour of ordinary shareholders on the register of members at such record date or dates as the directors of the Company may determine where the equity securities to be issued are respectively attributable to the interests of all such holders of ordinary shares held by them at such record date or dates, provided that the directors of the Company may make such arrangements or exclusions as they consider necessary or expedient in respect of fractional entitlements or legal or practical problems arising in any overseas territory or the requirements of any regulatory body or stock exchange;

5.2 the allotment of equity securities pursuant to the terms of any share scheme for employees adopted by the Company; and

5.3 the allotment (otherwise than pursuant to sub-paragraphs 5.1 or 5.2 above) of equity securities up to an aggregate nominal amount of £100,000.

and shall expire (unless previously renewed, varied or revoked by the Company in general meeting) at the earlier of the conclusion of the Annual General Meeting of the Company next following the passage of this Resolution and fifteen months from the date of this Resolution, save that the Company may before the expiry of the authority conferred by this Resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors of the Company may allot equity securities in pursuance of such offer or agreement notwithstanding that such authority has expired.

9 June 2011

By order of the Board

Registered office
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

Registered in Scotland No. SCO86069

J E A Mocatta
Secretary

NOTICE OF ANNUAL GENERAL MEETING

Notes

1 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members not later than 4.00pm on 31 July 2011 or, if the meeting is adjourned, shareholders entered on the Company's register of members not later than 48 hours before the time fixed for the adjourned meeting, shall be entitled to attend and vote at the meeting.

2 If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the meeting.

A form of proxy is enclosed which you are invited to complete and return. Completion and return of the proxy form in accordance with the instructions thereon will not prevent you from attending and voting at the Meeting, instead of your proxy, if you wish to do so.

3 A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4 You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you may photocopy the proxy from. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned in the same envelope.

5 The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to the Company's registrars, Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU; and
- received not later than 48 hours before the time fixed for the Meeting at which the proxy is to vote.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

6 In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

7 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company's registrars, Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU for details.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

8 In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's registrars, Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU for details. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by the Company's registrars, Capita Registrars of The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 48 hours before the time fixed for the Meeting at which the proxy is to vote.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

9 A vote withheld is not a vote in law and will not be counted in the calculation of the proportion of votes for or against a resolution.

10 Copies of the directors' contracts of service are available for inspection at the Company's registered office during normal business hours on each business day from the date of this notice until the day of the Annual General Meeting and will be at the place of the Annual General Meeting for one hour before, and until the conclusion of, the Meeting.

DIRECTORS AND ADVISERS

DIRECTORS

S A Richards, MA MSc FCA	(Executive Chairman)
J E A Mocatta, MA FCA	(Non-Executive Director)
M S H Worsley-Tonks MBE	(Executive Director)

SECRETARY
J E A Mocatta, MA FCA

REGISTERED OFFICE:
Breckenridge House
274 Sauchiehall Street
Glasgow G2 3EH

NOMINATED ADVISER AND BROKER:
Seymour Pierce Limited
20 Old Bailey
London EC4M 7EN

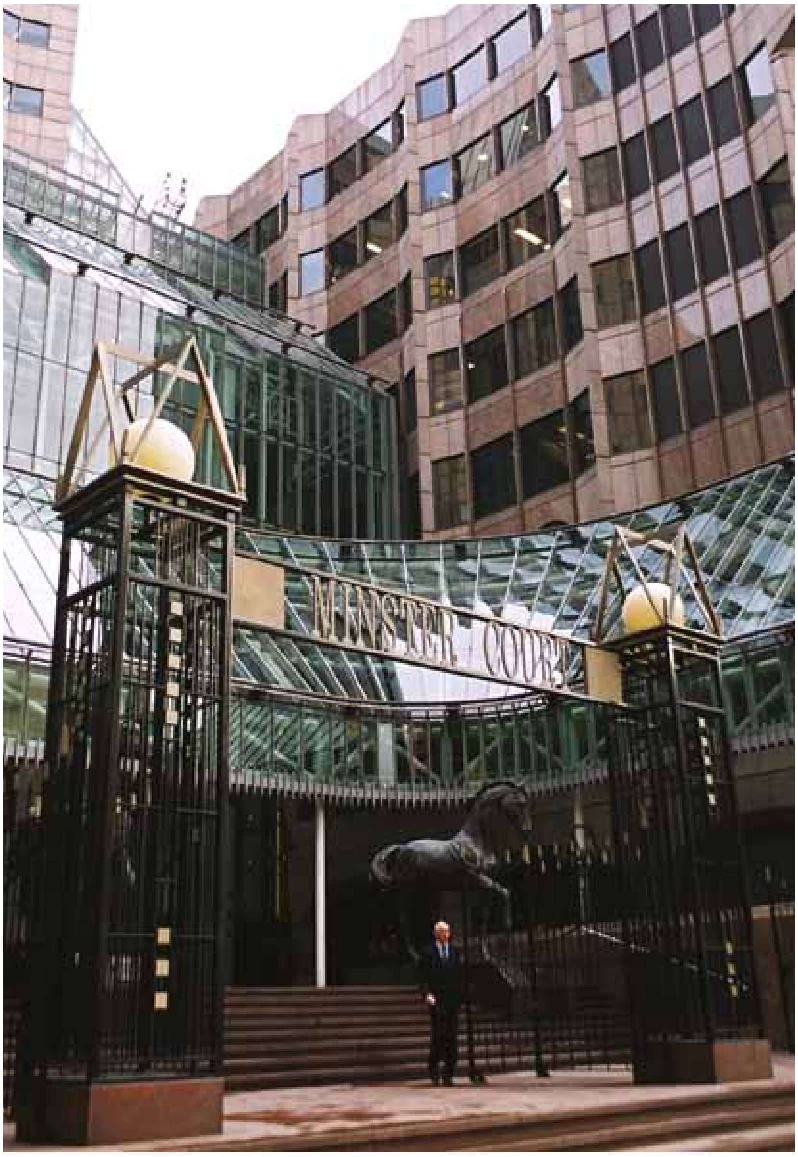
REGISTRARS:
Capita Registrars
34 The Registry
Beckenham
Kent BR3 4TU

INDEPENDENT AUDITOR:
Baker Tilly UK Audit LLP
Chartered Accountants
25 Farringdon Street
London EC4A 4AB

ADMINISTRATIVE OFFICE:
The Coach House
Bill Hill Park
Wokingham
Berkshire RG40 5QT

BANKERS:
HSBC Bank plc
26-28 Broad Street
Reading
Berkshire RG1 2BU

SOLICITORS:
Farrer & Co LLP
66 Lincoln's Inn Fields
London WC2A 3LH



red24 London Office

An ANNUAL REPORTS **DIRECT** report by
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