Journeo

Connected systems, for connected journeys

Annual Report and Financial Statements
for the year ended 31 December 2020

Journeo

Welcome to Journeo's 2020 annual report

Journeo plc is an information systems and technical services business focussed on delivering innovative public transport and related infrastructure solutions, contributing to smart city initiatives as transport becomes more intelligent and connected.

The Company works extensively at many levels with government organisations, local/combined authorities, and many of the largest multinational transport operators, to leverage the Internet of Things (IoT) and open data standards in order to support them as their new and legacy systems converge towards a more efficient and sustainable smarter-cities future.

In recent years, the Company has invested over £5m in research and development and has begun the release to market of powerful new and scalable solutions for public travel and freight applications which capture, process, analyse and display essential information to safely deliver connected journeys.

Financial highlights

Revenue
£13.6m
(2019: £11.4m)

Gross profit
£5.3m
(2019: £4.5m)

Underlying profit before tax
£0.5m
(2019: loss of £0.8m)

Profit before tax
£0.2m
(2019: loss of £0.9m)

Profit before tax excluding share-based payments
£0.3m
(2019: loss of £0.9m)

Cash and cash equivalents at 31 December 2020
£1.3m
(2019: £0.7m)

Diluted earnings per share
2.26p
(2019: loss per share of 1.08p)

Read more on **Consolidated statement of accounts** on pages 46 to 49

Operational highlights

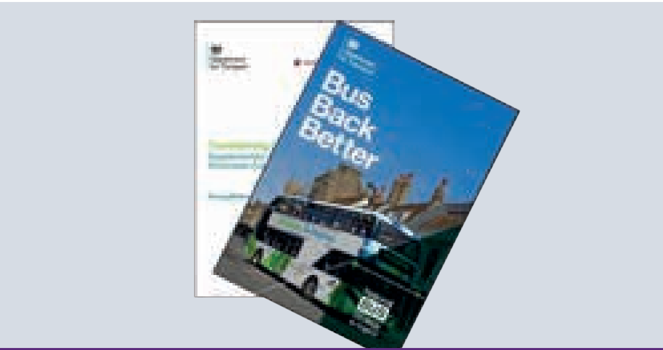
- Business has adapted well to remote working and continued to provide support services during the challenging environment brought about by the Coronavirus pandemic.
- Journeo is increasingly being seen as a technology provider, solving complex operational requirements within our towns and urban centres.
- Increased adoption of Journeo technologies amongst the Group's Fleet Operator customers, with 50 customers and over 3,000 vehicles connected to Journeo's platforms, assisting the Fleet Systems business to grow recurring revenue.
- Passenger segments delivered 43% growth for year-on-year sales revenues as a result of flagship orders received for passenger information and associated infrastructure technologies, including from the City of Edinburgh Council and a northern transport partnership.
- Investment in research and development continues, creating our own intellectual property.
- Retained all ISO accreditations.

Read more on **Chief Executive's report** on pages 14 and 15

Contents

Investment proposition

Journeo is a specialist provider of both on and off-vehicle tailored solutions to the public transport market. We deliver to our customers through dedicated teams in two market segments, Passenger Systems, for the local authorities and Passenger Transport Executives (PTEs) managing transport networks, and Fleet Systems for the bus, coach, rail and specialist commercial fleet operators.

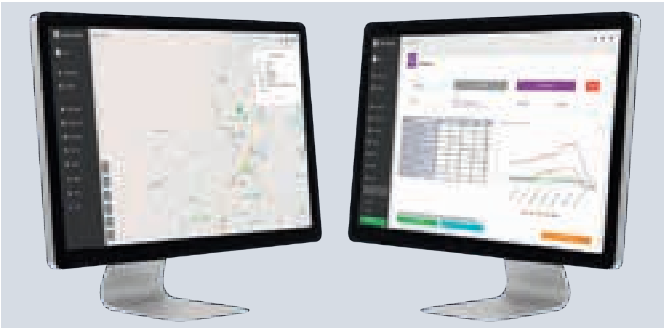


1.

Opportunities for growth

We have identified attractive growth opportunities where there is a focus on increasing the number and quality of journeys using public transport; particularly in and around cities, in response the need to reduce congestion and deliver the carbon-neutral, low-emissions agenda. This has been backed by Government action, for example in England, significant funding is starting to flow from the £2.4bn Transforming Cities Fund and the regulatory landscape changes of the Bus Services Act 2017. The recently announced £3bn National Bus strategy for England is already generating exciting new opportunities.

Read more in **Markets** on page 16 and 17

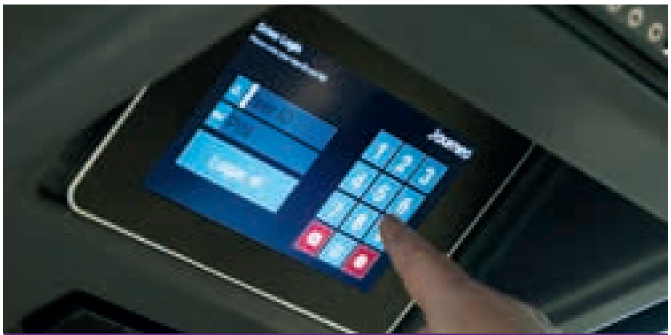


2.

Open platform provider

Our business model is to compete in the market as an open provider of technology solutions, working with global-scale product companies and local specialists to deliver highly reliable and cost-effective solutions for the transport community over the lifecycle of the systems. The service offering includes design, tailoring, installation, on-site support and back-office systems.

Read more in **Chief Technical Officer's report** on page 26



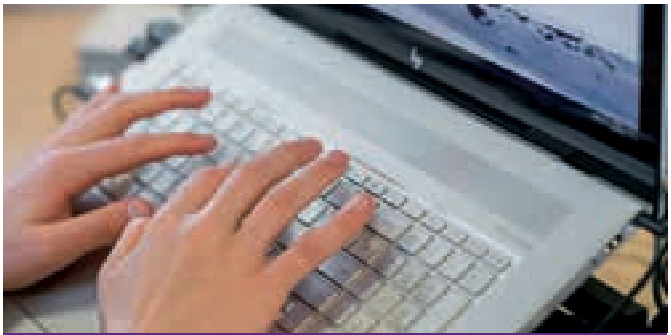
3.

Favourable markets and competitive position

We strive to compete by listening to our customers, applying attention to detail in our engineering support and through continuous innovation. This leads to some fresh insights and new approaches for both modern and legacy applications. We share the benefits of our scale economies to reduce costs for our customers, who include fleet operators, vehicle manufacturers, local authorities and PTEs.

A number of niche applications, within the market segments that we serve are attractive, with relatively few competitors and high barriers to entry due to a combination of enterprise risk and technical complexity associated with the management of long lifecycle assets across large geographic areas. The ability to rise to the challenges of increasing complexity and converging solutions on the cloud provides Journeo with an increasingly differentiated position.

Read more in **Markets**
on page 16 and 17



4.

Investing in growth

Investments made in recent years in the Group's development teams and technology to deliver a cloud-based, modular and hardware agnostic SaaS platform is positioning it well to take advantage of the opportunities now being presented. In addition, the Company's market share and presence has enabled exclusive relationships to be forged with specialist equipment manufacturers, which have the potential to significantly increase revenue.

Read more in **Our strategy**
on page 22 to 25

At a glance

Connected systems, for connected journeys...

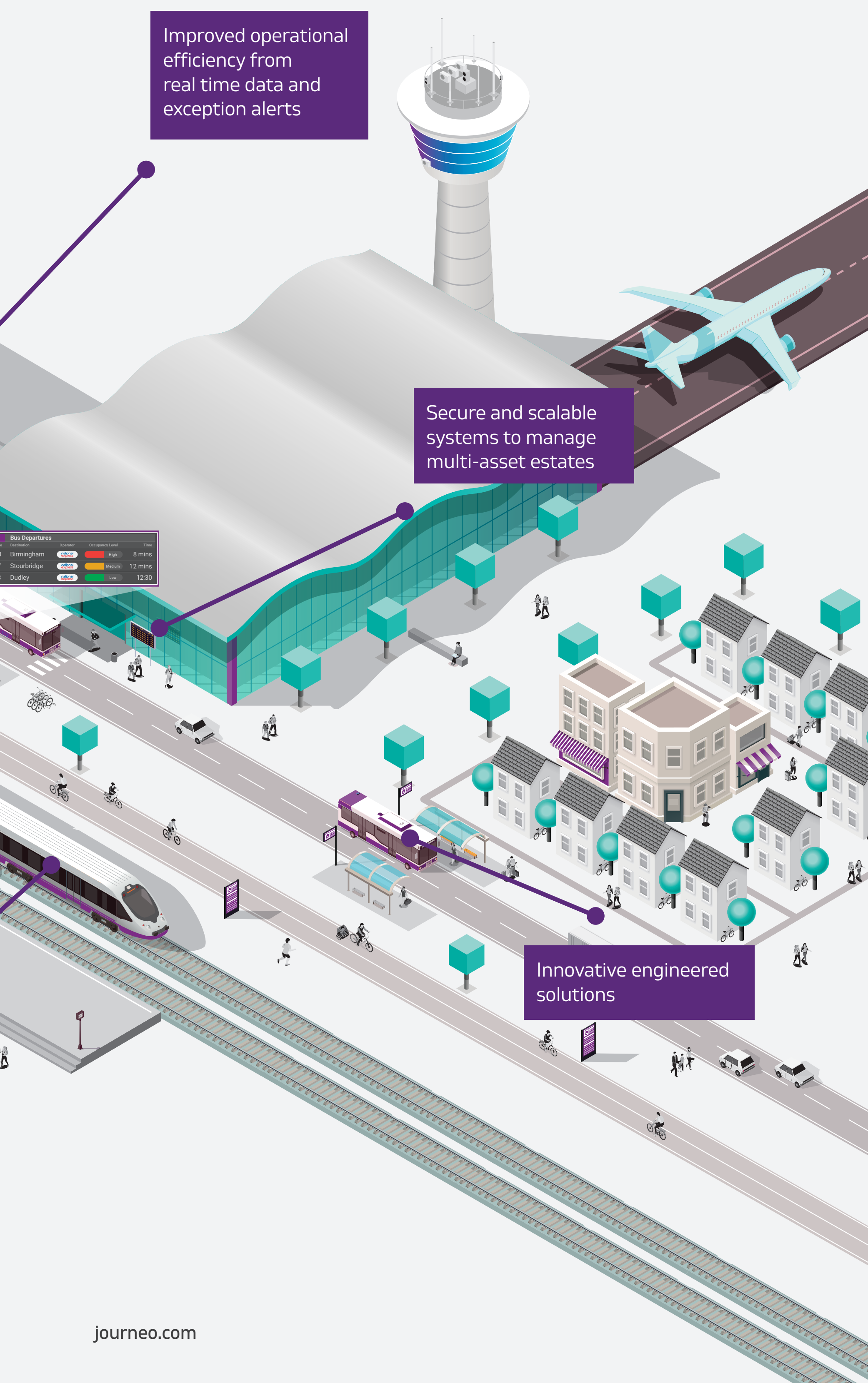
Converged passenger transport software

EPIX modules and applications

- Core real time information management
  - Timetable management
  - Real time management
  - Message management
  - Global service edits
  - Via and alias management
  - Speech messages
  - Status map and health monitor
- Advertising management
  - Media manager
  - Campaign manager
- Bus station management
  - Stand changes
  - Stand charging
  - Cluster management
- Multi-modal templates
- Web departure boards
- Mobile-EPI
- Template editor

Journeo Portal

- Real time map
- Transit
  - Remote Condition Monitoring (RCM)
  - Agnostic Video Management System (AVMS)
  - Automatic Passenger Counting (APC)
  - Operational management
    - Schedule management
    - Driver management
    - Message hub
    - Service management
- Surface
  - Highways app
  - Surface monitor
- Air
  - Air quality monitor



Passenger transport infrastructure systems

- Bay displays
- Stretched in-shelter displays
- Summary displays
- Full-colour LED displays
- Low-power E-ink displays
- Solar-powered TFT displays
- Interactive wayfinding totems
- Air quality sensors
- In-shelter CCTV
- Bus station Wi-Fi

Fleet operator systems

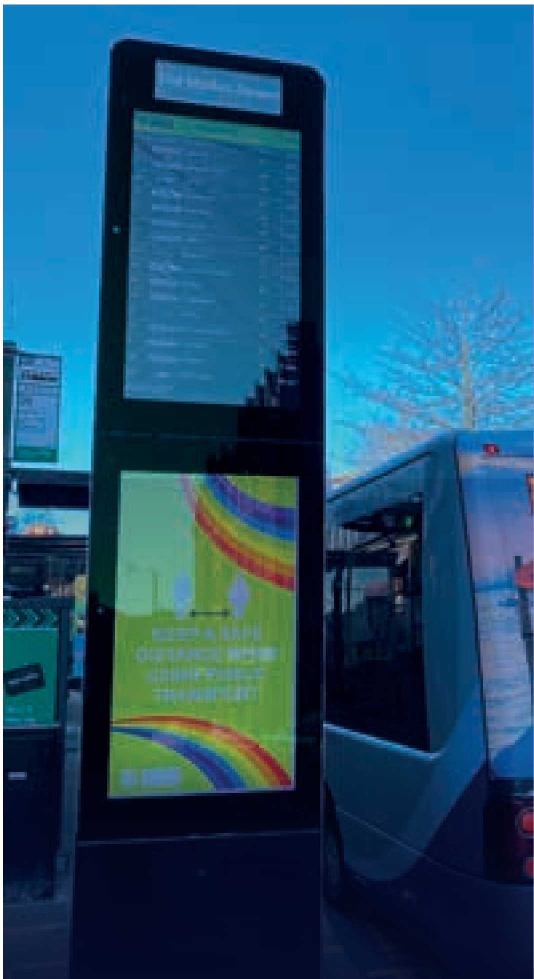
Bus, coach and Specialist vehicle

- Automatic passenger counting
- CCTV
- Driver displays
- Next stop announcement displays
- On-board Wi-Fi
- SmartVision camera monitor system
- Telematics and driver behaviour

Rail

- Forward Facing CCTV
- Automatic passenger counting
- Saloon CCTV
- Station information security systems
- Train Wi-Fi

At a glance CONTINUED



Read more in **Chief Executive's report** on pages 14 and 15

Passenger transport infrastructure systems

We provide our solutions to many of the 435 local authorities and eight Passenger Transport Executives (PTEs) across the UK and currently have over 4,000 display systems under software and support contracts. These systems are powered by our latest electronic passenger information software, 'EPIX' content management for the transport sector. EPIX controls the content displayed on public transport information estates and gives local authorities and PTEs the power to display scheduled and real time transport information in conjunction with supporting media and vital disruption messaging for routes and services.

All our display products are designed and manufactured in steel, with enamel or powder coatings to last for many years in harsh outdoor environments. We use high-performance imaging panels, the latest communications technology and low energy semiconductors. For the most demanding applications, our screens can now be supplied tested to IP69K, which is currently the highest protection available.

£6.8m
Revenue

43% increase
(2019: £4.8m)

Solutions

Intelligent display technology

We have recently launched a range of high-definition, LED and TFT products that can be supplied new or retrofitted into current on-street furniture. These powerful new display products emulate the traditional monochrome timetable arrival and departure information, before switching over to full-colour graphics for advertising and other public messaging services. We can supply these units with image processing and analytics software, diesel particulates monitoring and CCTV protection to deter vandalism or other forms of attack.

Interactive wayfinding

To highlight points of interest, destinations and transport services, our interactive wayfinding totems allow PTEs to provide all the information needed to move people around their towns and cities, clearly and accessibly.

On-board technologies

Our design engineering complies with CEN standards and installations are completed in accordance with Federation of Communication Services (FCS) regulations. We are members of Information Technology for Public Transport (ITxPT) and our solutions include, VOIP, CCTV, Automatic Passenger Counting (APC), Telematics, Next Stop Announcements and Passenger Wi-Fi.

Read more in Chief Executive's report on page 15

Fleet transport operator systems

We provide vital on-board safety and efficiency solutions to a growing share of the UK bus market and are proud to include leading companies such as Abellio, Arriva, First Group, National Express and Translink amongst our many customers. Our services extend into mainland Europe through Keolis and Arriva. We also serve customers in rail, light-rail, and specialist vehicle sectors. We support fleet operators, large and small, with many thousands of vehicles nationwide.

Journeo management software provides fleet operators with a powerful platform to improve operational efficiency, revealing valuable data-insights for connectivity into the wider organisation and smarter city. Our key enabling technology on the vehicle is Journeo Edge which runs vehicle applications such as remote condition monitoring, agnostic video management and passenger counting. Our FITAS approved engineering services cover design, systems integration, installation, and field service support.

£6.8m

Revenue

3% increase

(2019: £6.6m)

Remote condition monitoring

The open-platform Journeo Edge intelligent gateway provides real time information on the health of an increasing number of on-board systems. Its machine learning algorithms and tariff management software lead to higher system availability and lower costs.

Agnostic video management

As fleets evolve, so does the technology on them, resulting in a mix of newer and legacy technologies from many manufacturers, each with their own proprietary, closed system.

The Journeo Agnostic Video Management System unlocks users from proprietary, single manufacturer systems and manages all of these in a single, secure, cloud-based environment, providing the freedom for the operator to select best-of-breed technologies as they come to the market.

Operation optimisation technologies

We capture and process data from multiple on-board technologies to provide automated operation optimisation alerts and disseminate this data to key decisions makers, for example, improving the optimisation of large surface area car park bussing services at Gatwick and Stansted airports.

Chairman's statement

Mark Elliot
Non-Executive Chairman

> "The Group's ability to leverage existing systems and deliver customers with enhanced functionality through the IoT, differentiates us."

Introduction

This time last year, as I began to draft my statement for the Annual Report 2019, the world had just entered the coronavirus pandemic, which has turned out to be a prolonged period of significant disruption and change that still persists. The incredible efforts of key workers in supporting the nation and our scientists in developing vaccines which are now being rolled out in record time, points to a more encouraging future as economies recover.

The impact of COVID-19 on public transport and international travel throughout 2020 has been well documented. However, whilst there were many challenges, critical national infrastructure projects that are considered vital to the future of our country, including those within Transforming Cities Fund (TCF), continued to be supported by the Government. This provided Journeo with opportunities and a degree of stability during the year.

It is in light of this, that the Group was able to improve revenues and profits and, importantly, continued to make progress with the adoption of our technologies within our target customer segments.

Trading results

Group results for the year ended 31 December 2020 show an underlying profit of £464k (2019: loss of £777k).

Overall sales increased by £2.2m to £13.6m (2019: £11.4m) and gross profit increased to £5.3m (2019: £4.5m).

Passenger sales increased by 43% to £6.8m (2019: £4.8m). Margins reduced to 47% (2019: 55%) due to a higher proportion of new system installations, and gross profit increased to £3.2m (2019: £2.6m).

Fleet sales increased by 3% to £6.8m (2019: £6.6m) despite the falling passenger numbers for the operators after the March 2020 lockdown. Gross profit increased to £2.1m (2019: £1.9m) with an improvement in margins to 31% (2019: 29%).

Underlying administrative expenses decreased to £5.1m (2019: £5.5m) with lower levels of non-essential expenditure during lockdown periods.

The profit after a charge for share-based payments of £0.1m (2019: nil) and before tax was £0.2m (2019: loss of £0.9m).

Placing

Following the placing in December 2019 which raised £1.2m before expenses, the Group had a remaining authority to issue a smaller number of shares. In April 2020, 513,750 shares were placed raising a further £256,875.

The net cash position at 31 December 2020 was £1.3m (31 December 2019: £0.7m).

Markets update

Operator reluctance to invest in new bus fleets began well before the pandemic, as operators looked to lengthen the lifecycle of their existing assets whilst low and zero carbon bus technology matured. Travel restrictions in 2020 meant that public transport and international travel were amongst the first sectors to be severely affected by the pandemic and many continue to be so. As a result, our customers face prolonged and difficult operating conditions and, therefore more than ever, are looking for solutions that provide enhanced functionality and improved economics.

While public transport infrastructure faced many operational challenges through the course of 2020, those that are considered of national importance were prioritised by the Government and were able to continue once the required health and safety measures were put in place. This allowed Journeo to continue operations and pre-sales support work whilst also delivering on a number of projects already in progress during the year.

We fully support the ongoing UK Government commitments to invest in town and city infrastructure, through schemes such as the £2.4bn Transforming Cities Fund ("TCF"), which drives innovation and improves the flow of people and goods in and around our smarter cities and urban centres. We look forward to working with the Enhanced Partnerships that are expected to form following the recent release of the National Bus Strategy for England, to help deliver on the £3bn commitment to carbon-zero solutions in public transport.

Brexit & COVID-19

Leaving the European Union has created a number of challenges for the Group resulting from increased transport costs, delivery delays and additional bureaucracy. In addition, one of the many effects of the coronavirus pandemic has been an increase in the number of people working from home, which in turn led to an increased demand for laptops, phones, and tablets; and the key semiconductors and display components that they comprise. We build our display systems using many of the same world-class components and have been carefully working with our supply chain partners to prevent shortages and minimising, where possible, increases in raw material costs. The Group is continuously monitoring these important factors and quickly takes corrective actions to optimise component stocks, maintain efficient production schedules and adjust pricing to protect margins.

Strategy

Journeo's strategy is to seek, identify and then solve current or anticipated future requirements in specific target segments within public transport infrastructure and passenger transport operations. We do this where we see a potential for increased market share of a growing market, due to technology transition or convergence, and where we see significant scale potential for resale of the core technology and our valuable IP on a worldwide basis.

Our mission is to form deep, trusted and long-lasting customer bonds and profound, real-life end user insights and apply our R&D capabilities in a "customer-led, applied development" model.

The Group's ability to leverage existing systems and deliver customers with enhanced functionality through the IoT, differentiates us. Since the launch of Journeo's cloud-based platform in November 2019, we have seen adoption of our solution steadily grow. We currently have 50 companies and over 3,000 vehicles connected to our platforms with the ability to access a growing range of vital in-service information and data analytics safely, securely and remotely.

In conjunction with our corporate social responsibility aims and our drive to improve sustainability, we have been investing in renewable energy powered technologies for some time now. Recent announcements regarding £1.1m of purchase orders for our low energy consumption, solar-powered displays technology is encouraging, and we have other 'renewables'-based solutions in development that are due to come to market later this year.

An increasing number of our own products, software and scalable solutions form the core of our sales opportunity pipeline and underpin our order books and support our ambitions for organic growth in 2021 and beyond. We also see opportunities to enhance this profitable growth through acquisition, where this provides a route to new or adjacent markets for our core capabilities, technologies, and Intellectual Property (IP).

Environment, Social and Governance

The Board takes its Environmental, Social and Governance (ESG) responsibilities seriously. In addition to seeking to comply with the QCA Corporate Governance Code, Journeo has in place international trademarks and recognised accreditations for Information Security Management System (ISO 27001:2013), Quality Management (ISO 9001:2015), Environmental Quality Management (ISO 14001:2015) and Occupational Health and Safety (ISO 45001:2018). Together these systems embed a strong culture of sound ethical values and behaviours within the Group.

As the world emerges from the restrictions that have come about as a result of the pandemic, the Board is focused on delivering solutions that benefit a green and sustainable recovery. Through a combination of low-power components that leverage our IoT systems infrastructure, our technologies and software can play an increasing part in the wider smart-city goals of developed nations.

In 2020, the Board initiated a process to formalise Journeo's sustainability strategy to embed this within the Group's wider strategy. Over the next few months, an initial review of sustainability and ESG activities will be completed, identifying issues of importance to internal and external stakeholders, as part of developing a more sustainable vision and strategy in the medium to long-term.

Chairman's statement CONTINUED

This work is ongoing and over the course of the next 12-months we will complete the baseline review and materiality assessment. We will aim to improve sustainability messaging to explain our approach more clearly towards reducing carbon emissions and our responsibilities to our communities and staff. We plan to issue a sustainability report within the Annual Report due for release in 2022.

People

We continue to place the safety of our people and our customers first. Our teams have adjusted well to the new working paradigm, and infrastructure that was previously in place to allow remote working has proved invaluable to the continued development of the Group. A small number of staff were placed on to the Government furlough scheme, for a very short period, with the remainder continuing in full-time employment throughout the pandemic here in the UK and Sweden. This 'new normal' meant a change not only to how we engage internally, but also to how we address and reach our customers in order to understand their needs and deliver the solutions they require. Our teams reacted admirably to this task and I would like to take the opportunity to thank all team members for their continued dedication and hard work as we strive to further improve the position of the Group.

Outlook

At the present time, there is a good degree of uncertainty about the precise timing and structure of the post-coronavirus recovery here in the UK, and more so in parts of the Far East and Asia, where many of our supply chain partners are based, and Continental Europe, where we have an operating centre and a number of major customers.

We have delivered on our plans for FY2020, whilst navigating a path through the unprecedented challenges presented by the pandemic and remain confident that our customer-led, applied development strategy is working and is the right way forward.

2021 has started encouragingly, with purchase orders and contract awards valued at £4.2m announced during Q1. There is also a rising level of enquiries and sales opportunities in our pipelines, which are now predominantly based upon our own IP, technologies, and software.

The £2.4bn Transforming Cities Fund and the recently announced £3bn National Bus Strategy for England (Bus Back Better) are significant Government commitments to increase the use of public transport in and around our congested cities over the next few years. These powerful market drivers will lead to the creation of new, world-class, passenger-friendly infrastructure, and at the same time provide the commercial impetus for fleet operators to invest in new technologies and carbon-zero vehicles.

Journeo is well placed to capture an increasing share of this sizeable, dynamic and growing market, both organically and through acquisition where this provides a route to market for our core capabilities. The combination of an increasing demand for our technologies and software with significant government funding underpins our confidence and ambitious growth plans.

Once again, I would like to take this opportunity to thank each and every member of the Journeo team for their flexibility, dedication and attention to detail during the last 12 months, where many of them have been working from home. Nearly 30 million people in the UK have now received at least one dose of a coronavirus vaccine, part of the biggest inoculation programme the country has ever launched, and we look forward to when businesses and the associated travel; bus, coach, rail and air, return to pre-pandemic levels.

Mark Elliot
Non-Executive Chairman
25 March 2021


Heathrow Central
285
abellio
abellio
2037
SK20 BDZ

Journeo

Strategic report

> "Our strategy to develop our own technologies, IP and engineering capabilities centred around strong customer relationships and meeting customer and market needs started to bear fruit in 2020."

Russ Singleton
Chief Executive

Strategic report

Chief Executive's report

Russ Singleton
Chief Executive

> "The significant potential for growth that I referenced in my report last year is beginning to be delivered."

Introduction

Our strategy to develop our own technologies, IP and engineering capabilities centred around strong customer relationships and meeting customer and market needs started to bear fruit in 2020. The progress we made was all the more pleasing against a backdrop of challenging market conditions, and I am pleased to see the growing number of sales and pipeline opportunities this year that are based upon our own technologies, products, software and services. These include strategically important contract wins, such as the £1.3m transport infrastructure award and the £1.8m fleet operator framework, announced in January and the recently announced £1.1m award, which included our latest double-sided and solar-powered display systems.

A number of sectors within the public transport and rail freight transport markets are realising the benefits of the type of converged solutions we are developing. Over the coming years, we will continue to invest in specific areas of research and development to create new capabilities, as we become more deeply integrated into the solutions that will become essential in smarter, greener cities.

Whilst the disruption caused by the pandemic has been experienced throughout most sectors of the transport market and has impacted the delivery of some elements in our own projects, our business continuity procedures ensured that we have been able to operate throughout the year, with minimal recourse to the Government furlough scheme.

Operational review

Passenger infrastructure systems

The significant potential for growth I referenced in my report last year is beginning to be delivered. The sales process for large infrastructure projects can be long and difficult to predict, and the substantial orders secured at the start of 2020 were the result of sustained pre-sales work by our team over many months. I am delighted that despite the challenges, the sales pipeline has continued to build; delivering a 43% increase in sales revenues for the full year to £6.8m (2019: £4.8m).

The UK Government issued a number of commitments to develop urban centres through stimulus packages such as the £2.4bn Transforming Cities Fund (TCF), and these are continuing. As the country moves on from the restrictions of the past 12 months, the consensus view suggests that this important market driver for further regeneration will continue, or possibly accelerate. This is bolstered following the £3bn National Bus Strategy for England, announced on 15 March 2021.

Our sales and marketing teams have been successful in accessing the opportunities that TCF has presented and the £1.9m award from a northern transport partnership, announced in February of last year to deliver our powerful EPIX Content Management System (CMS) and associated display hardware, evidence this. The first phase of the project roll-out was delivered on time and on budget, and our high quality solutions have been well received by the customer, to such extent that we secured subsequent purchase orders totalling £1.3m in January of this year.

In January 2020, we announced the receipt of a £0.8m purchase order from City of Edinburgh Council for the delivery of critical transport infrastructure at Edinburgh Bus Station, which is part of a five-year, £4.8m contract. Whilst local lockdown restrictions have understandably delayed some elements of commissioning, the first phase is nearing completion and will soon be at the centre of an impressive real-time information estate that will serve residents and visitors alike, promoting the use of public transport within the capital of Scotland. We are proud to be working with this world-class capital city as they elevate the capabilities of their transport infrastructure and are confident that our innovative technology will lead to further orders. Once the works are completed, the system will become a showcase for our capabilities on a global stage, for many years to come.

Our relationship with Transport for West Midlands (TfWM) is developing and in July we announced £0.6m orders had been received under the Enhanced Infrastructure Framework Agreement. Predominantly for in-shelter information technology, it included the provision of CCTV security solutions which connect into their control centre. We are also supplying a number of our second-generation pollution detection sensors, which monitor and report in real time on the air quality along the region's key transport corridors.

Major transport infrastructure projects are becoming the cornerstone for our success with local authority and Passenger Transport Executive customers. We have a growing pipeline of sales opportunities that will further embed the Group within transport and associated highways infrastructure systems.

Whilst the transport community has and continues to face many challenges, we have ensured that we have been ready and able to support our customers throughout the pandemic, responding to their changing needs as the levels of public transport requirements fluctuated. Journeo, like many organisations, welcomes the roadmap out of lockdown that has been presented by the Government and sees further opportunities as members of the public return to school, work and centres of economic benefit.

Fleet transport operator systems

Our fleet business made further progress in the year, winning new customers, retaining key asset clients and embedding our solutions more deeply into our customers' operations.

Revenue remained relatively stable at £6.8m (2019: £6.6m) which, in light of the operating conditions our customers were facing, is a satisfying result.

With fewer people using public transport, vehicle refresh programmes were largely suspended, further eroding the already suppressed numbers of new bus registrations and the sales that we benefit from alongside them. However, the wider consequences of fewer new vehicle registrations were offset by our ability to offer secure remote working and uplifting the capability of operators' legacy systems

Much of this resilience can be attributed to the growing adoption of our secure, cloud-based technologies. Whilst the pandemic resulted in fleet operators suspending large, fleet-wide technology roll outs, our agnostic and open approach enabled us to stay on track financially, whilst growing our user base, and by delivering real and meaningful benefits to our customers.

This approach was rewarded in August with a three-year renewal of the framework agreement with Abellio. Operating services in and around the London area, this multi-modal transport operator is currently evaluating a number of Journeo connected bus technologies and has already purchased a 200-vehicle installation of our Journeo Edge IoT gateway. The agile and agnostic nature of our solution has the capabilities for wider multi-modal deployment on rail, tram and coach, as well as bus operations.

Our ground-breaking airport passenger and flight crew transfer solutions continue to attract attention and we are in discussions with a number of other UK and European airports looking to deploy similar solutions based on our software and technologies. Deliveries of our systems at Stansted Airport were slightly delayed, due to lockdown restrictions. The airport is planning its return to full service with projections of operating at Peak Vehicle Requirement (PVR), in Q3 and Q4 of 2021. We are coordinating our airport systems marketing campaign so that potential customers can contact and visit Stansted Airport to see our latest solution in action.

We have, for many years, maintained a small and agile rail team. Recent enhancements in our IP and capabilities, to address the safety, security and operational efficiencies of passenger and freight rail customers, is stimulating growth in the pipeline of sales opportunities. In addition to this, there has been direct work with Network Rail, trialling advanced video analytics to maintain critical rail infrastructure.

Central services

As previously highlighted, the Group has operated continually throughout the pandemic, with careful attention given to supporting our people, many of whom were working from home. During this time, our central services teams have maintained relationships throughout our supply chains to secure raw materials and maintain stock levels whilst preserving our cash reserves and reducing expenditure where possible.

One such area where we suspended non-essential spending was a project to unify the branding of our operating companies. Despite the benefits that a more intuitive and informative website would bring to future sales, we decided that the Group would be better served by delaying the investment in this project. The project recommenced in January this year and will be materially completed during H1.

To support the increased on-line presence, we have also begun to invest in additional sales and marketing resources, as we acquire more customers and increase market share, whilst at the same time, extend our reach into new and related markets.

Russ Singleton
Chief Executive
25 March 2021

Transforming City Funds £2.4bn.

National Bus Strategy for England £3.0bn.

Markets

Global megatrends

Rapid urbanisation

Climate change and resource scarcity

Shift in global economic power

Demographic and social change

Technological breakthroughs

Transport trends

Increased congestion.

Changing passenger demand.

Move to zero-emission vehicles.

Use of renewable energy.

Vehicle production rising in Asia.

Continuing globalisation and standardisation within supply chains.

Fewer journeys per person due to the rise of the internet.

Long-term reduction in young people holding driving licences.

Transport in the smarter city and Internet of Things.

More intelligent transport.

A future of driverless and on-demand services.

Government policy

Changing government policies

The transport sector, and particularly public transport, plays a key part in any strategy to reduce emissions and congestion. Most cities and governments have policies to encourage the use of public transport and the presence of such policies has a major effect on the markets we serve. In the UK passenger numbers have been declining for many years, leading to a reduction in funds available for investment by our Passenger and Fleet customers.

Recently the UK Government has responded to the need to move to a more sustainable, mass public transport-led future and is creating a more favourable environment; this should prove a turning point in particular for the bus element of the transport community.

The National Bus Strategy for England published in March this year, provides £3bn investment and important changes to revenue support, to create 'turn-up-and-go' high-frequency networks in England. Ticketing will be made simpler, with flat fares, daily 'capping' and high-quality passenger information, to reverse a historic patronage decline.

Funding models will be changed, from June 2021, putting local transport authorities at the heart of bus network revitalisation. Pre-Covid, buses in England were the most used form of all public transport accounting for more than 60% of all public transport journeys, a pattern expected to be replicated as we move out of national lockdown.

Net Zero

The UK became the first major economy to pass Net Zero emissions law. The UK is required to bring all greenhouse gas emissions to a Net Zero by 2050. The ministerial foreword to the Department for Transport report, Decarbonising Transport - Setting the Challenge, sets out that "Public transport and active travel will be the natural first choice for our daily activities. We will use our cars less and be able to rely on a convenient, cost-effective and coherent public transport network."

Significant investment from bus manufacturers is seeing a number of technologies (predominantly hydrogen and electric vehicles) mature rapidly and a number of large bus operators have already stated that they will never buy another diesel vehicle. We can expect this modal-shift in technology to accelerate even further, with most consumer-grade vehicle manufacturers now also focussing on zero emission vehicles.

Bus Services Act 2017 and National Bus Strategy (2021)

The Act provides access to new powers to England's metropolitan areas outside London, to redress the negative effects of deregulation – variable quality, lack of integration and fragmented services. The Act presents local authorities with new powers to bring about change and unlock the potential for the bus industry to achieve more for passengers than it does today. The National Bus Strategy for England encourages Local authorities to leverage the powers contained within the Act in order to access the £3bn funding announced with the strategy for both the authority and the operator. Many consider it possible that the devolved parts of the United Kingdom will follow suit to encourage a return to public transport.

Transforming Cities Fund (TCF)

The TCF is a £2.4bn programme, originally announced in 2017, to improve productivity and spread prosperity through investment in public and sustainable transport in some of the largest English city regions. It is to be released in tranches over five years to successful applicant city regions.

Passenger transport infrastructure systems

The market

We supply passenger information systems to the local authorities and Passenger Transport Executives (PTEs) that manage transport networks.

The last decade has seen limited investment in passenger information systems, but recent changes in Government policy has lead to increased activity in the UK passenger systems market. The first tranche of TCF was released to PTEs and local authorities in 2019. This appears to be a positive trend that is set to continue and initial orders from the second tranche of funding have already been received.

The release of the National Bus Strategy places new responsibilities in the hands of local transport authorities. Whilst they now hold access to Government-backed operator funding, they will also be required to further invest in public transport, with bus priority systems and a drive for sustainable and ecologically-friendly solutions.

Our response

Our strategy of combining engineering services, partnerships with complementary industry specialists and our own latest generation of industry specific solutions has produced a powerful competitive advantage for large and complex infrastructure projects.

We are continuing to invest in the development of our Journeo EPIX software to meet the emerging needs of our customers as their requirements grow with their new powers and responsibilities.

We are also developing new solutions in response to the needs of local authorities and PTEs as we seek to extend our role in the transport sector of the wider smarter city, providing critical information on air quality being one example.

We have emerging business opportunities in cycling and walking, low-power solutions, emissions measurement, and road surface analysis; all of which will support local authorities as they work to achieve the UK Government's goal of making public transport the de-facto choice of transport in an effort to meet their Net Zero targets.

Fleet transport operator systems

The market

We supply safety and information systems to bus, rail, rail freight, light-rail and specialist vehicle operators, as well as integrated solutions to enclosed transport operations, at locations such as airports. Our solutions tend to be provisioned at a fleet-wide level rather than individual vehicles.

UK bus is our largest market where the main drivers for revenue are the systems for new vehicles, the fleet wide adoption of new technology to meet operational need and the on-going service to the fleet.

Pre-pandemic, the UK market had falling passenger numbers, rising costs, fare pressures, changing technology to carbon-zero vehicles, reduced government subsidies and regulatory changes. This resulted in new bus and coach registrations falling for each of the last four years, culminating in significant reductions during the Covid period.

However, the recently announced National Bus Strategy for England signals a move away from restricted funding to an incentives-based programme, through Enhanced Partnerships and franchising run by local authorities. To access funding, services must have a plan for improvement, with the Government's ultimate goal to make buses and bus services so appealing, that they become the de-facto choice for mid-range and inner-urban journeys.

As the effect of changing government policies filters through and the country moves out of lockdown, we expect to see an improving situation.

A similar shift is occurring in the passenger rail market and whilst we still wait on the release of the Williams Rail Review and its findings, the quasi-nationalisation of the railways that has occurred during the pandemic is paving a way out of the feast and famine approach to franchise-era upgrades.

Our response

We continuously improve our services to customers solutions via investment in our core technologies that can be applied across customers in all of our selected fleet operator markets.

The release of the National Bus Strategy, backed by £3bn of funding, will accelerate the quality and consistency of bus services throughout England in the coming years and a requirement for technologies that drive operational efficiency and improve the passenger experience will be key to achieving the Government's goals.

We have invested £5m into Research and Development in recent years, placing us in a strong position to capture market share and growth.

For instance, our Journeo Remote Condition Monitoring solution provides operators with a cost-effective method of ensuring the critical systems on their vehicles are working properly, to meet regulatory and operational requirements. This reduces whole-life-cycle costs through smarter servicing.

Further, our Agnostic Video Management System has proved extremely valuable to customers looking to standardise processes across large fleets with a mixed technology base. This has been especially welcomed during the pandemic as customers were able to access vital evidence remotely and securely, without having to visit the bus, depot or train.

We continue to extend our supply opportunities by adding more complementary products. For example, the SmartVision "digital wing-mirrors" being deployed across the UK and particularly in London as part of TfL's Vision Zero initiative.

Many customers are multi-national fleet operators and our technology-based approach is opening new opportunities and routes to market.

Business model

Key resources

Our core capabilities have developed through practical experience in creating market-leading solutions for the unique requirements of the transport community. Our key resources can be grouped under four headings:

Engineering excellence

Our people and culture are aligned to the needs of our customers. The importance of our solutions in the day-to-day operations of our customers informs our actions. Our customers demand engineering excellence, and it is at the heart of our expertise.

Technology leadership

We support our customers legacy systems, today's new purchases and tomorrow's strategic direction. We have a 360° view of the technology relevant to our customers and the capability to develop products and software that meet the transport community's unique requirements.

Affinity with customers

Like our customers, we have a long-term commitment to the transport sector. We are specialists and understand the importance of creating solutions that are leading edge, but at the same time durable and cost-effective over the long term.

Third-party relationships

We are key members of the transport ecosystem and work inclusively and collaboratively with industry complementors to deliver the solutions required by our customers.

Our activities

Our main activities can be split by:

Engineering services

A full-spectrum service from design and bid response teams to installation, management and field support services.

Technology provision

We combine a deep understanding of customer needs with our Research and Development capabilities to create innovative, new, open-platform products and software solutions that increase performance and decrease costs for our customers.

Support services

We provide vital services to our customers, delivering best practices and processes to enable them to deliver efficient and consistent results for their customers.

Read more about **Our technologies** on pages 4 and 5

Market drivers

Increased congestion and growing requirement for public transport

Push for Net Zero by 2050

Supply chain globalisation

More intelligent transport in smarter cities

Read more on **our markets** on pages 16 and 17

The result...

- Support over the full lifecycle of our customers' systems
- Converged solutions to increase performance and decrease cost
- Delivery of timely and accurate information to our customers

Income streams

Solutions sales into vehicle fleets and passenger transport infrastructure.

Integrated sales creating new converged solutions from previously disparate or closed technologies and applications.

Know-how and IP sales enhancing legacy systems by driving additional value from the systems that customers have already invested in.

Design, installation, services and support assuring high performance and reliability across the total lifecycle for our customers.

Managed solutions providing our customers with total peace of mind.

Business model CONTINUED

Our customers

We provide operation-critical solutions to transport community customers, which capture, process and display essential information to improve journeys. We serve towns and cities with passenger information, fleet operators with safety and efficiency systems and bring these together in fully integrated solutions for places such as airports.

Passenger transport infrastructure systems

We provide solutions to many of the 435 local authorities and eight Passenger Transport Executives (PTEs) across the UK and currently have over 4,000 display systems, connected online, under software and support contracts. Our software controls the content displayed on public transport information estates and gives local authorities and PTEs the power to display scheduled and real time transport information in conjunction with supporting media and vital disruption messaging for routes and services.

Fleet transport operator systems

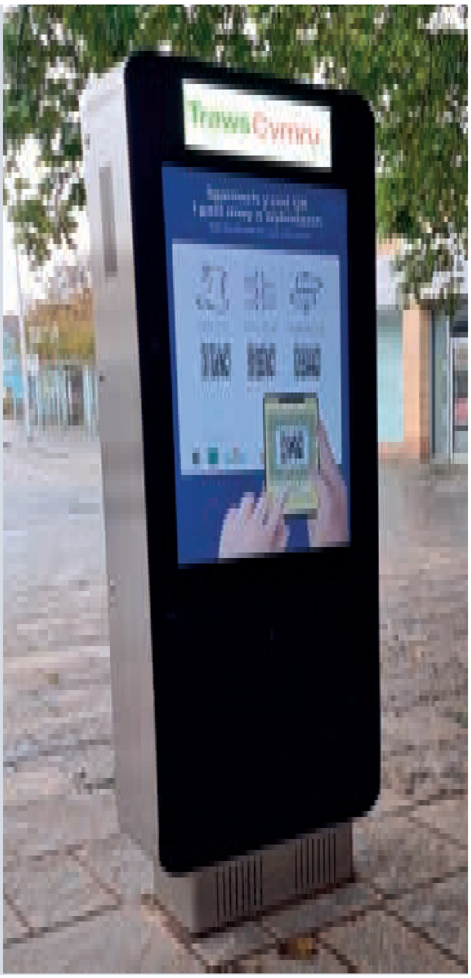
We provide vital on-board safety and efficiency solutions to a growing share of the UK bus market and are proud to include leading companies such as Abellio, Arriva, First Group, National Express and Translink amongst our customers. Our services extend into mainland Europe through Keolis and Arriva. We also serve customers in rail, light-rail and specialist vehicle sectors.

Our key enabling technology on the vehicle is Journeo Edge which runs vehicle applications such as remote condition monitoring, agnostic video management and passenger counting.

Journeo technology

In addition to our existing sales channels, the adoption of our new products and technology is gathering pace, creating new opportunities that will broaden and deepen our customer base through third-party sales.

Journeo management software provides transport infrastructure and fleet operators with a powerful and secure cloud-based platform to improve operational efficiency, revealing valuable data-insights for connectivity into the wider organisation and smarter city.



Managed solutions

Our products, software and services provide customers with a range of tailored solutions for the management of their enterprise in accordance with their Service Level Agreements.

Connected technologies with legacy integration drive value in our service offering. Machine learning algorithms are used to predict and pre-empt system performance issues to maximise service availability. Resolutions are automated where possible to optimise the cost of engineering.

Value created for stakeholders

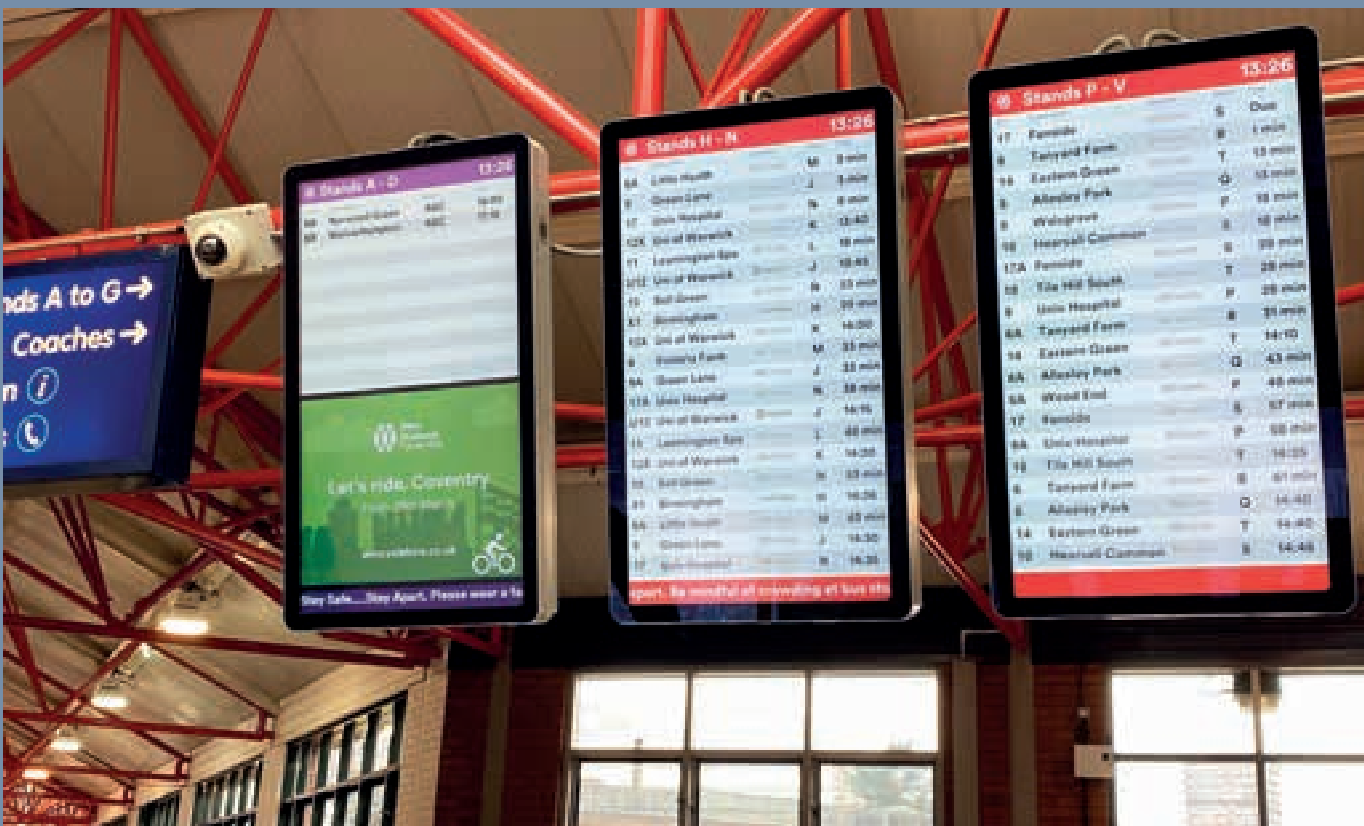
Customer end users
We seek to become a trusted partner and are proud of the long-term relationships we forge with new and existing customers. Our solutions are designed to continuously deliver value in the short, medium and long term.

Key suppliers and complementors
Our market presence and engineering capabilities provide an attractive route to market to global product businesses and our supply chain. As innovators, we work closely with industry influencers.

Employees
We aim to attract and retain great people by providing interesting and rewarding roles that allow and encourage opportunity for personal development.

Shareholders
By developing our own intellectual property and technologies, we have reduced our reliance on third party suppliers and are now accessing opportunities that were previously inaccessible to us. As we apply these to more complex projects and a wider range of markets, we expect to generate increasing value for our shareholders.

Passengers
The systems we create improve the provision of information, increase the efficiency of services, seek to minimise environmental impact and safeguard members of the public whilst they use public transport.



Strategy

Connected systems, for connected journeys.

Our overall strategy is developed through initiatives grouped into four strategic goals focused on our customers, our capabilities, and our stakeholders:

Customer bonding

We aim for deep customer bonding in the critical technology solutions we provide to the transport community which capture, process and display essential information to improve journeys. We carefully select niche markets where we can generate significant market share.

Technology leadership

We are an open technology provider and partner with many leading global-scale product companies and local specialists in the industry to deliver our solutions.

We have a 360° view of the technology relevant to our customers and the capability to develop products and software that meet the transport community's unique requirements, as well as the engineering services to deliver and support the solutions.

Engineering excellence

We support our customers' legacy systems, today's new purchases and tomorrow's strategic direction.

We invest in the skills and capabilities of our people to deliver engineering excellence and technical leadership across the life cycle of solutions.

Business growth

We are strategically positioned for growth, as solutions in the transport community converge, with significant presence in passenger transport infrastructure and fleet operator's safety and management systems. Journeo's software and services are driving an increasing number of our new business opportunities.

We continue to evaluate acquisitions where they provide a route to market for our core capabilities.

We set objectives to advance our strategic goals with regular performance monitoring by the Board and management. The following table highlights the progress we have made this year:

2020 objective	Progress report
Customer bonding	
Extend our influence within our large customer organisations to better reflect the increased operational benefits of our converged solutions.	Our Journeo Edge solutions and companion Journeo Portal solution are increasingly being used by large fleet operators, with over 2,000 installations on First UK Bus vehicles and a growing estate with Abellio, London. Additional trials with new customers are being received positively. Additional roll outs of our displays technology and EPIX Content Management System across large estates as part of TCF is giving us greater infrastructure presence in local authorities throughout the UK.
Engineering excellence	
Deliver a step-change in operational capabilities to meet the manufacturing, delivery and support requirements of the recent transformational project wins.	COVID-19 has delayed the full roll out of our new Fault Management System, however initial deployments for key customers such as City of Edinburgh Council are progressing well. We have also commenced a rolling programme to empower our engineers through industry-recognised accreditations, with a large number of the team already achieving FITAS approval.
Technology leadership	
Increase the value of our solutions via technology investment in the Journeo platform. Develop the Journeo technology brand; its marketing, intellectual property and productisation.	Investment in the platform continues and development so far has allowed us to win sales, with opportunities that would both previously have been inaccessible to us, and lay the groundwork for future sales. A creative agency was recruited with a significant budget allocated. The project was put put on hold in H2 due to the pandemic. We utilised in-house skills for tactical marketing and the project was recommenced in January 2021.
Business growth	
Increase our overseas sales with new routes to market for our Journeo technology solutions through vehicle manufacturers, multi-national fleet operators and regional, market-leading integrators. Extend our supply opportunities by adding more complementary products.	Opportunities to expand overseas have been impacted by Governmental changes in Hong Kong and regional and national lockdowns that have prevented expansion into Continental Europe. We have seen success with extending our range of products in the UK, with the city-wide implementations of our new colour LED display technology and double-sided TFTs.

Key objectives going forward as part of the continued development of Journeo:

1. **Customer bonding**

More deeply embed our solutions within customers, operations, enhancing their ability to manage fleets and infrastructure.

Further align with our customers' Net Zero ambitions, delivering solutions that help them achieve these goals.

2. **Engineering excellence**

Target large projects in which our extensive engineering ability will be pivotal in differentiating us from competitors as our customer base looks to install new and refresh existing technologies.

3. **Technology leadership**

Seek out new markets where our core technologies can deliver increased benefits to customers.

Further invest in the Journeo portal as a central point where all customers can access and manage their technology deployments.

4. **Business growth**

Further extend our customer base into complementary and adjacent markets, either organically or by acquisition.

Strategy in action timeline

2016

- **Evolution of 21st Century Technology** – Fleet Systems and Passenger Systems formed following acquisition of Region Services Ltd.
- **Appointment of CTO** – Dr Houghton and creation of R&D team. New and more valuable solutions start to become accessible in niche segments of transport market.
- **Secured our first airport contract** – the Gatwick Airport system was our first converged solution combining both our Fleet systems and Passenger systems capabilities.

2017

- **Consolidation of operations** – generated synergy benefits and annualised savings of £1.4m by combining operations into Midlands HQ. Culture change forming a more dynamic, responsive, and innovative working environment.
- **Significant contract wins** – delivering improved financial performance from Passenger and Fleet segments and accessing new customers, most notably the first long-term agreement with London-based bus operator Abellio.
- **Delivery of integrated airport solution** – delivered on-time and on-budget, this was our first airport solution at Gatwick Airport.
- **Initial Journeo technology trials** – successful trial of our new Remote Condition Monitoring (RCM) technology for First UK Bus. A depot-based evaluation in the North West of England demonstrating significant ROI for operator customers.

2018

- **First widescale roll out of RCM technology** – following the successful trials of the previous year, deeper software integration work was carried out and roll out programme commenced. Software as a service (SaaS) model established with recurring revenue and generating further advances in our technology platform.
- **Increased bonding with customers** – insights learned from data analytics provided a deeper understanding of significant additional benefits of converged, hardware agnostic services to Fleet and Passenger systems customers.
- **Urban transport infrastructure regeneration** – UK Government announces £2.4bn Transforming Cities Fund (TCF) to stimulate innovation to encourage use of public transport.

2019

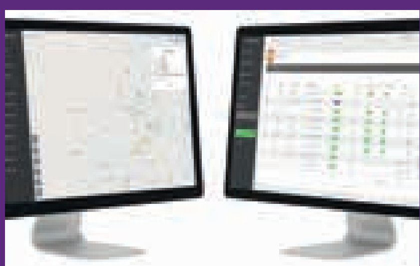
- **Sales, marketing, and channel development** – investment in pre-sales technical support and CRM management software to support marketing activities. Pipeline of sales opportunities outside traditional bus and bus shelter applications starts to build and includes large-scale transport infrastructure projects.
- **Secured London Stansted Airport upgrade project** – based entirely on our own software with National Express.
- **Release of the Journeo Portal** – providing a single point of access for our Fleet Operator customers to manage the operational efficiency of their technology solutions.
- **Renamed Group Journeo plc** – to better reflect the Company's evolution into a provider of IoT-based, connected technologies to the transport community.

2020

Transforming Cities Funding (TCF) – receipt of first TCF orders, including a £1.9m award for displays technology for a northern transport partnership.

Major project wins – including a £0.8m order from the £4.8m contract secured with City of Edinburgh Council, for real time information systems and associated displays technologies at City of Edinburgh Bus Station.

Initial installations of LED and low energy products - delivered across key transport corridors through Birmingham City Centre.



Further development of the Journeo Portal – inclusion of new applications such as Operational Management (developed for our converged airport solutions) and Automatic Passenger Counting applications to take advantage of the increased interest in vehicle occupancy as a result of the Covid pandemic.

Chief Technical Officer report

Dr Andy Houghton
Chief Technical Officer

> " Our software services framework – now known as the Journeo Portal – has proved its worth many times over in the last year."

This year has seen us begin the roll-out of our AVMS (agnostic video management system) services on a large scale. Already we have well over one thousand active systems deployed across both rail and bus, and there is no sign of uptake slowing down. Active systems include at least five different recording platforms clearly demonstrating the *agnostic* nature of the solution.

Many additional benefits come with this premium service, including capabilities such as live video as well as an even deeper understanding of system health than can be acquired from RCM (remote condition monitoring); where we currently have around two thousand vehicles connected in a monthly SaaS arrangement. We anticipate that many of these will upgrade to the AVMS services.

Our software services framework, now known as the Journeo Portal, has proved its worth many times over in the last year; the ability to quickly bring up new services or respond to rapid proof-of-concept trials has been an essential part of several of key opportunities throughout the year. In one case a complex and challenging trial was put together in days, with full roll-out happening in only weeks. Agile development has been at the heart of our strategy and the Journeo Portal is, without doubt, one of the key realisations of this ambition.

Hardware development has been slower than we would have liked this year; technology tends to travel in cycles, and we do see every few years droughts which can make component sourcing a challenge. However, this has not stopped us from launching several new ranges in our colour LED RTI sign range. These high-contrast, power-efficient displays, with their striking colours, have drawn a lot of interest from our customers; colour in particular allows us to draw attention to important information on the sign while daylight readability at sensible power levels is a significant help to overall cost-of-ownership.

This has been a year of many, and significant, opportunities; the challenge which these bring is choosing those which align best with our direction of growth. Developing our capabilities in areas that have both a future, and scale well, has been, and remains, a fundamental part our overall strategy.

Principal risks

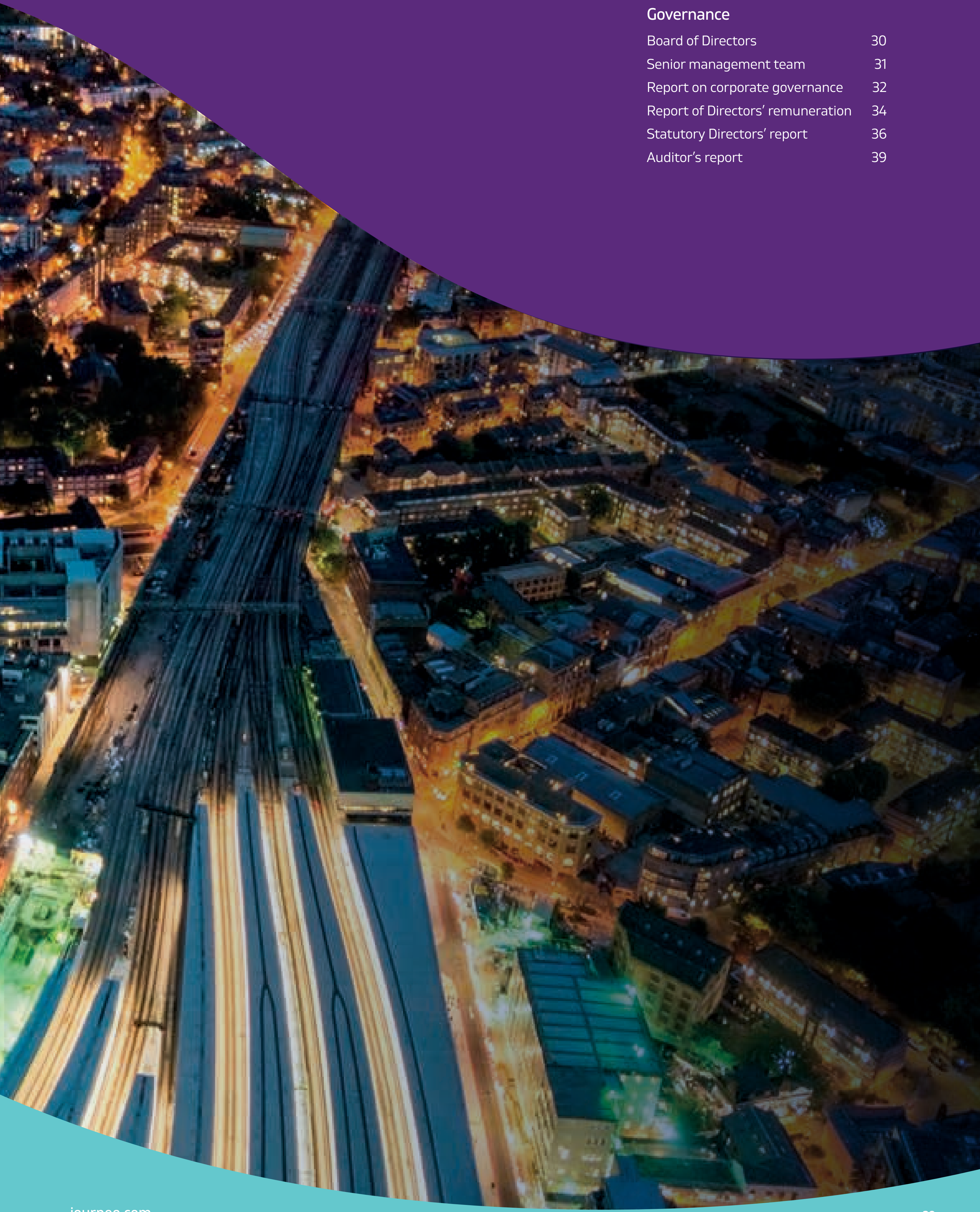
Risk or uncertainty and potential impact	Mitigation
Covid-19	
The Covid-19 pandemic and Government and societal reactions to events will inevitably continue to impact the business. **Our people** • our fundamental duty of care for their safety • our capacity to deliver our services, e.g. customer SLAs and project delivery **Our customers** • degree of essential supply of our services • credit risk and cash flow • reduction in their services **Our supply chain** • their capability to deliver key services and components	A dedicated Covid-19 response team continues to assess and manage impacts of near-term challenges on the business. The Group will continue to monitor guidance from the Government and will communicate with staff on a regular basis as appropriate. Personnel are working from home and where on-site working is required, appropriate measures have been put in place in line with Government guidelines. We maintain regular communication with our supply chain and customers on the measures in place to minimise disruption to normal operations arising from Covid-19.
Change in Government policy	
Although the recent release of a National Bus Strategy from the Government (and the anticipated Williams Rail Review) is broadly welcomed by Journeo; we must remain mindful that this will have major impacts to the transport landscape: **Changes to buying decisions:** • Through Enhanced Partnerships and Franchising, operator customers may have less leeway to specify the equipment and hardware that they use within their fleet **Changes to funding streams** • Whilst the National Bus Strategy has been announced, it is not yet clear how the announced £3bn in funding will be split and how much will come from existing funding streams such as BSOG, Green Bus Fund and Concessionary Travel Funding	Through our Passenger segment Journeo already works very closely with local authorities and has been engaging with key asset clients on their Enhanced Partnership plans since the release of the Bus Services Act. This provides the Group almost unique access to demonstrate our capabilities to both the local authority and fleet operator customers. We continue to work with industry complementors to set system specifications. The Board continues to monitor changes in Government policy closely and will continue to set strategy as further details emerge.
Brexit	
The Group has an international supply chain and a growing overseas customer base. Access to, and delivery of equipment, people and materials could still be negatively impacted by The UK exit from the EU.	We initiated a programme of advance purchase and delivery of stock to our warehousing facilities to mitigate any short-term impact. We continue to hold this buffer stock.
Major project delivery	
Failure to deliver a major project on time or to specification, or technical performance falling significantly short of customer expectations, would have potentially significant adverse financial and reputational consequences.	Risk assessments are conducted for all projects and the major ones are also subject to Board approval. Major projects are reviewed at various levels and frequencies throughout the project lifecycle. Any material exceptions are escalated to the Group management team.
Dependence on key suppliers	
Wherever possible the Group endeavours to retain a choice of suppliers in the supply chain. In instances where we are reliant on the performance of one supplier for a product or a subsystem, our risk is increased.	We manage this risk with rigorous financial and technical appraisals of key suppliers. We monitor their general performance closely and for major projects we apply the mitigation covered above.
Competition	
The Group may face increased competition as the technology on and off vehicles moves away from point solutions to broader integrated solutions. This changing technology landscape creates openings for new product and service entrants which may possess better technical and capital resources than the Group.	The Group will continue to increase its technical capability to capitalise on our current market position and work closely with technology partners to broaden our skills. We are targeting becoming a larger group via organic growth and potential acquisitions to provide better economies of scale and increased industry knowledge.
Technology	
As transport systems become more intelligent and converged there is a risk that solutions or products can be overtaken by new approaches. The speed of innovation may increase. This may impact our ability to invest in further development in the future and could reduce the product lifecycle for our current solutions in the market.	We are a customer-led business that has made significant investments in research and development resources in carefully selected niche markets in which we are recognised experts with substantial field engineering experience. This allows us to continually keep pace with changes and improvements in relevant technology and link this to our customer's changing needs. The Board regularly reviews progress on product development.

Governance

> "Journeo, like many organisations, welcomes the roadmap out of lockdown that has been presented by the Government and sees further opportunities as members of the public return to school, work and centres of economic benefit."

Russ Singleton
Chief Executive

Governance



Board of Directors

Mark Elliott

Non-executive Chairman

A N R

Mark Elliott joined the Company in December 2010 as a Non-executive Director before taking on the role of Executive Chairman in August 2013 after a period in the role of Interim Finance Director from January 2013. In August 2014 Mark was appointed Non-executive Chairman. Mark is a Chartered Accountant who was an Equity Partner with Baker Tilly (now RSM UK) specialising in audit and corporate finance. More recently he has advised and been on the board of two companies listed on AIM. He is also Non-Executive Chairman of AIM listed Malvern International Plc.

James Cumming

Non-executive Director and Senior Independent Director

A N R

James Cumming joined the Board as a Non-executive Director in August 2013. Following a long career in corporate advisory and broking in the City, including acting as Chief Executive Officer of N+1 Brewin LLP, and latterly as a Senior Adviser to Cantor Fitzgerald, James has significant experience in working with small and mid-sized UK companies. James currently utilises his commercial experience in supporting growth companies in non-executive roles, is an associate of Ruffena Capital and has qualified as a fellow of the Chartered Institute of Securities & Investment.

Russ Singleton

Chief Executive Officer

Russ Singleton joined the Company in October 2013 as Chief Executive. Russ is a Chartered Engineer with a strong track record, including forming and growing electronics businesses for Synectics plc, formerly Quadnetics Group plc, where, after moving to AIM in 2002, he led the group as Chief Executive, achieving a five-fold increase in turnover and substantial profits. This growth came organically and through acquisitions. Subsequently, he formed Coretrol Limited to focus on opportunities in the security markets.

Nick Lowe

Chief Financial Officer and Company Secretary

Nick Lowe joined the Company in May 2017 as Chief Financial Officer. Nick is an FCA with experience at finance director level in growing, technology-led, SME businesses. He has strong group reporting, process and control skills developed whilst at the prestige motor dealer, Sytner Group. Nick qualified as a Chartered Accountant with Tenon in Nottingham, before joining KPMG.

Key

- A Audit Committee
- N Nomination Committee
- R Remuneration Committee

Senior management team

Dr Andy Houghton
Chief Technical Officer

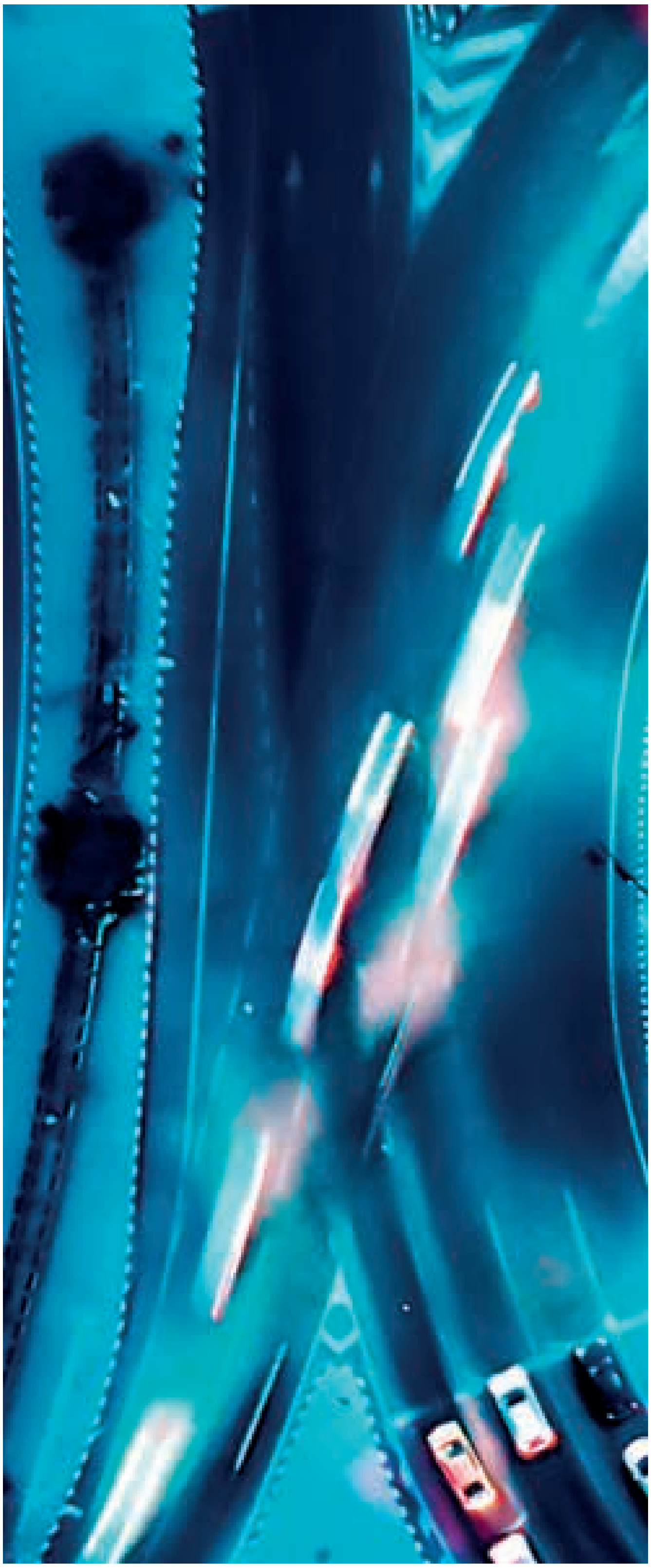
Mark Johnson
Director of Fleet Systems

Darren Maher
Group Development and Communications Director

Phil Harrison
Group Financial Controller

Kim Bradley
Group Projects Manager

Steve Kesterton
Group Operations Manager



Report on corporate governance

Summary

- The full Board met twelve times in 2020. All of the Directors of the Company at the time of the meetings were in attendance.
- The Audit Committee met with the auditor twice during the year.
- Several meetings of the Remuneration Committee were held during 2020.
- An ongoing process to identify, evaluate and manage the significant risks faced by the Group has been in place for the full year under review.

The Directors recognise the value of the UK Corporate Governance Code that was revised in September 2014 by the Financial Reporting Council and, whilst under AIM rules full compliance is not required, the Directors believe that the Company applies best practice corporate governance insofar as is practicable and appropriate for a public company of its size.

The workings of the Board and its Committees

The Board

The Board currently comprises one Non-executive Director, a Non-executive Chairman and two Executive Directors and is responsible for the management of the Group. The Board meets at least ten times a year, setting and monitoring Group strategy, reviewing trading performance and formulating policy on key issues. Day-to-day operational decisions are delegated to the senior management team. Key issues reserved for the Board include the consideration of potential acquisitions, share issues and fundraising, the setting of Group strategy, City public relations, and the review and evaluation of significant risks facing the business. Briefing papers are distributed by the Company Secretary to all Directors in advance of Board meetings. All Directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed, and that applicable rules and regulations are complied with. The appointment and removal of the Company Secretary is a matter for the Board as a whole. In addition, procedures are in place to enable Directors to obtain independent professional advice in the furtherance of their duties if necessary, at the Company's expense.

Biographies of the Directors, including details of their experience and role within the Group, are set out on page 30.

Attendance at meetings

The full Board met twelve times in 2020. All of the Directors of the Company at the time of the meetings were in attendance.

The Audit Committee

The Audit Committee comprises the two Non-executive Directors: James Cumming, as Chairman, and Mark Elliott. The Audit Committee's remit is set out in its terms of reference. The Committee assists the Board in ensuring that the Group's published financial statements give a true and fair view and, where the auditor provides non-audit services, that its objectivity and independence is safeguarded. The Audit Committee reviews arrangements by which employees may, in confidence, raise concerns about possible inappropriateness in the financial reporting of the Company or other matters. The Audit Committee has procedures in place for the investigation and follow-up of any such matters reported to it by staff.

The Remuneration Committee

The Remuneration Committee comprises the two Non-executive Directors: James Cumming, as Chairman, and Mark Elliott. Several meetings of the Committee were held during 2020. The Committee is responsible for making recommendations to the Board on the remuneration of senior management and all Directors.

The Nomination Committee

The Nomination Committee comprises the two Non-executive Directors: James Cumming and Mark Elliott as Chairman. It meets as necessary and is responsible for making recommendations to the Board on the appointments of Executive and Non-executive Directors. When required, it is the usual practice of the Nomination Committee to employ specialist external search and selection consultants to assist in the appointment process for new Executive and Non-executive Directors.

Election and re-election of Directors

All Directors of the Company are subject to election by shareholders at the first AGM following their appointment by the Nomination Committee. Thereafter, each Director is subject to re-election by rotation at intervals of no more than three years.

Terms of reference

The terms of reference for the Audit, Remuneration and Nomination Committees are available on request from the Company Secretary and are available for inspection on the Company's website – www.journeo.com.

Internal controls

The Directors acknowledge that they are responsible for the Group's system of internal control and for reviewing its effectiveness. The internal control systems are reviewed annually by the Board. Internal control systems are designed to meet the particular needs of the Group and the risks to which it is exposed. Internal control procedures are regularly reviewed in light of an ongoing process to identify, evaluate, and manage the significant risks faced by the Group. The procedures are designed to manage rather than eliminate risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. The process has been in place for the full year under review and up to the date of approval of the Annual Report and Financial Statements.

The key procedures which the Directors have established with a view to providing effective internal controls are as follows:

Management structure

The Board has overall responsibility for the Group and there is a formal schedule of matters specifically reserved for decision by the Board.

Each Executive Director has been given responsibility for specific aspects of the Group's affairs. The Executive Directors, together with the senior management team, constitute the Management Committee, which meets weekly to discuss day-to-day operational matters.

Control environment

The Group's control environment is the responsibility of the Group's Directors and managers at all levels. A review of the key risks facing the business and the effectiveness of the Group's internal controls was last performed in January 2020. During the year, the Board reviewed and updated its internal control arrangements to ensure they remained appropriate.

Main control procedures

The Directors have established control procedures in response to key risks. Standardised financial control procedures operate throughout the Group to ensure the integrity of the Group's financial statements. The Board has established procedures for authorisation of capital and revenue expenditure.

Monitoring system used by the Board

The Board reviews the Group's performance against budgets on a monthly basis. The Group's cash flow is monitored monthly by the Board.

Internal audit

The Group does not have an independent internal audit function, as the Board does not consider the current scale of operations warrants such a function. However, the Board will keep this under review, with a view to creating an internal audit function when it is warranted.

Going concern

The Group's business activities, together with factors likely to affect its future development, performance, and position, are set out in the Strategic Report along with the principal risks and uncertainties.

The Group's net underlying profit for the year was £464k (2019: £777k loss). As at 31 December 2020 the Group had net current liabilities of £170k (2019: £916k) and net cash reserves of £1,254k (2019: £725k).

In December 2020, the 2016 Loan Notes maturity date was extended to March 2022.

The Group raised gross proceeds of £1.2m from a placing in December 2019 and £0.25m from a placing in April 2020.

The Directors have prepared Group cash flow projections for the period to 30 June 2022 based on latest forecasts that show that the Group will be able to operate within the Group current funding resources with significant headroom.

As with all businesses there are particular times of the year where our working capital requirements are at their peak. The Group is well placed to manage these business risks effectively and the Board reviews the Group's performance against budgets and forecasts on a regular basis to ensure action is taken where needed. The Directors also monitor a rolling cash flow forecast, and key management review working capital movements and requirements on a daily basis.

The projections, taking account of reasonably possible changes in trading performance, indicate that the Group will operate within available facilities throughout the projection period and therefore, based on these projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of these financial statements. The directors therefore continue to adopt the going concern basis in preparing the financial statements.

Report of Directors' remuneration

As an AIM company, the Company is required to comply with AIM Notice 36 and not with Schedule 8 to the Accounting Regulations under the Companies Act 2006. Nevertheless, the Board prefers to follow best practice and has therefore prepared the following report which meets the majority of these regulations.

This Report on Directors' Remuneration sets out the Company's policy on the remuneration of Executive and Non-executive Directors together with details of Directors' remuneration packages and service contracts.

Remuneration Committee

For the financial year ended 31 December 2020, the remuneration policy for Executive and Non-executive Directors and the determination of individual Executive Director's remuneration packages have been delegated to the Board's Remuneration Committee.

In setting the remuneration policy, the Remuneration Committee considers a number of factors including:

a. the basic salaries and benefits available to Executive Directors of comparable companies;

b. the need to attract and retain Directors of an appropriate calibre;

c. the need to ensure Executive Directors' commitment to the continued success of the Company by means of incentive schemes; and

d. the need for the remuneration awarded to reflect performance.

Remuneration of the Non-executive Directors

The Non-executive Directors receive fees for their services which are agreed by the Board following recommendation by the Chief Executive with a view to rates paid in comparable organisations and appointments.

Mark Elliott sacrificed an element of his fees in exchange for contributions into a money purchase pension scheme. Other than this, the Non-executive Directors did not receive any pension or other benefits from the Company, nor did they participate in any bonus or incentive schemes.

Remuneration policy for Executive Directors

The Company's remuneration policy for Executive Directors is to:

a. have regard to the Directors' experience and the nature and complexity of their work in order to pay a competitive salary that attracts and retains management of the highest quality;

b. link individual remuneration packages to the Group's long-term performance through the award of share options and discretionary bonus schemes; and

c. provide employment-related benefits including life assurance, insurance relating to the Directors' duties and medical insurance.

The Remuneration Committee meets at least once a year in order to consider and set the annual salaries for Executive Directors, having regard to personal performance and information regarding the remuneration practices of companies of similar size and of industry competitors.

Directors' service contracts

Details of individual Directors' service contracts are as follows:

	Contract date	Unexpired term	Notice period
Executive			
R C Singleton	10 October 2013	None	Twelve months
N Lowe	15 May 2017	None	Six months

The Non-executive Directors do not have service contracts, but their terms are set out in letters of appointment.

	Date of letter of appointment	Notice period
Non-executive		
M W Elliott	18 August 2014	One month
J Cumming	22 August 2013	None

The Directors are required to retire by rotation and the appointment of new Directors has to be approved at the next AGM subsequent to their appointment by the Board. The Director retiring by rotation is Mark Elliott.

Other than the notice periods afforded to some of the Directors, there are no special provisions for compensation in the event of loss of office. The Remuneration Committee considers the circumstances of individual cases of early termination and determines compensation payments accordingly.

Non-executive directorships

With the permission of the Board, the Executive Directors may accept appointments as non-executive directors elsewhere. Any fees related to such employment may be retained by the Director concerned.

Directors' detailed emoluments and remuneration

Details of individual Directors' emoluments and remuneration for the year are as follows:

	Salary and fees £	Benefits £	Pension £	**Total 2020 £**	Total 2019 £	Total 2018 £
Executive						
R C Singleton	175,000	18,803	11,380	**205,183**	180,063	178,758
N Lowe	127,379	842	7,845	**136,066**	132,036	112,907
Non-executive						
M W Elliott	35,000	—	39,830	**74,830**	74,830	73,623
J Cumming	29,000	—	—	**29,000**	23,000	23,000
	366,379	19,645	59,055	**445,079**	409,929	388,288

Share options

At 31 December 2020, the Group had three employee share option schemes: the 2004 Enterprise Management Incentive (EMI) Plan, the 2014 Enterprise Management Incentive (EMI) Share Option Plan and the 2020 Enterprise Management Incentive (EMI) Plan. The 2004 EMI Plan was approved by shareholders on 18 May 2004 and expired for new options on its tenth anniversary. On 22 October 2014, the Board established the 2014 EMI Share Option Plan and on 1 April 2020, the Board established the 2020 EMI Share Option Plan, both operate in substantially the same way as the 2004 EMI Plan.

Options were granted under the 2020 EMI Share Option Plan in the year. The outstanding options are detailed in note 22 to the financial statements.

Directors' interests in share options

Directors' interests in share options are disclosed in note 22 to the Group financial statements.

Directors' interests in the employee shareholder plan

On 15 February 2015, the 21st Century Technology Employee Shareholder Plan (the "Plan") was implemented following approval at a general meeting of the Company.

Directors' interests in the Plan are disclosed in note 22 to the Group financial statements.

Directors' interests in shares

Directors' interests in the share capital of the Company are disclosed in the Directors' Report.

Statutory Directors' report

The Directors present their report and the Group financial statements for the year ended 31 December 2020.

The following matters are reported by the Directors in accordance with the Companies Act 2006 requirements in force at the date of the Annual Report.

The Directors present their report and the Group financial statements for the year ended 31 December 2020.

Principal activities

The principal activities of the Group are set out within the Strategic Report on page 18.

Review of business and future developments

The consolidated statement of comprehensive income for the year ended 31 December 2020 is set out on page 46.

A review of the Group's business activities and its future developments is included in the Strategic Report on pages 14 to 26 and the Chairman's Statement on pages 8 to 10.

The Chairman's Statement, the Report on Corporate Governance and the Report on Directors' Remuneration are incorporated into this report by reference and should be read as part of this report.

Key performance indicators

The Directors and Company management use financial key performance indicators (KPIs), as reflected in this Annual Report, to monitor progress against our objectives. The KPIs are:

- Revenue
- Gross Profit and Gross Profit %
- Administrative expenses - total and underlying
- Operating profit – total and underlying
- Net Current Liabilities
- Net cash balance and net cash flows from operating activities
- Earnings per share on a basic and diluted basis
- Profit before tax
- Order book

Principal risks and uncertainties

Details of the principal risks and uncertainties considered by the Board to affect the Group, and the related mitigation actions, are given in the Strategic Report on page 27.

Financial risk management

The Group's financial instruments include bank facilities and cash. The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial instruments, such as trade receivables and trade payables, that arise directly from its operations.

The main risks from the Group's financial instruments are credit, liquidity, interest rate and foreign exchange risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group is exposed to credit risk primarily in respect of its trade receivables, which are stated net of provision for estimated impaired receivables. Exposure to this risk is mitigated by careful evaluation of the granting of credit and close monitoring and management of collections from trade receivables. In addition, we have credit insurance in place on the majority of trade receivables.

Liquidity and interest rate risk

The Group's policy on funding capacity is to ensure that we have sufficient long-term funding and facilities in place to meet foreseeable peak borrowing requirements. At 31 December 2020, the Group had net cash at bank of £1,254k (2019: £725k). The Group's policy is to ensure that sufficient resources are available to service all debt by monitoring prudent cash flow forecasts.

During 2020 the 2016 Loan Notes maturity date was extended to 31 March 2022.

Foreign currency risk

Several components used in Fleet Systems are sourced from overseas suppliers who invoice in US Dollars and Euros. In addition, our operations in Europe generate transactions denominated in Euros and Swedish Krona. Consequently, the Group is exposed to fluctuations in Sterling against these foreign currencies. Where appropriate, the Group uses forward exchange contracts to hedge foreign exchange exposures arising on forecast payments in foreign currencies and our selling prices in overseas markets are linked to movements in Sterling.

Future outlook

A summary of the outlook for the Group is given within the Chairman's Statement on page 10.

Going concern

The financial statements have been prepared on a going concern basis as covered in the Report on Corporate Governance on page 33.

Results and dividend

The Group reports a profit of £0.2m for the year (2019: loss of £0.9m). At the forthcoming AGM, the Directors are not recommending the payment of a dividend (2019: £nil).

Directors

Details of current Directors, dates of appointment, their roles, responsibilities, and significant external commitments are set out on page 30.

Directors' interests in shares

The Directors during the year and their interests in the share capital of the Company, other than in respect of options to acquire Ordinary Shares (which are detailed in the analysis of options included in note 22 to the financial statements) were as follows:

	Number of Ordinary 6.5p Shares in the Company	
	31 December 2020	31 December 2019
M W Elliott	**100,000**	100,000
R C Singleton	**300,000**	300,000
N Lowe	**15,000**	15,000
J Cumming	**25,000**	25,000

187,750 of the share interests of Russ Singleton are held in self-invested personal pension schemes.

Apart from the interests disclosed above and in note 22, no Directors held interests at any time in the year in the share capital of the Company or other Group companies.

Disabled employees

The Group gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a disabled person.

Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, and career development and promotion to disabled persons wherever appropriate.

Employee involvement

The Group's policy is to consult and discuss with employees, through meetings, matters likely to affect employees' interests. The meetings seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

All employees are eligible to receive share options. Membership of the share option scheme is reviewed annually. The number of options granted varies according to seniority and performance.

Directors' indemnity

The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors and officers of the Company in respect of liabilities they may incur in the discharge of their duties or in the exercise of their powers, including any liabilities relating to the defence of any proceedings brought against them which relate to anything done or omitted, or alleged to have been done or omitted, by them as officers or employees of the Company.

Appropriate directors' and officers' liability insurance cover is in place in respect of all of the Company's Directors.

Directors' duties

The Directors of the Company are required to act in accordance with a set of general duties. These duties are detailed in section 172 of the UK Companies Act 2006 which is summarised as follows: "A director of a company must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole".

The Directors are aware of their obligations with regards to the matters under section 172, namely:

a. the likely consequences of any decision in the long term;

b. the interests of the company's employees;

c. the need to foster the company's business relationships with suppliers, customers and others;

d. the impact of the company's operations on the community and the environment;

e. the desirability of the company maintaining a reputation for high standards of business conduct; and

f. the need to act fairly between members of the company.

The Strategic report on page 14, the Directors' report on page 36 and the Corporate governance statement on page 32 set out the ways in which these duties are fulfilled.

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report, and the Financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements of the Group in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable law and have also chosen to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed subject to any material departures disclosed and explained in the Company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

Statutory Directors’ report continued

In preparing the Group financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRS as adopted by the European Union have been followed subject to any material departures disclosed and explained in the financial statements;
- provide additional disclosures when compliance with specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and 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 Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditor

In the case of each person who was a Director at the time this report was approved:

(a) so far as the Director is aware there is no relevant audit information of which the Group’s auditor is unaware; and

(b) 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 Group’s auditor is aware of that information.

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

By order of the Board

Mark Elliott
Non-executive Chairman
25 March 2021

Auditor's report

to the members of Journeo plc

Opinion

We have audited the financial statements of Journeo plc (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2020 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 United Kingdom;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included:

- reviewing management's cashflow forecasts for a period of 12 months from the date of approval of these financial statements;
- applying reasonable "worst case" sensitivities to management's forecasts and assessing remaining cash headroom within those scenarios; and
- reviewing results post year end to the date of approval of these financial statements and assessing them against original budgets.

From our work we noted that the group has positive cash balances, and its forecasts support the directors' assessment that the group will continue to be able to meet its liabilities as they fall due.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Key audit matters

We identified the key audit matters described below as those which were most significant in the audit of the financial statements of the current period. Key audit matters include the most significant assessed risks of material misstatement, including those risks that had the greatest effect on our overall audit strategy, the allocation of resources in the audit and the direction of the efforts of the audit team.

In addressing these matters, we have performed the procedures below which were designed to address the matter in the context of the financial statements as a whole and in forming our opinion thereon. Consequently, we do not provide a separate opinion on these individual matters.

Auditor’s report continued

to the members of Journeo plc

Risk Description	Our response to the risk
Revenue recognition:	
As detailed in note 2 to the financial statements, Significant Accounting Policies, the Group’s revenue is generated from a number of streams, as follows: • the sale of equipment; • installation of equipment; • construction contracts; and • service contracts. Given the material nature of revenue and the variety of methods it is generated through, the appropriateness of revenue recognition and management’s application of the Group’s revenue recognition accounting policy represents a key risk area of significant judgement in the financial statements.	We reviewed the accounting policies and practices for consistency of application as well as the basis of any recognition estimates. We tested equipment sales and installation revenue to gain assurance over the completeness, existence and accuracy of reported revenue. We tested construction contracts and ongoing service contracts to gain assurance over the completeness, existence and accuracy of reported revenue. We performed cut-off procedures to test transactions around the year end and verified a sample of revenue to originating documentation to provide evidence that transactions were recorded in the correct period.
Carrying value and impairment of goodwill:	
The Group has a significant goodwill balance in relation to the Passenger Systems Cash Generating Unit. The Group’s assessment of carrying value requires significant judgement, in particular regarding cash flows, growth rates, discount rates and sensitivity assumptions.	We challenged the assumptions used in the impairment model for goodwill, which is described in note 10 to the financial statements. We considered historical trading performance by comparing recent growth rates of both revenue and operating profit. We assessed the appropriateness of the assumptions concerning growth rates and inputs to the discount rates against latest market expectations. We performed sensitivity analysis to determine whether an impairment would be required if costs increase at a higher than forecast rate.
Provision for warranty costs:	
The Group provides warranties on some of the equipment sold and therefore makes provision for future costs in relation to these warranties. The amount provided is a management estimate based on past experience and management assessment and requires significant judgement.	We reviewed the calculation method and agreed a sample of data used in the calculation back to source records. We tested warranty claims in the year to gain assurance over the existence of costs. We agreed warranty terms back to contracts for a sample of those provided.

Materiality

The materiality for the Group financial statements as a whole was set at £272,000. This has been determined with reference to the benchmark of the Group's revenue which we consider to be an appropriate measure for a group of companies such as these. Materiality represents 2% of Group revenue as presented in the Group Statement of Comprehensive Income.

The materiality for the parent company financial statements as a whole was set at £104,000. This has been determined with reference to the parent company's net assets, which we consider to be an appropriate measure for a holding company with investments in trading subsidiaries. Materiality represents 2% of net assets as presented on the face of the parent company's Balance Sheet.

An overview of the scope of our audit

We adopted a risk-based audit approach. We gained a detailed understanding of the Group's business, the environment it operates in and the risks it faces. The key elements of our audit approach were as follows:

The audit team evaluated each component of the Group by assessing its materiality to the Group as a whole. This was done by considering the percentage of total Group assets, liabilities, revenues and profit before taxes which each component represented. From this, we determined the significance of the component to the Group as a whole and devised our planned audit response. In order to address the audit risks described in the Key Audit Matters section which were identified during our planning process, we performed a full-scope audit of the financial statements of the parent company, Journeo plc, and all of the Group's UK trading subsidiaries, providing 100% coverage of revenues and profit before tax for these components. The operations that were subject to full-scope audit procedures made up 100% of consolidated revenues and £315,000 of consolidated profit after tax. Entities subject to review-scope audit procedures made up 0% of the consolidated revenue and £120,000 of consolidated loss after tax. We applied analytical procedures to the balance sheets and income statements of the entities comprising the remaining operations of the Group, focusing on applicable risks identified as above, and their significance to the Group's balances.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our audit report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 37, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's report continued

to the members of Journeo plc

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements arising from irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Our assessment focused on key laws and regulations the group has to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, International Financial Reporting Standards (IFRSs) as adopted by the United Kingdom, United Kingdom Generally Accepted Accounting Practice (UK GAAP) and relevant tax legislation.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the entity and how the entity is complying with that framework;
- obtaining an understanding of the entity's policies and procedures and how the entity has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the entity's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment;
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias, such as the warranty provision; and
- reviewing a sample of the largest construction contracts, understanding the rationale for the stage of completion and assessing the profit take on them.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Katharine Warrington (Senior Statutory Auditor)

for and on behalf of
Cooper Parry Group Limited

Chartered Accountants
Statutory Auditor

Sky View
Argosy Road
East Midlands Airport
Castle Donington
Derby
DE74 2SA

25 March 2021

Governance

Financial statements

"The Group has delivered increased revenue and profit, and a positive EPS for shareholders through the careful management and allocation of our resources. We are well positioned entering 2021, with a growing sales pipeline built on our own IP."

Nick Lowe
Chief Financial Officer

Financial statements

Consolidated statement of comprehensive income
for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Revenue	3,4	**13,605**	11,402
Cost of sales		**(8,304)**	(6,863)
Gross profit	4	**5,301**	4,539
Underlying administrative expenses		**(5,142)**	(5,530)
Other income	3	**305**	214
Underlying profit / (loss)		**464**	(777)
Share-based payments		**(116)**	—
Total administrative expenses and other income		**(4,953)**	(5,316)
Operating profit / (loss)		**348**	(777)
Finance expense	6	**(155)**	(171)
Profit / (loss) before taxation from continuing operations	7	**193**	(948)
Taxation credit	8	**2**	15
Profit / (loss) for the year being total comprehensive profit / (loss) attributable to owners of the parent		**195**	(933)
Profit / (loss) per share	9		
Basic		**2.27p**	(1.08p)
Diluted		**2.26p**	(1.08p)

The notes on pages 50 to 74 form part of these financial statements.

Consolidated statement of changes in equity
for the year ended 31 December 2020

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Total equity shareholders' funds £'000
Balance at 1 January 2019	6,061	8	(6,058)	11
Loss and total comprehensive income for the year	—	—	(933)	(933)
Proceeds from issue of new shares	156	950	—	1,106
Balance at 31 December 2019	6,217	958	(6,991)	184
Profit and total comprehensive income for the year	—	—	195	195
Proceeds from issue of new shares	33	216	—	249
Share-based payments	—	—	116	116
Balance at 31 December 2020	**6,250**	**1,174**	**(6,680)**	**744**

The notes on pages 50 to 74 form part of these financial statements.

Consolidated statement of financial position
at 31 December 2020

	Notes	2020 £'000	2019 £'000
Assets			
Non-current assets			
Goodwill	10	**1,345**	1,345
Other intangible assets	11	**1,144**	1,054
Property, plant and equipment	12	**619**	287
Trade and other receivables	15	**43**	43
		3,151	2,729
Current assets			
Inventories	14	**1,675**	1,271
Trade and other receivables	15	**4,207**	3,923
Cash and cash equivalents	16	**1,254**	725
		7,136	5,919
Total assets		**10,287**	8,648
Equity and Liabilities			
Shareholders' equity			
Share capital	22	**6,250**	6,217
Share premium account		**1,174**	958
Retained earnings		**(6,680)**	(6,991)
Total equity		**744**	184
Non-current liabilities			
Deferred revenue	17	**957**	671
Other payables	17	**80**	—
Loans and borrowings	19	**564**	570
Deferred tax liability	13	**—**	9
Lease liabilities		**358**	64
Provisions	20	**278**	315
		2,237	1,629
Current liabilities			
Trade and other payables	17	**3,332**	3,212
Deferred revenue	17	**3,061**	2,214
Loans and borrowings	19	**595**	1,141
Lease liabilities		**135**	88
Provisions	20	**183**	180
		7,306	6,835
Total equity and liabilities		**10,287**	8,648

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2021 and were signed on its behalf by:

M W Elliott
Non-executive Chairman

R C Singleton
Chief Executive

Registered number: 2974642

The notes on pages 50 to 74 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Net cash flows from operating activities	24	**1,574**	(249)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(55)**	(45)
Purchases / generation of intangible assets		**(519)**	(538)
Net cash flows from investing activities		**(574)**	(583)
Cash flows from financing activities			
Cash flows from financing activities		**(546)**	145
Principal element of lease repayments		**(168)**	(170)
Repayment of loans		**(6)**	(10)
Issue of Shares		**249**	1,106
Net cash flows from financing activities		**(471)**	1,071
Net increase in cash and cash equivalents		**529**	239
Cash and cash equivalents at beginning of year		**725**	485
Effect of foreign exchange rate changes		**–**	1
Cash and cash equivalents at end of year		**1,254**	725

The notes on pages 50 to 74 form part of these financial statements.

Notes to the consolidated financial statements
for the year ended 31 December 2020

1. General information

Journeo plc (formerly 21st Century Technology plc) is a public limited company incorporated in England and listed on AIM. Its principal trading subsidiaries are 21st Century Fleet Systems Limited and 21st Century Passenger Systems Limited, and its registered and head office address is 12 Charter Point Way, Ashby-de-la-Zouch, Leicestershire LE65 1NF. Its principal place of business is in the UK and mainland Europe and its principal activities are described in the Strategic Report on page 18.

2. Significant accounting policies applied to the consolidated financial statements of the Group

Basis of preparation

These financial statements are the consolidated financial statements of Journeo plc and its subsidiaries (the "Group"). Separate financial statements for the parent company as an individual entity are included on pages 75 to 83.

The Group financial statements are prepared in accordance with International Financial Reporting Standards and IFRIC interpretations issued and effective (or adopted early) and endorsed by the European Union at the time of preparing these financial statements and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except financial instruments and share-based payments, which are prepared in accordance with IFRS 9 and IFRS 2 respectively. A summary of the more important Group accounting policies is set out below.

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group entity are expressed in Sterling (£), which is the presentation currency for the consolidated financial statements. The numbers in the financial statements are rounded in £'000 for presentation purposes.

Changes to accounting standards

The group has adopted the following new standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- The reference to the conceptual framework in IFRS standards
- The definition of a business - IFRS 3
- The definition of material - IAS 1 and IAS 8

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

2. Significant accounting policies applied to the consolidated financial statements of the Group continued

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

The purchase of subsidiaries is accounted for using the acquisition method. The results of subsidiaries sold or acquired are included in the consolidated statement of comprehensive income up to, or from, the date control passes. Intragroup sales and profits are eliminated fully on consolidation.

Goodwill

Goodwill is recognised as an intangible asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the consolidated statement of comprehensive income and may not be subsequently reversed. Goodwill previously eliminated has not been reinstated on implementation of IAS 38 as permitted by IFRS 1.

On disposal of a subsidiary or business, the attributable goodwill is included in the determination of profit or loss on disposal.

Plant and equipment

The cost of plant and equipment is the purchase price plus any costs directly attributed to bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management.

Depreciation is calculated so as to write off the cost of property, plant and equipment on a straight line basis to their estimated residual values over the expected useful economic lives of the assets concerned. Periodic reviews are made of estimated remaining useful lives and residual values and the depreciation rates applied are:

Leasehold improvements	20%
Right of Use asset: property	68 months
Plant and equipment	20–33%
Right of Use asset: vehicles	Up to 60 months

Business combinations

On the acquisition of a company or business, a determination of the fair value and the useful life of intangible assets acquired is performed, which requires the application of management judgement. Future events could cause the assumptions used by the Group to change, which would have a significant impact on the results and net position of the Group.

2. Significant accounting policies applied to the consolidated financial statements of the Group continued

Revenue

Revenue represents amounts invoiced to customers, net of value added tax and trade discounts. The sale of equipment includes installation of on-vehicle equipment, with the turnover being recognised once the installation has been completed or when the goods are despatched. There is also revenue from longer term and construction contracts which is recognised as contract work in progress in accordance with the Group's contract accounting policy as detailed below. For most sales, the enforceable contract is each purchase order, which is an individual, short term contract. As the enforceable contract for most arrangements is the purchase order, the transaction price is determined at the date of each sale and, therefore, there is no future variability within scope of IFRS 15 and no further remaining performance obligations under those contracts.

When the Group sells multiple goods and/or services as a package, the components are separated and accounted for separately.

Revenue received before goods and services are delivered is recognised as deferred income and transferred to the consolidated statement of comprehensive income once the goods are delivered and when the services have been performed.

Ongoing revenue from service contracts is recognised on a straight line basis over the term of the contract.

The group does provide a warranty period of up to 5 years which is considered to be an assurance-type warranty and therefore no separate performance obligation has been identified.

Contract accounting

The Group recognises revenue and costs on its customer contracts under the percentage of completion method.

In determining costs incurred up to the year end, any costs relating to future activity on a contract are excluded and are shown as contract work in progress. The aggregate of the cost incurred and the profit or loss recognised on each contract is compared against the progress billings up to the year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as due from customers on contracts, under receivables and prepayments. Where the progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as due to customers on contracts, under trade and other payables.

Government grants

Grants are accounted under the accruals model. Grants of a revenue nature are recognised in the consolidated statement of comprehensive income in the same period as the related expenditure. Government grants relating to the receipt of Coronavirus Job Retention Scheme income is included within other operating income in the consolidated statement of comprehensive income.

Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial Information is available.

Segment results that are reported to the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment, and intangible assets other than goodwill.

Taxation

Income tax on profit or loss for the year comprises current and deferred tax. Income tax is recognised in the consolidated statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year-end date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the year-end liability method on any temporary differences between the carrying amounts for financial reporting purposes and those for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities.

A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference.

2. Significant accounting policies applied to the consolidated financial statements of the Group continued

Earnings per Ordinary Share

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares in issue during the year. For diluted earnings, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares.

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, estimates are made of the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value, less costs to sell, and value-in-use. In assessing value-in-use, estimated future cash flows are discounted to their present value using a discount rate appropriate to the specific asset or cash generating unit and by comparing the internal rate of return generated by the cash flows to target return rates established by management. If the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount, the carrying value of the asset or cash generating unit is reduced to its recoverable amount. Impairment losses are recognised immediately in the consolidated statement of comprehensive income.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if that impairment loss had not been recognised. Impairment losses in respect of goodwill are not reversed.

Intangible assets

Software
Software which can be separately identified is capitalised to intangible assets at cost of acquisition and amortised over the estimated useful economic lives of between three and five years on a straight line basis into administrative expenses. All software will be fully amortised by 31 December 2025.

Research and development
Expenditure on research is written off in the period in which it is incurred.

Development expenditure is capitalised where it relates to a specific project where technical feasibility has been established, adequate technical, financial and other resources exist to complete the project, the expenditure attributable to the project can be measured reliably and overall project profitability is reasonably certain. In this case, it is recognised as an intangible asset and amortised over its useful economic life when the asset is made available for use. All other development expenditure is recognised as an expense in the period in which it is incurred. All capitalised development expenditure will be fully amortised by 31 December 2025.

Customer lists
The fair value of customer lists acquired in a business combination is estimated using discounted incremental cash flow and amortised over a five-year estimated useful economic life. Amortisation is included in the consolidated statement of comprehensive income as a part of administrative expenses. The customer lists were fully amortised by 30 April 2020.

Inventories

Inventory is stated at the lower of cost and net realisable value. The cost is based on the average weighting method. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Where necessary, provision is made for obsolete, slow-moving and defective inventory.

Financial instruments

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturity of less than or equal to three months and are measured on initial recognition at their fair value and subsequently at amortised cost.

Loans and receivables and other financial liabilities
Trade receivables and trade payables are measured on initial recognition which is the trade date, at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable trade receivables are recognised in the consolidated statement of comprehensive income when there is objective evidence that the asset is impaired.

Loans are initially recognised at the fair value of the proceeds and are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least one year after the balance sheet date.

2. Significant accounting policies applied to the consolidated financial statements of the Group continued

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the consolidated statement of comprehensive income.

Leasing

Under IFRS 16, which the Group has adopted effective for the period starting 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and the finance cost. The finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

In adopting this approach, the Group has applied the expedient to expense long-term leases with a remaining lease term of 12 months or less or short-term leases (less than 12 months). These leases are disclosed as operating leases. Rentals payable under operating leases are charged in the statement of comprehensive income on a straight-line basis over the lease term.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expensed to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Pensions

The Group operates a defined contribution scheme. The pension cost charge to the consolidated statement of comprehensive income is the contributions payable to the pension scheme for the period.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that the Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the net expenditure required to settle the obligation at the year-end date and are discounted to present value where the effect is material.

Foreign currencies

Transactions in foreign currencies are recorded at the rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the year-end date. All differences are taken to the statement of comprehensive income.

The assets and liabilities of foreign operations are translated to Sterling at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Sterling at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in the consolidated statement of comprehensive income.

Share capital and share premium

Ordinary Shares are classified as equity. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Share-based payments

The Group issues equity-settled share-based payments to certain Directors and employees. Share-based payments are measured at their fair value at the date of grant using a Black Scholes model. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based upon the Group's estimate of participants eligible to receive shares at the point of vesting.

2. Significant accounting policies applied to the consolidated financial statements of the Group continued

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report along with the principal risks and uncertainties.

The Group's net underlying profit for the year was £464k (2019: £777k loss). As at 31 December 2020 the Group had net current liabilities of £170k (2019: £916k) and net cash reserves of £1,254k (2019: £725k).

In December 2020, the 2016 Loan Notes maturity date was extended to 31 March 2022.

The Group raised gross proceeds of £1.2m from a placing in December 2019 and £0.25m from a placing in April 2020.

The Directors have prepared Group cash flow projections for the period to 30 June 2022 based on latest forecasts that show that the Group will be able to operate within the Group current funding resources with significant headroom.

As with all businesses there are particular times of the year where our working capital requirements are at their peak. The Group is well placed to manage these business risks effectively and the Board reviews the Group's performance against budgets and forecasts on a regular basis to ensure action is taken where needed. The Directors also monitor a rolling cash flow forecast, and key management review working capital movements and requirements on a daily basis.

The projections, taking account of reasonably possible changes in trading performance, indicate that the Group will operate within available facilities throughout the projection period and therefore, based on these projections, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of these financial statements. The directors therefore continue to adopt the going concern basis in preparing the financial statements.

Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were:

(i) Note 3 – Revenue recognition
Where products and maintenance are bundled in a contract some judgement may be required to identify the separate components which are recognised in accordance with general revenue recognition criteria.

(ii) Note 8 – Deferred tax
Determining the amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that sufficient taxable profit will be available to utilise the temporary difference.

(iii) Note 10 – Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value-in-use of the cash generating units to which goodwill has been allocated. The value-in-use calculation requires the Group to estimate future cash flows expected to arise from the cash generating unit at a suitable discount rate in order to calculate the present value. A discount rate of 13% is applied to the cash flow forecasts from the most recent financial budgets and long-term plans which are extrapolated in perpetuity assuming no growth beyond five years. The key assumptions made in relation to the impairment review of goodwill are set out in note 10.

(iv) Note 11 – Capitalisation of development, amortisation and impairment of intangibles
It is Group policy to capitalise and amortise development expenditure for the production of new or substantially improved products and processes if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. Such expenditure is amortised over the period which the Directors expect to obtain economic benefits. This policy includes judgements regarding the initial recognition of the asset based upon market research and expected future net revenues. It also includes estimations regarding the period of amortisation.

Determining whether intangibles are impaired requires an estimation of the recoverable value of the individual asset. Where assets generate cash flows that are independent of other assets then the value-in-use calculation requires the Group to estimate future cash flows expected to arise from the asset at a suitable discount rate in order to calculate the present value.

2. Significant accounting policies applied to the consolidated financial statements of the Group continued

(v) Note 14 – Provision for obsolete and slow-moving inventory
Determining the level of provision necessary for obsolete and slow-moving inventory requires management to make judgements in estimating the net realisable value of the Group's inventory based upon stock turnover statistics and management's knowledge of market changes. Provisions are made on an item-by-item basis.

(vi) Note 18 – Contract accounting
Determining the outcome of a contract requires management to make judgements on whether the outcome can be estimated reliably and this includes estimates of future costs. The percentage completion of a contract also requires management to make judgements and estimates which are based on costs incurred and project progress.

When the outcome of a contract cannot be estimated reliably contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs are recognised when incurred.

When the outcome of a contract can be estimated reliably contract revenue and contract costs are recognised over the period of the contract as revenue and expenses, respectively. This is normally measured either by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work are included to the extent that they have been agreed with the customer. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately in the consolidated statement of comprehensive income.

(vii) Note 20 – Warranty and other provisions
Determining the level of provision necessary for product warranties requires management to make judgements in estimating the likely future costs based upon historical cost experience, expected future trends and management's experience. Provisions are estimated on a per vehicle basis.

(viii) Note 22 – Share-based payments
In determining the fair value of equity settled share-based payments and the related charge to the consolidated statement of comprehensive income, the Group makes assumptions about future events and market conditions. In particular, judgement must be made as to the likely number of shares that will vest and the fair value of each award granted. The share options have a life of ten years and the exercise period is determined to be five years. The fair value is determined using the Black Scholes valuation model. At each year end the Group revises its estimate of the number of options that are expected to become exercisable. It recognises the impact of the revision of the original estimates, if any, in the consolidated statement of comprehensive income with a corresponding adjustment to equity.

3. Revenue

The revenue split between goods and services is:

	2020 £'000	2019 £'000
Goods	**9,417**	6,996
Services	**4,188**	4,406
	13,605	11,402
Contract works included in goods	**5,332**	3,218

The other income is split as follows:

	2020 £'000	2019 £'000
R&D Tax credit	**267**	214
Furlough Income	**38**	—
	305	214

4. Segmental reporting

IFRS 8 requires operating segments to be determined on the basis of those segments whose operating results are regularly reviewed by the Board of Directors (the Chief Operating Decision Maker as defined by IFRS 8) to make strategic decisions.

As the Board of Directors reviews revenue, gross profit and operating loss on the same basis as set out in the consolidated statement of comprehensive income, no further reconciliation is considered to be necessary.

4. Segmental reporting continued

Revenue and gross profit

	Revenue 2020 £'000	**Gross profit 2020 £'000**	Revenue 2019 £'000	Gross profit 2019 £'000
Fleet Systems	**6,827**	**2,147**	6,646	1,900
Passenger Systems	**6,778**	**3,154**	4,756	2,639
Total	**13,605**	**5,301**	11,402	4,539

Major customers

In the year, one customer within the Passenger Systems segment accounted for over 10% of Group revenue at 10%. In the prior year, there were two Fleet Systems customers that each accounted for over 10% of revenue at 16% and 10% and no major customers within the Passenger Systems segment.

Underlying profit / (loss)

	2020 £'000	2019 £'000
Fleet Systems	**81**	(469)
Passenger Systems	**634**	(80)
	715	(549)
Central	**(251)**	(228)
Underlying profit / (loss)	**464**	(777)

Reconciling to profit / (loss) before interest and tax

2020	**Underlying operating profit/(loss) £'000**	**Share-based payments £'000**	**Operating profit/(loss) £'000**	**Profit/(loss) before interest and tax £'000**
Fleet Systems	**81**	**(58)**	**23**	**23**
Passenger Systems	**634**	**(58)**	**576**	**576**
	715	**(116)**	**599**	**599**
Central	**(251)**	**—**	**(251)**	**(251)**
	464	**(116)**	**348**	**348**

2019	Underlying operating profit/(loss) £'000	Share-based payments £'000	Operating profit/(loss) £'000	Profit/(loss) before interest and tax £'000
Fleet Systems	(469)	—	(469)	(469)
Passenger Systems	(80)	—	(80)	(80)
	(549)	—	(549)	(549)
Central	(228)	—	(228)	(228)
	(777)	—	(777)	(777)

Net assets attributed to each business segment represent the net external operating assets of that segment, excluding goodwill, bank balances and borrowings, which are shown as unallocated amounts, together with central assets and liabilities.

4. Segmental reporting continued

Net assets

	Assets 2020 £'000	Liabilities 2020 £'000	Net assets 2020 £'000	Assets 2019 £'000	Liabilities 2019 £'000	Net assets 2019 £'000
Fleet Systems	**3,599**	**(2,932)**	**667**	3,501	(2,700)	801
Passenger Systems	**4,077**	**(5,372)**	**(1,295)**	3,059	(3,968)	(909)
	7,676	**(8,304)**	**(628)**	6,560	(6,668)	(108)
Goodwill	**1,345**	**—**	**1,345**	1,345	—	1,345
Cash and borrowings	**1,254**	**(1,159)**	**95**	725	(1,711)	(986)
Unallocated	**12**	**(80)**	**(68)**	18	(85)	(67)
Total	**10,287**	**(9,543)**	**744**	8,648	(8,464)	184

Geographical segments

	Revenue 2020 £'000	Gross profit 2020 £'000	Revenue 2019 £'000	Gross profit 2019 £'000
UK	**13,025**	**4,923**	10,522	4,025
International				
– Scandinavia	**520**		515	
– Other EU	**52**		355	
– Non-EU	**8**		10	
Total international	**580**	**378**	880	514
Total	**13,605**	**5,301**	11,402	4,539

Assets and liabilities by location

	2020 £'000	2019 £'000
Assets		
UK	**10,265**	8,628
International	**22**	20
Total assets	**10,287**	8,648
Liabilities		
UK	**(9,533)**	(8,436)
International	**(10)**	(28)
Total liabilities	**(9,543)**	(8,464)

All non-current assets are located within the United Kingdom.

5. Employee information

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

	2020 Number	2019 Number
By activity:		
Administration	**26**	26
Technical	**12**	13
Operations	**54**	59
	92	98

Staff costs (for the above persons)

	2020 £'000	2019 £'000
Wages and salaries	**3,791**	3,744
Social security costs	**442**	447
Pension costs	**157**	157
Share-based payments	**116**	—
	4,506	4,348

Key management compensation (included above)

	2020 £'000	2019 £'000
Wages and salaries	**737**	672
Social security costs	**96**	95
Pension costs	**42**	76
Share-based payments	**116**	—
	991	843

The key management personnel are the Board of Directors, the Directors of each of the Group's business segments and the senior management team responsible for the call centre, finance, business development and IT. Directors' emoluments and pensions included on page 35 are:

	Emoluments		Pension contributions	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Total Directors	**386**	351	**59**	59
Highest paid Director	**194**	169	**11**	11

There are three (2019: three) Directors receiving payments into pension schemes. Directors' detailed emoluments are disclosed in the Report on Directors' Remuneration.

6. Finance expense

	2020 £'000	2019 £'000
Interest payable on loans	**130**	159
IFRS16 interest	**25**	12
	155	171

7. Profit / (loss) before taxation from continuing operations

This is stated after charging/(crediting):

	2020 £'000	2019 £'000
Operating lease rentals:		
– Rent of land and buildings	**99**	96
– Hire of plant and equipment	**176**	184
Depreciation:		
– Property, plant and equipment owned	**65**	68
– Right of Use Assets	**144**	130
Amortisation of intangible fixed assets (included within administrative expenses)	**429**	453
Research and Development expenditure	**241**	172
Inventories – consumed and recognised as an expense in cost of sales	**4,767**	3,554
Trade Receivables Impairment	**—**	35
Write down of inventories	**90**	60
Exchange differences	**20**	21
Share-based payments charge	**116**	—

Profit / (loss) before taxation is also stated after charging:

	2020 £'000	2019 £'000
Auditor's remuneration:		
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	**3**	3
Fees payable to the Company's auditor for the audit of the Company's subsidiaries pursuant to legislation	**46**	45
Additional fees payable to the Company's auditor for the prior year audit pursuant to legislation	**4**	—
Total audit fees	**53**	48

8. Taxation

(a) Analysis of credit in year:

	2020 £'000	2019 £'000
Current tax		
UK corporation tax on the loss for the year (19%)	**—**	—
Swedish corporation tax on the profit for the year (22%)	**—**	—
Prior year under provision	**7**	10
Deferred tax credit		
– Temporary differences on acquisition	**(9)**	(25)
Total tax credit for the year	**(2)**	(15)

8. Taxation continued

(b) Factors affecting the total tax (credit) / charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK at 19% (2019: 19%). The differences are explained below:

	2020 £'000	2019 £'000
Profit / (loss) on ordinary activities before tax	**193**	(948)
Profit / (loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	**37**	(180)
Effects of:		
Expenses not deductible for tax purposes	**(4)**	(8)
Change in unrecognised deferred tax assets	**15**	204
Income not taxable	**(57)**	(41)
Prior year under provision	**7**	10
Total tax credit for the year	**(2)**	(15)

(c) Deferred tax asset / (liability)

The unrecognised and recognised deferred tax assets / (liability) comprise the following:

	Unrecognised		**Recognised**	
Group	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Tax losses	**841**	669	**—**	—
Decelerated capital allowances	**(47)**	51	**—**	—
Arising on acquisition	**—**	—	**—**	(9)
	794	720	**—**	(9)

The Group has £4,425,000 of unutilised tax losses (2019: £3,937,000) which may be carried forward indefinitely. On 3 March 2021, the Chancellor of the Exchequer announced that the corporation tax rate would increase to a maximum of 25% from 1 April 2023.

9. Profit / (loss) per Ordinary Share

Basic earnings per share (EPS) is calculated by dividing the earnings attributable to Ordinary Shareholders by the weighted average number of Ordinary Shares in issue during the year.

For diluted earnings, the weighted average number of Ordinary Shares in issue is adjusted to assume conversion of all dilutive potential Ordinary Shares.

	2020		**2019**	
Group	**Profit / (loss) £'000**	Per share amount Pence	**Profit / (loss) £'000**	Per share amount Pence
Basic EPS				
Profit / (loss) attributable to Ordinary Shareholders	**195**	2.27	**(933)**	(1.08)
Diluted EPS				
Profit / (loss) attributable to Ordinary Shareholders	**195**	2.26	**(933)**	(1.08)

Details of the weighted average number of Ordinary Shares used as the denominator in calculating the earnings per Ordinary Share are given below:

	2020 '000	2019 '000
Basic weighted average number of shares	**8,610**	86,433
Dilutive potential Ordinary Shares	**29**	—
Diluted weighted average number of shares	**8,639**	86,433

10. Goodwill

Goodwill acquired in a business combination is allocated at acquisition to the cash generating unit (CGU) that is expected to benefit from that business combination. The Group has two CGUs which are its two operating segments, Fleet Systems and Passenger Systems. The carrying amount of goodwill has been allocated to the CGUs as follows:

	Passenger Systems £'000	Total £'000
Deemed cost:		
At 1 January 2019	1,345	1,345
At 31 December 2019	1,345	1,345
At 31 December 2020	**1,345**	**1,345**

The Group tests goodwill annually for impairment as at 31 December, or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined based on a value-in-use calculation which uses cash flow projections based on financial budgets and business plans approved by the Directors covering a five-year period. Cash flows beyond that period have been extrapolated in perpetuity assuming no growth, which the Directors consider to be a conservative approach.

The key assumptions for the value-in-use calculations are those regarding discount rates and sales forecasts.

The discount rates needed to equate the net present value from these cash flows to the carrying value of goodwill are compared to the required rate of return from the CGU based upon an assessment of the time value of money, prevailing interest rates and the risks specific to the CGU. If this discount rate is in excess of the required rate of return then it is assumed that no impairment has occurred to the carrying value of goodwill.

The discount rates are as follows:

	2020 %	2019 %
Passenger Systems	**13**	13

The discount rates used are based on the Board's judgement considering macroeconomic factors and reflecting specific risks in each segment such as the nature of the market served, the concentration of customers, cost profiles and barriers to entry.

Passenger Systems also has intangible assets, see Note 11, which are considered in the same value-in-use calculations as goodwill.

The Passenger Systems cash flow projections used to determine value-in-use are based upon assumptions of sales, margins and cost bases. Of these assumptions the value-in-use is most sensitive to the level of sales. Margins are fixed in the forecast based upon past experience; the cost base is similarly based upon past experience and will vary depending upon the level of sales. In accordance with the requirements of IAS 36 our value-in-use calculations do not include cash flows from restructurings to which the Group is not yet committed.

The level of sales is the key assumption used in the cash flow forecast. Sales have been determined by management using estimates based upon past experience and future performance with reference to market position and the sales pipeline. The macroeconomic environment has improved and there has been an increase in the number and size of contracts available. In 2017 a major restructuring took place, followed by a reinvestment in key staff during 2018 and 2019. The 2021 forecast predicts growth of 19%. The remaining four years are based upon compound sales growth of 5%.

The value-in-use calculation supports the carrying value of the CGU with headroom of £8,114k. A sensitivity analysis has been performed on the impairment test. The Directors consider that an absolute change in the key sales assumption is possible and a reduction in the growth rate in 2021 to 5% would result in headroom remaining in the current carrying value of goodwill in relation to Passenger Systems of £4,974k. If sales forecasts were down 20% across the whole period and overheads remained unchanged then there would be headroom of £2,776k.

Based on the review the discount rate applied to equate the net present value of the forecast cash flows to the carrying value of goodwill and the intangible assets was 84.1%, whereas the required rate of return of the CGU is 13%.

In view of this, the Directors consider that no impairment of goodwill or intangible assets is required.

11. Other intangible assets

2020 movements	**Customer list £'000**	**Development costs £'000**	**Software £'000**	**Total £'000**
Cost				
At 1 January 2020	192	1,697	186	2,075
Additions	–	432	87	519
At 31 December 2020	**192**	**2,129**	**273**	**2,594**
Amortisation				
At 1 January 2020	177	678	166	1,021
Charge for the year	15	398	16	429
At 31 December 2020	**192**	**1,076**	**182**	**1,450**
Net book value				
At 31 December 2020	**—**	**1,053**	**91**	**1,144**

2019 movements	Customer list £'000	Development costs £'000	Software £'000	Total £'000
Cost				
At 1 January 2019	192	1,159	186	1,537
Additions	—	538	—	538
At 31 December 2019	192	1,697	186	2,075
Amortisation				
At 1 January 2019	139	302	127	568
Charge for the year	38	376	39	453
At 31 December 2019	177	678	166	1,021
Net book value				
At 31 December 2019	15	1,019	20	1,054

The Group tests intangible assets when there is indication of impairment. The recoverable amounts are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding cash flow forecasts, growth rates and discount rates. The cash flow forecasts are derived from the most recent financial budgets for the next five years approved by management, extrapolated in perpetuity assuming no growth. The impairment test is covered in the Goodwill note 10.

12. Plant and equipment

2020 movements	Leasehold improvements £'000	Right of Use Asset Lease £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 January 2020	12	298	325	635
Additions	—	496	55	551
Disposals	—	(44)	(59)	(103)
At 31 December 2020	**12**	**750**	**321**	**1,083**
Depreciation				
At 1 January 2020	6	126	216	348
Charge for the year	3	144	62	209
Disposals	—	(33)	(59)	(92)
At 31 December 2020	**9**	**237**	**219**	**465**
Net book amounts				
At 31 December 2020	**3**	**513**	**103**	**619**

2019 movements	Leasehold improvements £'000	Right of Use Asset Lease £'000	Plant and equipment £'000	Total £'000
Cost				
At 1 January 2019	12	—	325	337
Additions	—	302	45	347
Disposals	—	(4)	(45)	(49)
At 31 December 2019	12	298	325	635
Depreciation				
At 1 January 2019	4	—	195	199
Charge for the year	2	130	66	198
Disposals	—	(4)	(45)	(49)
At 31 December 2019	6	126	216	348
Net book amounts				
At 31 December 2019	6	172	109	287

At 31 December 2020, the Plant and Equipment include items with a carrying value of £12k pledged as security for loans included in note 19.

13. Deferred tax liability

The movement on the deferred tax liability is as follows:

Deferred tax liability arising on acquisition	Liability £'000
Balance brought forward at 1 January 2020	9
Debit to consolidated statement of comprehensive income	(9)
Balance carried forward at 31 December 2020	**—**

14. Inventories

	2020 £'000	2019 £'000
Raw materials	**370**	251
Work in progress	**41**	17
Finished goods and goods for resale	**1,264**	1,003
	1,675	1,271

15. Trade and other receivables

	2020 £'000	2019 £'000
Current		
Trade receivables	**1,544**	2,070
Less: provision for impairment of receivables	**(22)**	(49)
Trade receivables – net	**1,522**	2,021
Amounts due from contract customers	**1,238**	868
Other receivables and prepayments	**1,447**	1,034
	4,207	3,923
Non-current		
Other receivables and prepayments	**43**	43

The average credit period taken on sales of goods is 41 days (2019: 36 days). Trade receivables are provided for to the extent that management has reason to believe that the recoverability of the debt is questionable. Before granting credit terms to any new customer, the Group uses an external credit checking company to assess the customer's credit quality and to assist in the definition of credit limits for that customer. In addition, the company uses credit protection facilities to protect certain key customer receivables.

The following customers represented more than 5% of the total balance of net trade receivables at the year-end:

	Amount receivable	
	2020 £'000	2019 £'000
Customer 1	**231**	204
Customer 2	**218**	1,010
Customer 3	**87**	—
Customer 4	**83**	—

Included in the Group's trade receivable balance are debtors with a carrying amount of £432,000 (2019: £337,000) which are past due at the reporting date for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances. The average age of these receivables is 53 days (2019: 77 days).

15. Trade and other receivables continued

Ageing of past due but not impaired trade receivables:

	2020 £'000	2019 £'000
Up to three months past due	**420**	296
Three to six months past due	**—**	13
Over six months past due	**12**	28
	432	337

Movement in the provision for impairment of trade receivables:

	2020 £'000	2019 £'000
Balance at 1 January	**49**	16
Provision (released) / made	**(27)**	33
Balance at 31 December	**22**	49

Ageing of impaired trade receivables:

	2020 £'000	2019 £'000
60 – 90 days	**16**	—
Over 90 days	**6**	49
	22	49

The trade and other receivables are used as security for the loan notes as set out in Note 19.

16. Cash and cash equivalents

	2020 £'000	2019 £'000
Cash and cash equivalents	**1,254**	725

Cash and cash equivalents comprise cash, including bank deposits held by the Group.

17. Trade and other payables

	2020 £'000	2019 £'000
Current		
Trade payables	**1,284**	1,675
Other taxation and social security	**909**	559
Other payables	**—**	8
Accruals	**1,138**	970
Deferred income relating to contracts	**1,166**	727
Deferred income	**1,896**	1,487
	6,393	5,426
Non-current		
Deferred income	**957**	671
Other Payables	**80**	—
	1,037	671

Trade creditors and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 43 days (2019: 89 days). The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

18. Contract accounting

	2020 £'000	2019 £'000
Contracts in progress at dates of statement of financial position:		
Amounts due from contract customers included in trade and other receivables	**1,238**	868
Amounts due to contract customers included in trade and other payables	**(1,166)**	(727)
	72	141
Contract costs incurred plus recognised profit less recognised losses to date	**3,872**	1,678
Less: progress billings	**(3,800)**	(1,537)
	72	141

At 31 December 2020, retentions held by customers for contract work amounted to £25,000 (2019: £10,000). Advances received from customers for contract work amounted to £1,166,000 (2019: £727,000).

At 31 December 2020, amounts of £nil (2019: £nil) included in trade and other receivables and arising from contracts are due for settlement after more than twelve months.

19. Loans and borrowings

	2020			2019		
	Current £'000	**Non-current £'000**	**Total £'000**	Current £'000	Non-current £'000	Total £'000
Bank loans	**595**	**14**	**609**	1,141	20	1,161
2016 Loan Notes	**—**	**300**	**300**	—	300	300
2018 Loan Notes	**—**	**250**	**250**	—	250	250
	595	**564**	**1,159**	1,141	570	1,711

The fair value of the loans and borrowings is not substantially different from the carrying value.

During the year £6,000 (2019: £10,000) of loans and borrowings were repaid.

The main terms of the loans are:

	Loan name	Interest rate	Term	Final payment	Loan value
Close Brothers	Invoice finance	2.35% over base	Repayable on demand		587
BMW Finance	BMW	8.28%	4 years	January 2022	22
2016 Loan Notes	Loan notes	10.00%	6.3 years	March 2022	300
2018 Loan Notes	Loan notes	10.00%	3.3 years	March 2022	250
					1,159

The 2016 and 2018 Loan notes are secured on the trade and other debtors of the Group's principal trading entities, 21st Century Fleet Systems Limited and 21st Century Passenger Systems Limited.

The invoice finance facility is secured by a debenture over all assets of the Group's principal trading entities, 21st Century Fleet Systems Limited and 21st Century Passenger Systems Limited.

At 31 December 2020, Plant and Equipment with a carrying value of £12k (2019: £25k) are pledged as security for loans.

20. Provisions

	Warranty £'000	Total £'000
Balance at 1 January 2020	495	495
Charged	203	203
Released	(237)	(237)
Movement in the year	(34)	(34)
Balance at 31 December 2020	**461**	**461**
Included in current liabilities	183	183
Included in non-current liabilities	278	278
	461	461

The warranty provision represents management's best estimate of the Group's liability for warranties granted on products sold based on past experience and industry averages for defective products. The warranty provision is expected to be fully released by 31 December 2025.

21. Financial instruments

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of debt and equity balances. The capital structure of the Group at the year end consisted of cash and cash equivalents, loans, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Group maintains or adjusts its capital structure through the payment of dividends to shareholders, the issue of new loans, loan repayments, the issue of new shares and the buy-back of existing shares.

The Group's overall capital risk management strategy remains unchanged from the prior year.

Note 22 to the financial statements provides details regarding the Company's share capital and movements in the year. There were no breaches of any requirements with regard to any relevant conditions imposed by the Company's Articles of Association during the periods under review.

Gearing

Net cash was £95,000 at 31 December 2020 (2019: net debt £986,000). Net cash / (debt) is defined as cash and cash equivalents less short-term and long-term borrowings.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

21. Financial instruments continued

Categories of financial instruments

	Carrying value	
	2020 £'000	2019 £'000
Financial assets		
Loans and receivables (including cash and cash equivalents):		
Trade receivables	**1,522**	2,021
Other receivables	**1,447**	1,034
Cash and cash equivalents	**1,254**	725
	4,223	3,780
Financial liabilities		
Other financial liabilities held at amortised cost:		
Trade payables	**1,284**	1,675
Other payables	**—**	8
IFRS16 leases	**493**	151
Accruals	**1,138**	970
Loans and borrowings	**1,159**	1,711
	4,074	4,515

The Directors consider that the carrying amount of the financial assets approximates to their fair value and represents the maximum exposure to credit risk.

The Directors consider that the carrying amount of the financial liabilities approximates to their fair value.

Financial risk management objectives

The Group's approach to managing financial risk is described in the Directors' Report.

Market risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Swedish Krona	**63**	28	**7**	35
Euro	**68**	18	**106**	312
US Dollar	**7**	—	**—**	—
New Zealand Dollar	**—**	—	**—**	2

At the year end the Group was exposed to fluctuations in Swedish Krona, Euros, New Zealand Dollars and US Dollars against Sterling. The following table details the Group's sensitivity to a 10% increase or decrease in Sterling against the relevant foreign currencies. 10% represents management's assessment of a possible change in foreign currency exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A negative number below indicates a decrease in profit where Sterling strengthens against the relevant currency. For a 10% weakening in Sterling against the foreign currency, there would be an equal and opposite impact on the profit.

21. Financial instruments continued

	2020 £'000	2019 £'000
Swedish Krona profit / (loss)	**(6)**	1
Euro profit	**4**	29
US Dollar loss	**(1)**	—

Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted a policy of only extending credit to creditworthy counterparties, and obtaining collateral where appropriate, as a means of mitigating risk of financial loss from defaults. The Group obtains credit checks from independent rating agencies and other publicly available financial information to rate its customers. The Group's exposure and credit ratings of its counterparties are continuously monitored. Credit exposure is controlled by counterparty credit limits that are reviewed and approved by the credit control team.

The credit risk within contracts is managed in the same way. The credit risk management of other receivables, where material, if not covered above, is handled on a case-by-case basis.

The Group has significant credit risk exposure to several single counterparties. Note 15 to the financial statements gives details of counterparties with balances in excess of 5% of total trade receivables at the year end.

Liquidity risk management

Responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and maintaining adequate banking facilities. At 31 December 2020, the Group had £nil overdraft facility (2019: £nil). As at 31 December 2020, the net bank balance, cash less overdraft, was £1,254k (2019: £725k).

At 31 December 2020, the Group has £550k (2019: £550k) of loan notes and an invoice discounting facility with Close Brothers for £1,250k (2019: £1,250k).

Maturity of financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The maturity of financial liabilities table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

	2020 £'000	2019 £'000
In one year or less	**2,789**	3,452
In one to two years	**645**	570

22. Share capital

Called up share capital

	2020 £'000	2019 £'000
Authorised		
8,741,250 New Ordinary Shares of 6.5p each (2019: 8,741,250 Ordinary Shares of 6.5p each)	**568**	568
87,412,500 Deferred Shares of 6.5p each (2019: 87,412,500)	**5,682**	5,682
	6,250	6,250
Issued, allotted and paid up		
8,741,250 New Ordinary Shares of 6.5p each (2019: 8,227,500 Ordinary Shares of 6.5p each)	**568**	535
87,412,500 Deferred Shares of 6.5p each (2019: 87,412,500)	**5,682**	5,682
	6,250	6,217

On 3 April 2020, the group issued 513,750 ordinary shares with a nominal value of 6.5p and a share premium of 43.5p per share.

22. Share capital continued

Ordinary shares are entitled to one vote each, a dividend and a return on assets.

Deferred shares are not entitled to vote or any dividends. A return on liquidation will only be made after payment has been made to the holders of ordinary shares of the amounts paid up on such shares and the sum of £10,000,000 in respect of each ordinary share.

The share premium account represents the amount received on the issue of ordinary shares by the Company, in excess of their nominal value and is non-distributable.

The merger reserve represents the excess over nominal value of the fair value consideration for the acquisition of subsidiaries satisfied by the issue of shares in accordance with S612 of the Companies Act 2006.

Share options

The Company operates EMI share option schemes for employees and Directors of the Group. Individual options have an exercise price of the market value at date of grant or the nominal value if higher. All options are settled in equity, automatically lapse ten years after the date of grant and generally lapse if an option holder ceases to be a Group employee.

As at 31 December options under these schemes, including those held by Directors, were outstanding over:

	2020		2019	
	Options	**Weighted average exercise price**	Options	Weighted average exercise price
Outstanding at beginning of year	**259,135**	**104p**	4,146,154	6.5p
Issued during the year	**690,000**	**50p**	—	—
Changes due to share restructure	**—**	**—**	(3,887,019)	6.5p
Outstanding at end of year	**949,135**	**65p**	259,135	104p
Exercisable at end of year	**949,135**	**65p**	259,135	104p

The aggregate charge recognised in the Group financial statements in the year was £116,000 (2019: £nil), all of which was recognised in subsidiary entities results.

Directors' interests in share options

Details of options held by Directors over the Company's Ordinary and Deferred Shares of 104p and 50p are set out below:

	As at 31 December 2019	Issued during the Year	**As at 31 December 2020**	Exercise price	Date from which exercisable	Expiry date
R C Singleton	240,385	—	**240,385**	104p	10/10/2016	10/10/2023
N W Lowe	—	180,000	**180,000**	50p	02/04/2021	01/04/2030

The market price of the Company's shares at the end of the financial year was 53p (2019: 54p) and the range of market prices during the year was 43.5p to 73.5p (2019: 2.35p to 70p). The weighted average remaining life of all share options outstanding at 31 December 2020 is 7 years and 6 months (31 December 2019: 3 years and 9 months).

22. Share capital continued

For those options granted after 7 November 2002, the Black Scholes model has been used to calculate the charge to the consolidated statement of comprehensive income. The inputs into the model are as follows:

Option type	Grant date	Exercise price (pence)	Share price on grant date (pence)	Expected term (years)	Vesting period (years)	Option life (years)	Expected volatility	Risk free rate
EMI	10/10/2013	104	5.62	5	3	10	144%	2.74%
EMI	12/10/2015	104	4.38	5	3	10	146%	1.82%
EMI	02/04/2020	50	50	5	0	10	57%	1.10%
EMI	02/04/2020	50	50	5	2	10	56%	1.10%
EMI	02/04/2020	50	50	5	2.75	10	56%	1.10%
EMI	02/04/2020	50	50	5	3.75	10	56%	1.10%

No dividend yield has been assumed for any of the above options and none of the share options' performance conditions are linked to the market price of the Company's shares.

Expected volatility was determined by calculating the historical volatility of the Company's share price over the time commensurate with the award term immediately prior to the date of grant (i.e. five years). Given the lack of past option award exercise data for the Company's share-based awards, management has assumed an expected term equal to five years for option awards with ten-year terms (a typical average input for a ten-year option scheme).

Employee Shareholder Plan

On 15 February 2015, the 21st Century Technology Employee Shareholder Plan (the "Plan") was implemented following approval at a general meeting of the Company. Details of the B Ordinary Shares of 0.1p in the capital of 21st Century Fleet Systems Limited (formerly 21st Century Technology Solutions Limited) ("Shares" and "Solutions", respectively) are set out below:

The Shares carry the right for the holder, to require the holder(s) of A Ordinary Shares, jointly and severally, in Solutions to acquire the Shares (the "Put Option"). The option may be exercised:

(a) (at the discretion of the Executive where a compulsory share transfer event occurs (such as a cessation of employment); and

(b) if (i) not less than three years nor more than ten years have elapsed since the Shares were acquired; and (ii) the share price of Ordinary Shares in the capital of the Company (or such other company as may then be the parent company of Solutions) is not less than 112p per share.

The price per Share payable under the Put Option shall be equal to the amount by which the market capitalisation of the Company (as determined by the middle-market price of the Company's shares averaged over the last ten dealing days preceding the valuation date) exceeds £378,787, divided by the total number of issued shares in the capital of Fleet Systems.

The price may be settled, at the discretion of the Company, in cash or by the issue or transfer of such number of Ordinary Shares in the Company to the relevant value, calculated by reference to the middle-market price of the Company's shares averaged over the last ten dealing days preceding the valuation date. Should the Company exercise its discretion described above and issue the Executives with Ordinary Shares in the Company in exchange for the Shares in Solutions, the Executives' holdings in the Company would represent, following the same allotment, 7% of the fully diluted share capital of the Company.

22. Share capital continued

Directors' interests in the Employee Shareholder Plan

	As at 31 December 2019 & 2020	Exercise price	Date from which exercisable	Expiry date
21st Century Technology Employee Shareholder Plan				
R C Singleton	100	112p	13/02/2018	13/02/2025

Although the employee shares awarded under the Plan are not strictly share options, they have the same characteristics as premium-priced share options. Accordingly, the Plan is accounted for in accordance with IFRS 2 'Share-based Payment' using a Black Scholes option pricing model to give a proxy for the fair value of the services provided by the Executives, the key inputs to which are:

Option type	Grant date	Exercise price (pence)	Share price on grant date (pence)	Expected term (years)	Vesting period (years)	Option life (years)	Expected volatility	Risk free rate
Employee Shareholder Plan	13/02/2015	104	4.88	5	3	10	139%	1.68%

No dividend yield has been assumed for any of the above options and none of the share options' performance conditions are linked to the market price of the Company's shares.

23. Financial commitments

At 31 December 2020, the Group had total commitments under non-cancellable operating leases not accounted for under IFRS16 as follows:

	2020 £'000	2019 £'000
Due within one year	**43**	45
Due between two and five years	**—**	6
	43	51

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24. Reconciliation of operating profit / (loss) to net cash outflow from operating activities

	2020 £'000	2019 £'000
Profit / (loss) for the year	**195**	(933)
Adjustments for:		
– Finance expense	**155**	171
– Deferred tax credit	**(9)**	(25)
– Depreciation of property, plant and equipment	**209**	198
– Amortisation of intangible fixed assets	**429**	453
– Share-based payment expense	**116**	—
– Foreign exchange rate	**17**	12
– (Decrease) / increase in provisions	**(34)**	5
Operating cash flows before movement in working capital	**1,078**	(119)
(Increase) / decrease in inventories	**(404)**	379
Increase in receivables	**(280)**	(523)
Increase in payables	**1,317**	183
Cash inflow / (outflow) from operations	**1,711**	(80)
Income taxes paid	**(7)**	(10)
Interest paid	**(130)**	(159)
Net cash inflow / (outflow) from operating activities	**1,574**	(249)

25. Related party transactions

Payments to key management personnel are included in note 5.

£60,000 of the 2016 Loan Notes and £25,000 of the 2018 Loan Notes included in note 19 in aggregate were provided by three of the Group's Directors: Russ Singleton, Mark Elliott and James Cumming (the "Lending Directors"). The Lending Directors are related parties of the Company pursuant to the AIM Rules for Companies.

There are no other related party transactions.

Subsidiaries

Transactions between the Company and its subsidiaries are eliminated on consolidation and therefore not disclosed.

Company statement of financial position
at 31 December 2020

	Notes	2020 £'000	2019 £'000
Assets			
Non-current assets			
Property, plant and equipment	3	**4**	7
Investment in subsidiaries	4	**6,958**	6,958
		6,962	6,965
Current assets			
Other debtors		**9**	11
Cash and cash equivalents		**1**	23
		10	34
Total assets		**6,972**	6,999
Equity and Liabilities			
Shareholders' equity			
Share capital	8	**6,250**	6,217
Share premium account		**1,174**	958
Merger reserve		**1,001**	1,001
Retained earnings		**(3,221)**	(2,798)
Shareholders' funds		**5,204**	5,378
Non-current liabilities			
Loans and borrowings	6	**550**	550
		550	550
Current liabilities			
Amounts owed to Group undertakings	5	**1,137**	986
Other creditors and accruals		**81**	85
		1,218	1,071
Total equity and liabilities		**6,972**	6,999

The financial statements were approved by the Board of Directors and authorised for issue on 25 March 2021 and were signed on its behalf by:

M W Elliott
Non-executive Chairman

R C Singleton
Chief Executive

Registered number: 2974642

The notes on pages 77 to 83 form part of these parent company financial statements.

Company statement of changes in equity
for the year ended 31 December 2020

	Share capital £'000	Share premium account £'000	Merger reserve £'000	Retained earnings £'000	Total equity shareholders' funds £'000
Balance at 1 January 2019	6,061	8	1,001	(2,514)	4,556
Loss and total comprehensive income for the year	—	—	—	(284)	(284)
Proceeds from issue of new shares	156	950	—	—	1,106
Balance at 31 December 2019	6,217	958	1,001	(2,798)	5,378
Loss and total comprehensive income for the year	—	—	—	(307)	(307)
Share-based payments	—	—	—	(116)	(116)
Proceeds from Issue of new shares	33	216	—	—	249
Balance at 31 December 2020	**6,250**	**1,174**	**1,001**	**(3,221)**	**5,204**

The notes on pages 77 to 83 form part of these parent company financial statements.

Notes to the company financial statements
for the year ended 31 December 2020

1. Significant accounting policies applied to the individual entity financial statements of the Company

Statement of compliance

The separate financial statements of the Company are presented in accordance with Financial Reporting Standard 101 'The Reduced Disclosure Framework'. They have been prepared under the historic cost convention, except financial instruments and share options, which have been prepared in accordance with IFRS 9 and IFRS 2 respectively. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been applied consistently throughout the year.

The results and financial position of the Company are expressed in Sterling (£). The numbers in the financial statements are rounded in £'000 for presentation purposes.

This Company is included in the consolidated financial statements of Journeo plc for the year ended 31 December 2020. These accounts are available from the registered address of the Company.

Disclosure exemptions applied

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101, paragraph 8:

(iii) The requirement of IFRS 7 'Financial Instruments: Disclosures' relating to the disclosure of financial instruments and the nature and extent of risks arising from such instruments;

(iv) The applicable requirements of IAS 36 'Impairment of Assets' relating to the disclosures of estimates used to measure recoverable amounts;

(v) The applicable requirements of IAS 1 'Presentation of Financial Statements' relating to the disclosure of comparative information in respect of the number of shares outstanding at the beginning and end of the year (IAS 1.79a, iv), the reconciliation of the carrying amount of property, plant and equipment (IAS 16.73e) and the reconciliation of the carrying amount of intangible assets (IAS 38.118e);

(vi) The requirement of IAS 1 'Presentation of Financial Statements' paragraphs 134 to 136 relating to the disclosure of capital management policies and objectives;

(vii) The requirements of IAS 7 'Statement of Cash flows' and IAS 1 'Presentation of Financial Statements' paragraph 10(d), 111 relating to the presentation of a cash flow statement;

(viii) The requirements of paragraph 45(b) and 45-52 of IFRS 2 'Share-based Payments' because the share-based payment arrangement concerns instruments of a group entity.

Basis of preparation

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were:

(i) Note 4 -Investments in subsidiaries

Determining whether investments are impaired requires an estimation of the value-in-use of the cash generating units to which the investments relate. The value-in-use calculation requires the Company to estimate future cash flows expected to arise from the cash generating unit at a suitable discount rate in order to calculate the present value. A discount rate of 14% is applied to the cash flow forecasts from the most recent financial budgets and long-term plans which are extrapolated in perpetuity assuming no growth beyond five years.

1. Significant accounting policies applied to the individual entity financial statements of the Company continued

Going concern

The Group's business activities, together with factors likely to affect its future development, performance and position, are set out in the Strategic Report along with the principal risks and uncertainties.

The Group's net underlying profit for the year was £464k (2019: £777k loss). As at 31 December 2020 the Group had net current liabilities of £170k (2019: £916k) and net cash reserves of £1,254k (2019: £725k).

In December 2020, the 2016 Loan Notes maturity date was extended to 31 March 2022.

The Group raised gross proceeds of £1.2m from a placing in December 2019 and £0.25m from a placing in April 2020.

The Directors have prepared Group cash flow projections for the period to 30 June 2022 based on latest forecasts that show that the Group will be able to operate within the Group current funding resources with significant headroom.

As with all businesses there are particular times of the year where our working capital requirements are at their peak. The Group is well placed to manage these business risks effectively and the Board reviews the Group's performance against budgets and forecasts on a regular basis to ensure action is taken where needed. The Directors also monitor a rolling cash flow forecast, and key management review working capital movements and requirements on a daily basis.

The projections, taking account of reasonably possible changes in trading performance, indicate that the Group will operate within available facilities throughout the projection period and therefore, based on these projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least twelve months from the date of these financial statements. The directors therefore continue to adopt the going concern basis in preparing the financial statements.

Investments

Fixed asset investments in subsidiaries are shown at cost less provision for impairment.

Financial instruments

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with maturity of less than or equal to three months and are measured on initial recognition at their fair value and subsequently at amortised cost.

Loans and receivables and other financial liabilities
Trade receivables and trade payables are measured on initial recognition which is the trade date, at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable trade receivables are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired.

Loans are initially recognised at the fair value of the proceeds and are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least one year after the balance sheet date.

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the statement of comprehensive income.

Share capital and share premium

Ordinary Shares are classified as equity. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

1. Significant accounting policies applied to the individual entity financial statements of the Company continued

Merger reserve

The merger reserve arose on a historical acquisition prior to 1 January 2015 and has been maintained under an FRS 101 transition exemption.

Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such condition exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, estimates are made of the recoverable amount of the cash generating unit (CGU) to which the asset belongs.

Recoverable amount is the higher of fair value, less costs to sell, and value-in-use. In assessing value-in-use, estimated future cash flows are discounted to their present value using a discount rate appropriate to the specific asset or CGU and by comparing the internal rate of return generated by the cash flows to target return rates established by management. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying value of the asset or CGU is reduced to its recoverable amount. Impairment losses are recognised immediately in the statement of comprehensive income.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if that impairment loss had not been recognised. Impairment losses in respect of goodwill are not reversed.

2. Loss for the year

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. Journeo plc reported a loss for the financial year ended 31 December 2020 of £307,000 (2019: loss of £284,000).

The Company has an unrecognised deferred tax asset of:

	2020 £'000	2019 £'000
Tax losses	**347**	290

The auditor's remuneration for the audit and other services is disclosed in note 7 to the Group financial statements.

The Directors' remuneration is disclosed in note 5 to the Group financial statements.

3. Property, plant and equipment

2020 movements	Leasehold improvements £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 January 2020	12	9	21
Additions	—	2	2
At 31 December 2020	**12**	**11**	**23**
Depreciation			
At 1 January 2020	8	6	14
Charge for the year	2	3	5
At 31 December 2020	**10**	**9**	**19**
Net book amounts			
At 31 December 2020	**2**	**2**	**4**
At 31 December 2019	4	3	7

4. Investments in subsidiaries

	Interests in Group undertakings	
	2020 £'000	2019 £'000
Cost		
At 1 January	**27,367**	27,367
At 31 December	**27,367**	27,367
Amounts provided		
At 1 January	**(20,409)**	(20,409)
At 31 December	**(20,409)**	(20,409)
Net book amounts	**6,958**	6,958

The Group tests investments annually for impairment as at 31 December, or more frequently if there are indications that investments might be impaired.

The assessment is based on the net assets of the Group combined with the net present value of the cash flow projections for Fleet Systems and Passenger Systems based on financial budgets and business plans approved by the Directors covering a five-year period. Cash flows beyond that period have been extrapolated in perpetuity assuming no growth, which the Directors consider to be a conservative approach.

The key assumptions for the calculations are those regarding discount rates and sales forecasts.

The discount rates are as follows:

	2020 %	2019 %
Fleet Systems	**14**	14
Passenger Systems	**13**	13

The discount rates used are based on the Board's judgement considering macroeconomic factors and reflecting specific risks in each segment such as the nature of the market served, the concentration of customers, cost profiles and barriers to entry.

The Passenger Systems cash flow projections are described in detail in Note 10 to the Group Accounts. The value-in-use calculation supports the carrying value of the CGU with headroom of £8,114k. The sensitivity analysis based on a reduction of 14% points in the growth rate in 2020 to 5% produced headroom of £4,974k.

4. Investments in subsidiaries continued

The Fleet Systems cash flow projections are based upon assumptions of sales, margins and cost bases. Of these assumptions the calculation is most sensitive to the level of sales. Margins are fixed in the forecast and based upon past experience; the cost base is similarly based upon past experience and will vary depending upon the level of sales. In accordance with the requirements of IAS 36 our calculations do not include cash flows from restructurings to which the Group is not yet committed.

Sales have been determined by management using estimates based upon past experience and future performance with reference to market position and the sales pipeline. The sales levels in 2021 are supported by long-term framework agreements with key customers, actual performance in 2020 and a strong order book going forward, 2021 represents a 22% increase and the next three years are based upon compound sales growth of 5%. This calculation produces a net present value for the CGU of £1,875k.

A sensitivity analysis has been performed on the Fleet Systems calculation. The Directors consider that an absolute change in the key sales assumption is possible and a reduction of 5% points in the growth rate in 2021 to 17% would result in a £1,560k reduction in the value-in-use of the CGU.

Combining the net assets of the Group with the net present value of the cash flow projections of Fleet Systems and Passenger Systems produces an estimated investment value-in-use of £7,378k for 21st Century Fleet Systems Ltd. This supports the current carrying value of the investment. Combining the sensitivity analyses for Fleet Systems and Passenger Systems as described above would result in a £4,700k reduction in the investment value.

Subsidiary undertakings

Details of the Company's subsidiary undertakings at 31 December 2020 are as follows:

Name of undertaking	Nature of business	Country of incorporation
Direct subsidiaries		
21st Century Fleet Systems Ltd	Sale and installation of CCTV and other monitoring devices	UK
21st C. Scandinavia AB	CCTV installation and project management	Sweden
21st Century Crime Prevention Services Ltd	Dormant	UK
21st Century Technology Group Ltd	Dormant	UK
Bridge Alert Ltd	Dormant	UK
Ecomanager Ltd	Dormant	UK
Integrated Technologies (International) Ltd	Dormant	UK
21st Century Technology Limited	Dormant	UK
Laserline (UK) Limited	Dormant	UK
Linefit Engineering Limited	Dormant	UK
Second Base Systems Ltd	Dormant	UK
Secure Microsystems Ltd	Dormant	UK
ServiceManager Ltd	Dormant	UK
Sextons Group Ltd	Dormant	UK
Toad Innovations Ltd	Dormant	UK
Toad Ltd	Dormant	UK
21st Century Integrated Systems Limited	Holding company of Region Services Group	UK
Indirect subsidiaries		
21st Century Passenger Systems Limited	Sale, manufacture and installation of passenger systems	UK
RSL Cityspace Limited	Sale and service of information kiosks	UK
RSL Street Net Limited	Dormant	UK
Cityspace Limited	Dormant	UK

All subsidiaries are wholly owned except the 70%-owned Integrated Technologies (International) Ltd. All UK subsidiaries' registered office address is the same as the Company; 12 Charter Point Way, Ashby-de-la-Zouch LE65 1NF except Linefit Engineering Limited, registered office 272 Bath Street, Glasgow, G2 4JR.

21st C. Scandinavia AB registered office is at Varuvägen 9, 125 30 Älvsjö, Sverige.

5. Amounts owed to Group undertakings

The amounts owed to Group undertakings are repayable upon demand.

6. Loans and borrowings

	2020			2019		
	Current £'000	Non-current £'000	Total £'000	Current £'000	Non-current £'000	Total £'000
Loan Notes 2016	**–**	**300**	**300**	–	300	300
Loan Notes 2018	**–**	**250**	**250**	–	250	250
	–	**550**	**550**	–	550	550

The fair value of the loans and borrowings is not substantially different from the carrying value.

The main terms of the bank and other loans are:

	Loan name	Interest rate %	Term	Final payment	Loan value £'000
Loan Notes 2016	Loan notes	10.00	5.3 years	March 2022	300
Loan Notes 2018	Loan notes	10.00	3.3 years	March 2022	250

The 2016 and 2018 Loan notes are secured on the trade and other debtors of the Group's principal trading entities, 21st Century Fleet Systems Limited and 21st Century Passenger Systems Limited.

7. Employee information

The Company had no direct employees in the years ended 31 December 2020 and 31 December 2019.

8. Share capital

Called up share capital

	2020 £'000	2019 £'000
Authorised		
8,741,250 New Ordinary Shares of 6.5p each (2019: 8,741,250 Ordinary Shares of 6.5p each)	**568**	568
87,412,500 Deferred Shares of 6.5p each (2019: 87,412,500)	**5,682**	5,682
	6,250	6,250
Issued, allotted and paid up		
8,741,250 New Ordinary Shares of 6.5p each (2019: 8,227,500 Ordinary Shares of 6.5p each)	**568**	535
87,412,500 Deferred Shares of 6.5p each (2019: 87,412,500)	**5,682**	5,682
	6,250	6,217

On 3 April 2020, the group issued 513,750 ordinary shares with a nominal value of 6.5p and a share premium of 43.5p per share.

Ordinary shares are entitled to one vote each, a dividend and a return on assets.

Deferred shares are not entitled to vote or any dividends. A return on liquidation will only be made after payment has been made to the holders of ordinary shares of the amounts paid up on such shares and the sum of £10,000,000 in respect of each ordinary share.

The share premium account represents the amount received on the issue of ordinary shares by the Company, in excess of their nominal value and is non-distributable.

The merger reserve represents the excess over nominal value of the fair value consideration for the acquisition of subsidiaries satisfied by the issue of shares in accordance with S612 of the Companies Act 2006.

Corporate information

DIRECTORS

Non-executive Chairman

M W Elliott

Non-executive Director

J Cumming

Executive Directors

R C Singleton
N Lowe

Company Secretary

N Lowe

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