2974642

Toad plc

Accounts to 31 March 1997

Registered No 2974642

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COMPANIES HOUSE 30/10/97

Chairman's Statement

I am pleased to present our results for the year ended 31 March, 1997. Turnover increased by 60 per cent. to £4.8 million (1996: £3.0 million) but, as announced in February of this year, was short of our budget forecasts. This reflects the slower than expected conversion of our fleet and car distributor agreements into significant sales volumes and the capacity limitations of our authorised dealer distribution network. Losses of £4.5 million (1996: £2.2 million), before exceptionals, reflect both the increase in investment in the first half and the lower than forecast turnover and top heavy management structure in the second half.

The departure of our Chief Executive during what proved to be a difficult last quarter of the financial year, accelerated the need for a radical restructuring of the Group's Board and senior management.

Kevin Gray, then a Non-Executive Director of Toad with considerable motor industry experience, was appointed Chief Executive Officer on 8 February, 1997. In addition, I took a closer involvement with the running of the Company and after reviewing the group operations with David Baynes and Kevin Gray, restructured the Toad Board and senior management team to refocus its resources onto sales and service delivery.

The key changes initiated included:

- a restructuring and streamlining of the Board;
- strengthening the senior management;
- focusing on sales and service delivery by reducing the ratio of management to staff;
- introducing a new range of cost-effective alarms and immobilisers; and
- reducing overheads with an estimated annual saving of £1.2 million.

This restructuring resulted in exceptional costs of approximately £0.6 million.

The changes have resulted in a cohesive and focused management team, targeted at profit delivery, which has already had a substantial effect on the performance of the business, particularly since the year end.

Trading in the current year has been encouraging, with monthly turnover growing by more than 80 per cent. from February to August, the number of vehicles processed up to over 5,000 vehicles in the month of August, our highest monthly figure to date, and our gross margin increased from 29 per cent. for the year to March, 1997 to 48 per cent. for the year to date. The proposed acquisitions of Sigma and Laserline will help Toad to increase significantly its share of the UK's vehicle security market due to the aggregate turnover of the Group and its increased access to the company car fleet market, car manufacturer and distributor markets and independent dealer networks.

The critical mass resulting from these acquisitions will enable Toad to achieve significant economies of scale in operating costs by exploiting the considerable synergies that exist between the three operations.

The proposed distribution agreement with Spacetrac will give us exclusive rights to distribute in eight major European countries including France, Germany, Italy and Spain a miniature satellite-based wireless location system that is expected to retail at less than £150 with a £2 per month service charge. It is expected that this product will be available from the second half of 1998 and will have an estimated value to the Company of up to £30 million.

As part of our aggressive marketing plans, we have also signed an exclusive agreement with Noel Edmonds' Unique Group, which the Directors believe should dramatically increase Toad's brand awareness in the year ahead.

With the new team in place under the strong leadership of Kevin Gray and following the above transactions, I am confident that Toad is progressing in its drive towards profitability.

Dr. C T Evans OBE
Chairman

Chief Executive's Report

During the last year Toad sought to expand materially its business and, although successful in certain areas, the slower than expected conversion of fleet agreements into sales turnover and the ineffective top heavy management structure necessitated the need for a radical restructuring of the senior management.

Since taking charge the new management team has been able to develop and build upon the strengths of Toad, whilst eliminating the weaknesses that held it back.

Products

Toad has invested successfully in building one of the leading ranges of innovative vehicle security products on the market and in May, 1997, a new range of Thatcham approved and non-approved alarms and immobilisers with greater margins was introduced which has reinforced this position.

Research and Development

We have increased the effectiveness of the research and development function by reducing the resources in the department to a more appropriate level, and focusing on outsourcing the development of our security product range to key technology experts such as by the proposed agreement with Spacetrac.

Acquisitions

During the year Toad purchased Secur-Fix, an anti smash-and-grab side window film. This is a product with enormous potential but which has been slow to deliver the sales volumes expected from contracts such as with the Volkswagen Audi Group.

We also purchased Blue Chip Insurance Bureau, a small insurance re-instatement business which provides additional opportunities for our own insurance re-instatement service.

Part of our corporate strategy is to pursue larger acquisitions that will provide Toad with the necessary critical mass and economies of scale. Such acquisitions will provide Toad with the opportunity to expand its customer base and share of the vehicle security market.

People

The changes to Toad have resulted in Kevin Turnbull, Iain Brown and Martin Cassey leaving at Board level and Peter Malkin and Jim Brennan leaving at middle management level.

As a result David Baynes, the Finance Director, has also assumed the role of Managing Director of Toad Innovations, responsible for implementing the changes identified and other key managers, with appropriate experience, have been brought in from the sector.

Systems and Training

During the year the Kerridge computer system was introduced to all Toad sites and this has helped with the management control of the business.

We have also been one of the first companies in the sector to introduce a nationwide installation training programme based on the Mobile Electronics Certification Programme scheme which the Directors believe will help to reinforce Toad as the premier brand for installation excellence in the industry.

Toad Central

Our insurance re-instatement service which provides a re-installation service to many of the UK's leading insurance companies, was strengthened with the relocation of the service to Cambridge and the introduction of a computerised call handling service. This remains an excellent potential growth area for the business.

Toad Install Network

Recently renamed "Toad In-Car", the network of retail showrooms and workshops is a major asset of the company.

However, during the second half of the year its growth and profitability stalled, mainly due to ineffective senior management.

The In-Car management team was replaced and a new Toad In-Car retail strategy was implemented with a focus on sales training to improve the effectiveness of the staff. Retail business since February this year has been significantly improved.

The Brand

During the year we have continued to build awareness of the Toad brand through a combination of local advertising and PR. The Directors believe this commitment to brand building has been significantly reinforced since the year end by the agreement with Noel Edmonds' Unique Group and his commitment to achieving market leading recognition for the Toad name.

Financial Statements

The accounts cover the period of trading from 1 April 1996 to 31 March 1997 which included Toad's transition to the full market and the restructuring that followed the previous Chief Executive's departure in February 1997.

Turnover	£4.8 million
	(1996: £3.0 million)
Operating loss on continuing operations (before exceptional items)	£4.5 million
	(1996: £1.2 million)
Restructuring resulted in exceptional costs of	£0.6 million

Positive achievements have been:

- number of cars handled increased by approximately 60 per cent over 1996;
- the transfer to the full market and the raising of £7.1 million during December 1996;
- the introduction of the Kerridge computer system resulting in real time accounting and enhanced controls over stock;
- the relocation of the various accounting functions to Cambridge;
- successfully achieved Thatcham approval for five products.

Delivering Results

I am confident that the new team at Toad together with the proposed Acquisitions and the Distribution Agreement will provide a platform that will offer investors sustained business growth in the years ahead.

Kevin Gray
Chief Executive

Directors and advisors

Directors

Non-executive chairman

C T Evans PhD DSc FRSC OBE

Executive directors

K J Gray
(Chief Executive)

D G Baynes BA ACA
(Finance Director and Managing Director of Toad Innovations)

Non-executive directors

J R Morris MA Oxon FInstD FCIM
D J Whittaker FIMI

Company secretary

D G Baynes BA ACA

Registered Office

The Quorum
Barnwell Road
Cambridge
CB5 8RE

Registered auditors

Coopers & Lybrand
Abacus House
Castle Park
Gloucester Street
Cambridge
CB3 0AN

Bankers

Barclays Bank plc
Barclays Business Centre
28 Chesterton Road
Cambridge
CB4 3AZ

Solicitors

Mills & Reeve
Francis House
Hills Road
Cambridge
CB2 1PH

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London
EC2A 2HA

Brokers & financial advisers

Panmure Gordon & Co Limited
New Broad Street House
35 New Broad Street
London
EC2M 1NH

Directors' report for the year ended 31 March 1997

The directors present their report and the audited consolidated financial statements for the year ended 31 March 1997.

Principal activities

The principal activities of the group are the inception, development, marketing and sale of highly effective and innovative vehicle technology products.

Review of business

The consolidated profit and loss account for the year is set out on page 17.

Dividends

The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year ended 31 March 1997 were:

C T Evans	
D G Baynes	
K J Gray	(appointed 25 April 1996)
J R Morris	
D J Whittaker	
K H B Turnbull	(resigned 12 March 1997)
I H Brown	(resigned 12 March 1997)
M C Cassey	(resigned 17 June 1997)
C H Parker	(appointed 14 January 1997; resigned 7 February 1997)

During the year the group underwent considerable upheaval.

Budgets had anticipated profitability on a monthly basis by the end of the year. Unfortunately, growth in turnover for the last quarter was slower than anticipated. This was caused by the slower than expected conversion of fleet and car distributor agreements in significant sales volumes, the capacity limitations of our dealer network and resulted in the far reaching changes in the group's management structure made early in 1997.

Since the appointment of Kevin Gray as Chief Executive Officer in February 1997 the group has substantially reduced costs, improved monthly turnover and where necessary redirected its strategy to include new technology and innovations as well as synergistic business acquisitions.

Biographical details of the non-executive directors are shown below:

Dr Chris Evans OBE (aged 39). Non-executive chairman, is a prominent scientist and Cambridge entrepreneur. His first company, Enzymatix, was successfully sold off in 1992. In March 1992 he established Chiroscience plc which was floated on the London Stock Exchange in January 1994. In July 1992 Chris established Celsis International plc, which was also floated on the London Stock Exchange, in July 1993. He is a non-executive director of both of these listed companies and holds a professorship at Exeter University.

John Morris (aged 66). Non-executive director. After a distinguished career in Cooper MacDougall and Robertson Ltd and the Wellcome Foundation, John was appointed as a managing director within the Glaxo Group, responsible for bulk pharmaceutical products. In 1987 he established his own pharmaceutical and biotechnology companies, BioTrade AG and Fermic AG, which have offices around the world.

Derek Whittaker (aged 68). Non-executive director. Prior to joining he was an executive board director of Inchcape plc, responsible for the worldwide motors division. He has also been a board director at Newman Industries, Rockware Group and British Leyland - the latter two companies as a managing director - and has also worked in senior management positions at GEC, GKN and Ford Motor Company.

The interests of directors in the shares of the company at 31 March 1996 and at 31 March 1997 are disclosed in the report of the Remuneration Committee on page 8.

Post balance sheet events

On 8 May 1997 the company announced the acquisition of the Challenge Technology Partnership.

By this agreement Toad plc gained exclusive rights to certain innovative vehicle technologies and a unique marketing agreement through the acquisition of The Challenge Technology Partnership from the Unique Group Ltd, the company established by the broadcaster and businessman, Noel Edmonds.

In addition to the technology sharing agreement, which complements Toad's existing products and R&D programme in car security and in-car information systems, the acquisition provided the opportunity for substantially increasing Toad's brand awareness through the extensive media network established by Noel Edmonds.

For the acquisition of The Challenge Technology Partnership, Unique received an immediate consideration of 500,000 ordinary 10p shares paid personally by the directors of Toad plc, and in addition a potential earn out of an additional 1,000,000 ordinary shares to be issued by the company, representing an aggregate consideration of up to £592,500 at the market value of Toad shares at close of business on 7 May, dependent upon certain performance targets being met.

On 17 June 1997 Martin Cassey, the Technical Director, resigned from the Board. Mr Cassey went on to pursue other interests, including working on a number of projects with Chris Evans. This is the fourth change to the executive Board during 1997, and completes Kevin Gray's plans for the restructuring of the executive Board.

As of 25th September the company entered into conditional agreements for the acquisition of Laserline Limited and Secure Microsystems Limited. Both companies engage in the supply of vehicle security products. In addition, Toad also announced that it had entered into an agreement with Spacetrac Limited for the exclusive right to distribute a minature tracking product in certain European countries.

The consideration payable by Toad for Laserline was £1,138,000 satisfied as to £380,000 by the issue of ordinary shares and by £758,000 in cash. In addition, Toad will procure that Laserline repays approximately £240,000 of debt outstanding from Laserline to its seller Stordata Solutions PLC.

The initial consideration payable by Toad for Secure Microsystems is to be £500,000, to be satisfied as £250,000 in cash and by £250,000 by the issue of ordinary shares. In addition, further consideration up to a maximum of £2.1m will become payable depending on the level of gross profits generated by Secure Microsystems in the 12 months following completion with the maximum consideration only being earned if Secure Microsystems achieves a gross profit of £2.29m in the 12 months following completion. In addition, Toad will procure that Sigma repays £200,000 of debt owed by Sigma to two of its directors. A further £250,000 of indebtedness owed to such directors will be satisfied by the issue to them of a convertible loan note issued by Toad. The loan note will have a nominal value of £250,000, be interest free and be convertible into Ordinary Shares at the option of the holders. The Ordinary Shares will be issued credited as fully paid at the average mid market price of an Ordinary Share for the five dealing days to 26 September 1997. To the extent not converted the loan note will be redeemed on the second anniversary of completion of the acquisition.

The consideration payable by Toad for the rights to distribute the Spacetrac product is £500,000 to be satisfied by the issue of ordinary 10p shares, which will be issued immediately following the date of delivery of the first Spacetrac product. PA Consulting, a independent technical consultancy, has reviewed the potential value of this distribution agreement and concluded that based upon the predicted market opportunity and risks associated in getting it to the market the distribution agreement could have a potential value of up to £30m.

The distribution agreement has been treated as a related party transaction because the company's Chairman, Dr Evans owns 30% and Mr Morris, a Non-Executive Director owns 20% of Spacetrac.

All of those above transactions are the subject of approval by shareholders at our Annual General Meeting.

These acquisitions have been proposed because the board feels that the vehicle security market remains highly fragmented and is undergoing a period of rationalisation. It has become apparent to the board that to compete effectively the market leading companies will need critical mass to dilute overheads and to develop the product diversity in technical information that the market commands.

The board feel that acquisitions will allow the company to achieve critical mass more quickly than is possible through organic growth alone.

Specifically, the board believe that the acquisitions will:

i) Enable Toad to build on Laserline and Sigma's existing reputations and relationships to extend the enlarged group's access to the company fleet operator market, the car manufacture and distributor market and the independent dealer aftermarkets.

ii) To provide the opportunity for economies of scale and therefore cost reduction by exploiting the synergies which exist between the operations of Toad, Laserline and Sigma. Specifically this will reduce the product costs across the enlarged group by consolidating manufacturing and reducing the enlarged group overheads in the area of sales, technical, finance, customer services, sales order processing, stock distribution and senior management.

iii) Enable members of the enlarged group to share access to each others specialist products including new technology products, such as covered in the Spacetrac arrangements.

Research and development activities

The group is committed to research and development activities. In addition to the capitalised expenditure set out in note 12 to the financial statements, £382,000 (1996: £262,000) of costs attributable to research and development costs have been written off in the year.

Substantial shareholdings

At 2 September 1997 according to the company's register the following shareholders held more than 3% of the company's issued share capital:

Name	Ordinary 10p shares	% Holding
Abbotsford Limited	5,569,118	20.7
Midlands Bank Trust Company Limited – 19369204 a/c	1,000,000	3.7
– 19886306 a/c	921,867	3.4
Nortrust Nominees Limited	1,485,769	5.5
Bank of Scotland Nominees (Stenhouse) Ltd	1,077,935	4.0
Popeshead Nominees Limited S Acct	875,000	3.3
J R Morris	876,581	3.3

Employees

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.

Creditor payment policy

The company's current policy concerning the payment of the majority of its trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London, WC1A 1DU). For other suppliers, the company's policy is to:

(a) settle the terms of payment with those suppliers when agreeing the terms of each transaction;

(b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and

(c) pay in accordance with its contractual and other legal obligations.

The payment policy applies to all payments to creditors for revenue and capital supplies of goods and services without exception.

The group's average creditor payment period at 31 March 1997 was 37 days and that of the company was nil days.

Annual General Meeting

At the Annual General Meeting to be held on 20 October 1997, shareholders will be asked to approve 3 items of special business in addition to the ordinary business of the meeting. These will include a resolution to increase the authorised share capital of the Company from £3,821,750 to £5,900,000, by the creation of 20,782,500 additional ordinary shares of 10p each, and a resolution, as required by the Companies Act 1985, to renew the directors' general authority to allot relevant securities up to an aggegate nominal value of £3,210,625. In addition, authority is being sought from shareholders to disapply the statutory pre-emption rights in respect of the allotment of new shares pursuant to a rights issue or otherwise for cash up to a maximum of 5% of the Company's current issued share capital in accordance with the current guidelines of the Investment Committee of the Association of British Insurers and the National Association of Pension Funds. The authorities and powers conferred by resolutions 6 and 7 will expire on the earlier of the date of the next Annual General Meeting or 20 January 1999. The calculation of 5% of the Company's current issued share capital assumes that the acquisitions of Sigma and Laserline, details of which are set out in the listing particulars of the Company which accompanied this document, have been completed.

By order of the board

Director D G Baynes
Date: 26 September 1997

Report of the Remuneration Committee

The remuneration committee is comprised exclusively of non-executive directors. They are as follows:

Dr C T Evans (Chairman of the remuneration committee)
J R Morris
D J Whittaker

The company's remuneration committee decides the remuneration policy that applies to executive directors and the group's other senior management. In setting the policy it 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; and

(c) the need to ensure executive directors' commitment to the continued success of the company by means of incentive schemes.

Remuneration of non-executive directors

The chairman of the board, Dr C T Evans, is a non-executive director and his remuneration is determined by the board. The other non-executive directors each receive a fee for their services, which is agreed by the board following recommendation by the chairman with the assistance of independent advice concerning comparable organisations and appointments.

Dr C T Evans receives consultancy payments through Merlin Scientific Services Limited, a company of which he is a director and the principal shareholder. The level of these payments is agreed by the Board.

Neither the chairman nor the other non-executive directors receive any pension or other benefits from the company, nor do they participate in any of the bonus or incentive schemes or share option schemes.

The chairman and the other non-executive directors do not have service contracts with the company. They are all appointed by letters of agreement with 12 months notice which are reviewed annually.

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 incentive schemes;

(c) provide post retirement benefits through the group's personal pension scheme; and

(d) provide employment-related benefits including the provision of a company car, life assurance, insurance relating to the director's duties and medical insurance.

Salaries and benefits

The Remuneration Committee meets at least twice a year in order to consider and set the annual salaries for executive directors, having regard to personal performance and independently compiled salary survey information. Executive directors' salaries were last reviewed in March 1997.

Performance related incentive plan

During the year a performance related bonus scheme was in place for executive directors, which could pay up to a maximum of 30% of basic salary. Stringent performance based targets were set. A payment of £17,250 was made to M C Cassey under this scheme. D G Baynes received a bonus of £4,500 deferred from the second half of 1995, but voluntarily waived his rights to further bonuses totalling £27,000 during 1996.

Since the year end this bonus plan has been abolished. Directors are not currently entitled to any bonuses.

Share options

The company has three share option schemes, the 1994 scheme, the 1995 scheme and the 1997 scheme.

The 1994 scheme is administered by the directors and may only be granted to employees and directors of the company at the Board's discretion. No further options are to be granted under this scheme.

K H B Turnbull who resigned on 12 March 1997, has retained rights over 123,695 share options at 10p each under this scheme. All further options or option rights that K H B Turnbull had under this scheme have lapsed.

The 1995 scheme has terms substantially similar to those of the 1994 scheme. Options are only granted at the discretion of the Remuneration Committee to employees or directors of the group, but exclude Toad plc's executive and non-executive directors.

Options over 75,000 shares at 107p granted to I H Brown under this scheme before he was appointed a director lapsed on his resignation on 12 March 1997.

Options over 75,000 shares at 107p granted to M C Cassey under this scheme before he was appointed a director lapsed on his resignation on 17 June 1997.

No new options have been issued under this scheme to directors of the company.

The new scheme was approved by shareholders of the company on 6 January 1997. The new scheme is administered by the Remuneration Committee and options may only be granted to employees and directors of the group at the discretion of the Committee. Following the admission of the company's shares to the official list options may only be granted:

1 Within 42 days of shareholder approval to the new scheme, or

2 Within 42 days of the announcement of the company's annual or half yearly results, or

3 Within 14 days of a new executive joining the scheme.

Under this scheme options were granted to C H Parker over 1,000,000 shares, exercisable at 79p. These options all lapsed on the resignation of Mr Parker on 7 February 1997. No further options have been issued to directors of the company under this scheme.

Pensions

During the year all the executive directors were members of the group's defined contribution personal pension plan. Since the year end only D G Baynes and M C Cassey (up to his resignation on 17 June 1997) have been members of the plan.

Basic salary only is pensionable as it is not considered appropriate to treat any other elements of remuneration as pensionable.

Contracts of service

All of the executive directors had contracts of service which could be terminated by the company or director, with a notice period of six months with the exception of K H Turnbull and D G Baynes who were entitled to one year's notice.

At the date of this report there are two executive directors, K J Gray and D G Baynes. K J Gray has one month's notice and D G Baynes has one year's notice.

The committee reviews each case of early termination individually in order to ensure compensation settlements are made which are appropriate to the circumstances, taking care to ensure that poor performance is not rewarded, whilst minimizing the risk of litigation that would be a distraction to the Group.

Non-executive directorships

K J Gray and D G Baynes are the only executive directors who may accept appointments as a non-executive director. Any fees related to such employment may be retained by the director concerned.

Directors' detailed emoluments

Details of individual directors' emoluments for the year are as follows:

	Salary & Fees	Bonus	1997 Compensation for loss of office	Benefits	Pension Contribution	Total	1996 Total
Executive	£	£	£	£	£	£	£
K J Gray	23,607	-	-	-	-	23,607	-
C H Parker	15,045	-	-	-	-	15,045	-
K H B Turnbull	73,333	-	95,000	5,661	7,333	181,327	91,573
D G Baynes	50,000	4,500	-	6,218	5,000	65,718	57,110
I H Brown	45,833	-	30,000	7,028	4,583	87,444	41,423
M C Cassey	51,215	17,250	30,000	6,664	5,000	110,129	34,114
Non-executive							
C T Evans * (Chairman)	97,226	-	-	-	-	97,226	115,625
J R Morris	12,000	-	-	-	-	12,000	12,000
D J Whittaker	12,000	-	-	-	-	12,000	12,000
	380,259	21,750	155,000	25,571	21,916	604,496	363,845

* Includes an amount of £85,226 (1996: £91,875) paid to Merlin Scientific Services Limited in respect of making available the services of Dr C T Evans to the company.

C H Parker waived the right to £5,698 of his salary, D G Baynes waived the right to his bonus of £27,000. Except for the foregoing, no director waived emoluments in respect of the year ended 31 March 1996 or 31 March 1997.

Directors' interest

Interests in shares

The interests of the directors at 2 September 1997, at 31 March 1997 and at 31 March 1996 in the shares of the company were:

	2 September 1997	31 March 1996	31 March 1997
The company - ordinary shares 10p			
C T Evans	5,567,118	5,868,469	5,868,469
J R Morris	1,154,774	1,215,194	1,215,194
D G Baynes	748,479	751,844	751,844
K J Gray	275,238	297,524	297,524
D J Whittaker	32,000	32,000	32,000

The share interests at 31 March 1997 and 1996 took into account the interest of C T Evans in 5,844,469 ordinary shares registered in the name of Abbotsford Limited, a company owned by Trustco Management Services Limited SA, a Swiss company which is a trustee of the Solidum Trust of which Dr Evans is a potential discretionary beneficiary.

The share interests at 31 March 1997 and 1996 take into account the interest of J R Morris in 352,900 ordinary shares registered in the name of Cairn Cross Limited, an Isle of Man company, the issued share capital of which is beneficially owned by Mr Morris.

The share interests at 31 March 1997 take into account the interest of K J Gray in 203,810 ordinary shares registered in the name of TDK Motor Company Limited, the issued share capital of which is beneficially owned by Mr. Gray.

Apart from the interests disclosed above no directors were interested at any time in the year in the share capital or loan stock of the company or other group companies.

Interests in share options

Details of options held by directors over the company's ordinary shares of 10p are set out below:

	Number of options							
	1 April 1996	granted in the year	lapsed in the year	31 March 1997	Exercise price	Market price on date of exercise	Date from which exercise	Expiry date
The 1994 scheme								
D G Baynes	78,529	-	-	78,529	10p	-	28.10.96	11.12.01
K H B Turnbull	123,965	-	-	123,695	10p	-	21.3.96	20.9.02
The 1995 scheme								
I H Brown	75,000	-	(75,000)	-	107p	-	21.9.98	20.9.02
M C Cassey	75,000	-	-	75,000	107p	-	21.9.98	20.9.02
The new scheme								
C H Parker	-	250,000	(250,000)	-	79p	-	14.3.99	14.1.06
	-	250,000	(250,000)	-	79p	-	14.7.99	14.7.06
	-	250,000	(250,000)	-	79p	-	14.1.00	14.1.07
	-	250,000	(250,000)	-	79p	-	14.1.01	14.1.08

M Cassey's share options lapsed on his departure from the company on 17 June 1997.

No other directors have been granted share options in the shares of the company or other group companies. The options are not performance related. The market price of the company's shares at the end of the financial year was 35p and the range of market prices during the year was between 108p and 35p.

Whilst the Board fully supports the highest standards in corporate governance, the level of corporate activity in the last year, culminating in the transactions announced today, has meant that the Group has been unable to implement all of the various procedures envisaged by the Code of Best Practice published by the Committee on the Financial Aspects of Corporate Governance (the "Cadbury Committee") since its full listing on the London Stock Exchange in January 1997. The Board is committed to remedying the situation as soon as is practicable, and sets out below the areas of non-compliance and the remedial action proposed.

The Board has yet to implement formal procedures for conducting its business and, in particular, no schedule of matters specifically reserved for the Board has been adopted and implemented by the Board as required by Section 1.4 of the Code.

An initial review of the effectiveness of the system of internal financial control was carried out by David Baynes at the time of the full listing on the Stock Exchange in January 1997 and was subsequently reviewed by the Board. However, the system has not been subject to any further formal review by the full Board. Accordingly, the directors cannot report that they have reviewed the Company's system of internal control as required by Section 4.5 of the Code.

There is no written procedure for directors in the furtherance of their duties to take independent professional advice if necessary, at the Company's expense, as required by Section 1.5 of the Code.

The Group has no formal procedures for the selection and the appointment of non-executive directors as required by Section 2.4 of the Code.

No written terms of reference had been prepared which deal clearly with the authorities and duties of the audit committee as required by Section 4.3 of the Code.

In the light of current developments and in the spirit of the code the Board is committed to taking the following actions:

- reviewing the membership of the Board and bringing in such additional executive and non-executive members as may be required to run the enlarged group;
- agreeing a schedule of matters specifically reserved for the Board;
- carrying out regular formal reviews of the Group's systems of internal financial control;
- formalising the procedure for directors in the furtherance of their duties to take independent advice, if necessary, at the Group's expense;
- formalising the procedure for the selection and appointment of non-executive directors; and
- agreeing written terms of reference which will define the authorities and duties of the Audit Committee

Board composition

The Board currently comprises two non-executive directors and one full-time and one part-time executive director, plus the chairman, and is responsible for the management of the Group.

Board and other committees

One or both of the executive directors and other senior members of the management team meet at least weekly, setting and monitoring Group strategy, reviewing trading performance and formulating policy on key issues.

The Audit Committee comprises all the non-executive directors and is chaired by Dr Evans. It is programmed to meet twice a year and assists the Board in ensuring that the Group's published financial statements give a true and fair view. The Committee meets as necessary with and receives reports from the external auditors.

The Remuneration Committee comprises all of the non-executive directors and is chaired by Dr Evans. It meets as necessary and is responsible for making recommendations to the Board on the remuneration of senior executives and all directors.

Going concern

Having reviewed the facilities available, including the guarantees given by the Chairman (see note 33) and taking into account the acquisitions set out in the directors report, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Internal financial controls

Your Board of directors is responsible for the Group's system of internal financial controls. It should be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss. The key features of the system which have been established are as follows:

Control environment

The Group's control environment is the responsibility of the Group's directors and managers at all levels. As noted above, the effectiveness of the Group's internal financial controls was reviewed in December 1996. In the light of the current acquisitions, the Board intends to review and update its internal control arrangements to ensure they remain appropriate for the enlarged group.

Major corporate information systems

A new financial reporting system was introduced during the year, providing much improved management information and better control over stocks and margins. Variances from budget are investigated promptly and appropriate action taken. Cashflow statements are prepared weekly to assess the group's ongoing cash requirement.

Main control procedures

The directors have established control procedures in response to key risks. Standard 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 and approves and monitors the Group's performance against those budgets monthly. The Group's cashflow is monitored monthly by the Board.

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, as the Group continues to grow, the Board will keep this under review, with a view to creating an internal audit function when it is warranted.

Report of the auditors to Toad plc on corporate governance matters

In addition to our audit of the financial statements we have reviewed the directors' statement on pages 12 to 13 concerning the company's compliance with the paragraphs of the Code of Best Practice specified for our review by the London Stock Exchange and their adoption of the going concern basis in preparing the financial statements. The objective of our review is to draw attention to non-compliance with Listing Rules 12.43(j) and 12.43(v).

Basis of opinion

We carried out our review in accordance with guidance issued by the Auditing Practices Board. That guidance does not require us to perform the additional work necessary to, and we do not, express any opinion on the effectiveness of either the Group's system of internal financial control or its corporate governance procedures, nor on the ability of the Group or company to continue in operational existence.

Opinion

With respect to the directors' statements on internal financial control on pages 12 and 13, and going concern on page 12, in our opinion the directors have provided the disclosures required by the Listing Rules referred to above and such statements are not inconsistent with the information of which we are aware from our audit work on the financial statements.

Based on enquiry of certain directors and officers of the company, and examination of relevant documents, in our opinion the directors' statement on pages 12 and 13 appropriately reflects the company's compliance with the other aspects of the Code specified for our review by Listing Rule 12.43(j).

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Cambridge
26 September 1997

Statement of directors' responsibilities

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

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

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the auditors to the members of Toad plc

We have audited the financial statements on pages 17 to 29.

Respective responsibilities of directors and auditors

As described on page 15 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group at 31 March 1997 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand
Chartered Accountants and Registered Auditors
Cambridge
26 September 1997

...solidated profit and loss account for the year ended 31 March 1997

	Notes	Before exceptional items £'000	Exceptional items (Note 4) £'000	Group 1997 £'000	Group 1996 £'000
Turnover	2				
- continuing operations		4,735	-	4,735	858
- acquisitions		76	-	76	2,150
		4,811	-	4,811	3,008
Cost of sales					
- continuing operations		(3,206)	(160)	(3,366)	(678)
- acquisitions		(46)	-	(46)	(1,298)
Gross profit		1,559	(160)	1,399	1,032
Other operating expenses	3	(6,073)	(443)	(6,516)	(3,394)
Operating profit/(loss)					
- continuing operations		(4,502)	(603)	(5,105)	(2,432)
- acquisitions		(12)	-	(12)	70
		(4,514)	(603)	(5,117)	(2,362)
Interest receivable and similar income				37	67
Interest payable and similar charges	7			(129)	(12)
Loss on ordinary activities before taxation	8			(5,209)	(2,307)
Taxation	9			107	(26)
Loss for the year	10,23			(5,102)	(2,333)
Loss per ordinary share	11			(26.31p)	(16.98p)

Total recognised gains and losses

There are no recognised gains and losses other than those included in the result above, and accordingly no separate statement of total recognised gains and losses has been presented.

Historical cost profits and losses

There is no difference between the loss for the year stated above and the historical cost equivalent.

Balance sheet at 31 March 1997

	Notes	Group 1997 £'000	Company 1997 £'000	Group 1996 £'000	Company 1996 £'000
Fixed assets					
Intangible assets	12	–	–	120	–
Tangible assets	13	439	–	530	–
Investments	14,15	–	972	–	2,177
		439	972	650	2177
Debtors: amounts falling due after one year	17	-	7,016	-	-
Current assets					
Stocks	16	524	–	763	–
Debtors	17	996	–	1,392	5,036
Investments	18	2,250	–	300	–
Cash at bank and in hand		551	8	412	108
		4,321	8	2,867	5,144
Creditors: amounts falling due within one year	19	(1,313)	–	(1,981)	(25)
Net current assets		3,008	8	886	5,119
Total assets less current liabilities		3,447	7,996	1,536	7,296
Creditors: amounts falling due after more than one year	20	–	–	(6)	–
Net assets		3,447	7,996	1,530	7,296
Capital and reserves					
Called-up share capital	21	2,689	2,689	1,681	1,681
Share capital to be issued	21	43	43	–	–
Share premium account	23	11,810	11,810	5,745	5,745
Profit and loss account	23	(11,095)	(6,546)	(5,896)	(130)
Equity shareholders' funds	24	3,447	7,996	1,530	7,296

The financial statements on pages 17 to 29 were approved by the board of directors on 26 September 1997 and were signed on its behalf by:

D G Baynes
Director

Consolidated cash flow statement for the year ended 31 March 1997

	Notes	1997 £'000	1996 £'000
Operating activities			
Net cash outflow from operating activities	27	(4,374)	(3,222)
Returns on investments and servicing of finance			
Interest received		37	67
Interest paid		(128)	(11)
Interest paid on finance leases		(1)	(1)
		(92)	55
Taxation			
UK corporation tax recovered/(paid)		4	(6)
Capital expenditure and financial investment			
Development expenditure capitalised		(55)	(120)
Purchase of tangible fixed assets		(109)	(349)
Sale of tangible fixed assets		78	104
		(86)	(365)
Acquisition and disposals			
Purchase of interests in group undertakings (net of cash acquired)		(6)	(716)
Cash outflow before management of liquid resources and financing		(4,554)	(4,254)
Management of liquid resources			
(Purchase)/sale of current asset investments		(1,950)	1,700
Financing			
Issue of shares		7,683	2,700
Expenses of share issue		(658)	(267)
Repayment of principal under finance leases		(17)	(25)
		7,008	2,408
Increase/(decrease) in cash in the year	28,29	504	(146)

Notes to the financial statements for the year ended 31 March 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Changes in presentation of financial information

FRS 8 'Related party disclosures' requires the disclosure of the details of material transactions between the reporting entity and any related parties. Accordingly, the new disclosure requirements are dealt with in note 33.

FRS 1 'Cash flow statements' was revised in 1996 to change the format for reporting cash flows. Accordingly the cash flow statement has been presented under the new format.

Basis of preparation

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 1997. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given for acquisition of subsidiaries and associates over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries and associates is written off immediately against reserves.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods sold.

Deferred taxation

Provision is made for deferred taxation by the liability method to recognise timing differences between profits stated in the financial statements and profits computed for taxation purposes where it is probable that the liability to taxation is likely to crystallise on such timing differences.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Leasehold properties	Over the term of the lease
Leasehold improvements	10
Motor vehicles	25
Plant and equipment	25-33

Research and development expenditure

Development expenditure relating to specific projects intended for commercial exploitation is carried forward where the ultimate commercial viability has been assessed with reasonable certainty. Such expenditure is amortised over the period expected to benefit. Expenditure on pure and applied research is written off as incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on an average cost basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over their lease term to their expected residual values.

Pensions

The group operates a defined contribution pension scheme. The scheme is funded by contributions partly from the employees and partly from the group. The latter are charged against profits in the period for which they are payable. The assets of the scheme are held separately from those of the group in independent, trustee administered funds.

2 Turnover

Turnover consists primarily of sales made in the United Kingdom. Export sales are not material.

The acquisitions relate to the businesses of Secur-Fix Limited and Blue Chip Insurance Bureau (note 15).

3 Other operating expenses

	Year ended 31 March 1997 Continuing operations				1996
	Before exceptional £'000	Exceptional £'000	Acquisitions £'000	Total £'000	Total £'000
Administrative	2,096	358	42	2,496	2,729
Operating/distribution	3,377	74	-	3,451	380
Technical	558	11	-	569	285
	6,031	443	42	6,516	3,394

4 Exceptional items

A significant change in the structure of the business occurred between January and March 1997. During this period the Board was restructured and a number of people were made redundant at a cost of £443,000. The Secur-Fix trading was incorporated into Toad Innovations, all administration was transferred to Cambridge and certain product lines were discontinued at a cost of £160,000.

Included within administration costs in 1996 are exceptional costs of £130,000 associated with the admission to trading on the Alternative Investment Market.

5 Directors' emoluments

Detailed disclosure of directors' individual remuneration and share options are given in the report of the Remuneration Committee on pages 8 and 9.

	1997 £'000	1996 £'000
Aggregate emoluments	428	349
Company pension contributions to money purchase schemes	22	15
Compensation for loss of office	155	-

Non-executive directors are paid by Toad plc. Executive directors are paid by Toad Innovations Limited, a 100% subsidiary of Toad plc.

Emoluments payable to the highest paid director are as follows:

	1997 £'000	1996 £'000
Aggregate emoluments	97	116

6 Employee information

The average monthly number of persons (including executive directors) employed by the group during the year was:

	1997 Number	1996 Number
By activity		
Administration	37	19
Technical	6	25
Operations	103	34
	146	78

	1997 £'000	1996 £'000
Staff costs (for the above persons):		
Wages and salaries	2,794	1,393
Social security costs	235	124
Other pension costs	36	19
	3,065	1,536

7 Interest payable and similar charges

	1997 £'000	1996 £'000
Bank loans, overdrafts and other loans	126	11
Finance leases	3	1
	129	12

8 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging:

	1997 £'000	1996 £'000
Research and development expenditure:		
Incurred in year	382	283
Amortised from deferred expenditure	175	-
Auditors' remuneration for audit services (company £Nil; 1996: £Nil)	44	38
Auditors' remuneration for non-audit services*	30	18
Operating lease rentals:		
Hire of land and buildings	306	84
Hire of plant and machinery	348	75
Depreciation:		
Tangible owned fixed assets	116	94
Tangible fixed assets held under finance leases	2	3
Loss on disposal of fixed assets	4	5

*In addition to the above, £135,000 (1996: £30,000) was paid to the auditors in connection with the Placing and Open offer in the years ended 31 March 1997 and 1996 respectively. These costs have been included within the costs of the issue charged to the share premium account.

9 Taxation

	1997 £'000	1996 £'000
Corporation tax at 25%		
Current	-	27
Overprovision in respect of prior years	(107)	(1)
	(107)	26

Subject to agreement by the Inspector of Taxes, the Group has tax losses of approximately £7,500,000 to carry forward against future taxable profits. The group and company have no deferred tax liability (1996: £nil).

10 Loss for the year

As permitted by section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the year was £6,416,000 (1996: £130,000).

11 Loss per ordinary share

The calculation of loss per share on the net basis is based on the loss on ordinary activities after taxation namely £5,102,000 (1996: £2,333,000) and on 19,389,628 (1996: 13,737,368) ordinary shares, being the weighted average number of ordinary shares in issue and ranking for dividend during the year.

12 Intangible fixed assets

	Development expenditure £'000
At 1 April 1996	120
Additions at cost	55
Amortisation in year	(175)
Net book value	
At 31 March 1997	-
At 31 March 1996	120

The directors have reviewed the projects to which the development expenditure carried forward at 31 March 1996 and subsequently incurred related and have concluded that, in the light of present circumstances, the projects are no longer commercially viable and as a result it is no longer appropriate for them to be carried forward.

13 Tangible fixed assets

The company has no tangible fixed assets. Details of those relating to the group are:

	Leasehold properties £'000	Leasehold improvements £'000	Motor vehicles £'000	Plant and equipment £'000	Total £'000
Cost					
At 1 April 1996	92	213	191	570	1,066
Additions	-	73	7	29	109
Disposals	-	(11)	(179)	(8)	(198)
At 31 March 1997	92	275	19	591	977
Depreciation					
At 1 April 1996	24	91	110	311	536
Charge for year	3	18	6	91	118
Eliminated on disposal	-	(3)	(106)	(7)	(116)
At 31 March 1997	27	106	10	395	538
Net book value at 31 March 1997	65	169	9	196	439
Net book value at 31 March 1996	68	122	81	259	530

The net book value of tangible fixed assets includes an amount of £2,000 (1996: £39,000) in respect of assets held under finance leases.

14 Fixed asset investments

Details of the company's investments are:

	Interests in group undertakings £'000
At 1 April 1996	2,177
Additions	90
Written off in year	(1,295)
At 31 March 1997	972

Interests in group undertakings

Details of the company's subsidiary undertakings (all of which have been consolidated in the group accounts) are as follows:

Name of undertaking	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by group or company %
Toad Innovations Ltd	Great Britain	Ordinary 1p shares	100
Toad Install Ltd	Great Britain	Ordinary £1 shares	100
NAS plc	Great Britain	Ordinary £1 shares	100
Secur-Fix Limited	Great Britain	Ordinary £1 shares	100
* Auto & Audio Services Ltd trading as Toad Install Maidstone	Great Britain	Ordinary £1 shares	100
* H R Knight Ltd trading as Toad Install Portsmouth	Great Britain	Ordinary £1 shares	100
* Roadsound Ltd trading as Toad Install Aldershot	Great Britain	Ordinary £1 shares	100

*Subsidiaries of Toad Innovations Limited

The principal activities of the subsidiary undertakings are:

(i) Toad Innovations Limited

Inception, development, marketing and sale of innovative vehicle security products.

(ii) Toad Install Limited – Dormant.

(iii) NAS plc
Auto & Audio Services Limited
H R Knight Limited
Roadsound Limited
Secur-Fix Limited

The sale of audio and innovative vehicle security products (now dormant).

The consideration in respect of the acquisition of Secur-Fix Limited was satisfied by the issue of Toad plc ordinary shares as disclosed in note 15.

15 Acquisitions

(i) Secur-Fix Limited

On 25 April 1996 the company acquired the whole of the issued share capital of Secur-Fix Limited for a total consideration of up to £950,000. The purchase consideration is to be satisfied in two parts, £500,000 by the allotment and issue on completion of 476,190 ordinary shares of 10p each (credited as fully paid at £1.05 each) and up to a further £450,000 by the issue no sooner than the first anniversary of completion of 428,571 ordinary shares of 10p each (credited as fully paid at £1.05 each) providing certain trading conditions are met.

In accordance with Section 131 of the Companies Act 1985 merger relief has been taken in respect of the shares issued/to be issued in respect of the acquisition. Accordingly, the cost of Secur-Fix Limited has been recorded at the nominal value of the shares issued/to be issued amounting to £90,476.

The assets and liabilities of Secur-Fix Limited acquired (which were the same as their fair values) are set out below:

	Fair value £'000
Current assets	
Debtors	9
Liabilities	
Creditors	(9)
Net assets	-
Goodwill	90
Consideration	90
Satisfied by	
Shares issued	47
Shares to be issued	43

Secur-Fix Limited has not utilised cash resources of the group since acquisition.

(ii) Blue Chip Insurance Bureau

On 21 June 1996 the group acquired the business of Blue Chip Insurance Bureau for a cash payment of £6,500 representing goodwill. There were no identifiable assets or liabilities transferred. The business has not utilised cash resources of the group since acquisition.

16 Stocks

The company has no stock. Details of that relating to the group are:

	1997 £'000	1996 £'000
Finished goods and goods for resale	524	763

17 Debtors

	Group 1997 £'000	Company 1997 £'000	Group 1996 £'000	Company 1996 £'000
Amounts falling due after one year				
Amounts owed by group undertaking	–	7,016	–	–
Amounts falling due within one year				
Trade debtors	481	–	997	–
Amount owed by group undertaking	-	–	–	5,036
Other debtors and prepayments	365	–	339	–
Corporation tax recoverable	107	–	–	–
Taxation and social security	43	–	46	–
ACT recoverable	–	–	10	–
	996	–	1,392	5,036

18 Current asset investments

Current asset investments, which are stated at cost, relate to holdings of Treasury deposits with a fixed term of one month.

19 Creditors: amounts falling due within one year

	Group 1997 £'000	Company 1997 £'000	Group 1996 £'000	Company 1996 £'000
Bank loans and overdrafts	129	-	494	-
Obligations under finance leases	2	-	13	-
Trade creditors	763	-	898	-
Corporation tax	25	-	30	
Taxation and social security	73	-	132	25
Accruals and deferred income	288	-	312	-
Other creditors	33	-	102	—
	1,313	-	1,981	25

The bank loans and overdrafts are secured by fixed and floating charges over all assets of the group.

20 Creditors: amounts falling due after more than one year

The company has no creditors falling due after more than one year. Details of those of the group are:

	1997 £'000	1996 £'000
Obligations under finance lease agreements	-	6

The net finance lease obligations to which the group is committed are:

	£'000	£'000
In one year or less	2	13
Between two and five years	-	5
Over five years	-	
	-	1

21 Called up share capital

	1997 £'000	1996 £'000
Authorised		
38,217,500 (1996: 17,500,000) ordinary shares of 10 pence each	3,822	1,750
Issued, allotted, called up and fully paid		
26,893,748 (1996: 16,812,648) ordinary shares of 10 pence each	2,689	1,681
Allotted, yet to be issued		
428,571 (1996: nil) ordinary shares of 10 pence each	43	-

Movement in share capital	Date	Number of shares	£
Balance at 1 April 1995:		12,369,529	1,236,953
Shares issued in the year re:			
Auto & Audio Services Limited acquisition	21 September 1995	75,000	7,500
Fund raising	15 December 1995 and 10 January 1996	3,000,027	300,003
NAS plc acquisition	15 December 1995	1,368,092	136,809
Balance at 31 March 1996		16,812,648	1,681,265
Shares issued in the year re:			
Secur-Fix Limited acquisition	25 April 1996	476,190	47,619
Fund raising	6 January 1997	9,604,910	960,491
Balance at 31 March 1997		26,893,748	2,689,375

Details of the company's share issue, including shares to be issued, to acquire Secur-Fix Limited are set out in note 15. Details of the company's share option schemes are given in the report of the Remuneration Committee.

22 Goodwill

The cumulative amount of goodwill resulting from acquisitions which has been written off to reserves, is set out below:

Net goodwill written off to reserves	£'000
At 1 April 1996	3,094
Written off to reserves in year	97
At 31 March 1997	3,191

23 Share premium account and reserves

	1997 Share premium account £'000	1997 Group Profit and loss account £'000	1997 Company Share premium account £'000	1996 Share premium account £'000	1996 Group Profit and loss account £'000	1996 Company Share premium account £'000
At 1 April 1996	5,745	(5,896)	5,745	2,451	(1,615)	2,451
Premium on issues of shares	6,723	-	6,723	3,561	-	3,561
Placement costs	(658)	-	(658)	(267)	-	(267)
Loss for the year	-	(5,102)	-	-	(2,333)	-
Goodwill written off	-	(97)	-	-	(1,948)	-
At 31 March 1997	11,810	(11,095)	11,810	5,745	(5,896)	5,745

24 Reconciliation of movements in shareholders' funds

	1997 £'000	1996 £'000
Opening shareholders' funds	1,530	2,073
Proceeds from placement of shares	7,684	2,700
Shares issued as consideration for acquisition (note 15)	47	1,305
Shares to be issued as consideration for acquisition (note 15)	43	–
Placement costs written off	(658)	(267)
Loss for the year (note 23)	(5,102)	(2,333)
Goodwill written off (note 22)	(97)	(1,948)
Closing shareholders' funds	3,447	1,530

25 Capital commitments

The company and group had no capital commitments at the end of the year.

26 Financial commitments

The company had no financial commitments at the end of the year. At 31 March 1997 the group had annual commitments under non-cancellable operating leases as follows:

	1997 Land and buildings £'000	1997 Other £'000	1996 Land and buildings £'000	1996 Other £'000
Expiring within one year	33	-	-	18
Expiring between two and five years inclusive	66	354	60	172
Expiring in over five years	249	-	90	-

27 Reconciliation of operating loss to net cash outflow from operating activities

	1997 £'000	1996 £'000
Continuing activities		
Operating loss	(5,117)	(2,362)
Loss on sale of fixed assets	4	5
Depreciation on tangible fixed assets	118	97
Amortisation on intangible fixed assets	175	-
Decrease/(increase) in stocks	240	(391)
Decrease/(increase) in trade debtors	525	(476)
Increase in prepayments and accrued income	(26)	(277)
Decrease in trade creditors	(144)	(228)
(Decrease)/increase in other taxation and social security	(56)	102
(Decrease)/increase in accruals and deferred income	(25)	206
(Decrease)/increase in other creditors	(68)	102
Net cash outflow from continuing operating activities	(4,374)	(3,222)

28 Reconciliation of net cash flow to movement in net funds

	1997 £'000	1996 £'000
Increase/(decrease) in cash in the period	504	(146)
Cash outflow/(inflow) from decrease/(increase) in debt	17	25
Cash outflow from increase in liquid resources	1,950	(1,700)
Changes in net funds resulting from cash flows	2,471	(1,821)
Other non-cash items	-	(38)
Movement in net funds in the year	2,471	(1,859)
Net cash at 1 April 1996	199	2,058
Net funds at 31 March 1997	2,670	199

29 Analysis of net cash

	At 1 April 1996 £'000	Cash flow £'000	Other non cash changes £'000	At 31 March 1997 £'000
Cash in hand, at bank	412	139	-	551
Overdraft	(494)	365	-	(129)
	(82)	504	-	422
Finance leases				
due after one year	(6)	-	6	-
due within one year	(13)	17	(6)	(2)
Current asset investments	300	1,950	-	2,250
Total	199	2,471	-	2,670

30 Cash flow relating to exceptional items

The operating cash outflows include under continuing activities an outflow of £227,139 which relates to the exceptional provision for re-organisation costs explained in note 4.

31 Pensions

The Group operates a defined contribution pension scheme. The pension cost which represents contributions payable by the Group, amounted to £36,000 (1996: £19,000). Included in creditors is £2,000 (1996: £3,000) in respect of contributions to the schemes.

32 Post balance sheet events

Details of post balance sheet events are shown in the directors' report.

33 Related party transactions

At 31 March 1997, guarantees had been given by Dr C T Evans, one of the company's directors, to the group's bankers up to a value of £1,000,000 for the period to 11 December 1997, the review date of the group's banking facilities. Dr Evans indicated that he would guarantee banking facilities up to £2,000,000 for a further 12 months after 11 December 1997. These facilities and the guarantee have been increased and extended in order to finance the transactions since the year end as shown in the directors' report.

On 18 November 1996 the company's subsidiary Toad Innovations Limited, entered into a distributorship agreement with Biomed PTE Limited ("Biomed"), a company in which Mr J R Morris, a director of the company, is interested. Mr Morris is interested in 60 per cent of the issued share capital of Biomed through Biotrace AG, a company in which Mr Morris owns 80 per cent of the issued share capital. Pursuant to this agreement Biomed was appointed as the exclusive distributor of the Toad products in Singapore and Malaysia for period of 5 years and continuing thereafter unless terminated by either party on 6 months notice, and otherwise upon arms length commercial terms. Toad Innovations has agreed under the distributorship agreement to supply Toad products to Biomed on its general conditions of sale from time to time and at the price shown in its standard price list.

Prior to the formalisation of this agreement, the group sold goods to the value of £474 (1996: £138,600) to Biomed. During the year payment of £99,000 was received from Mr Morris personally and a credit note for £39,600 was issued to Biomed due to the inability of the manufacturer to adequately support the products concerned on an ongoing basis. The balance owed to Toad Innovations Limited at 31 March 1997 was £474 (1996: £138,600).

TOAD PLC
(Registered in England No. 2974642)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the THIRD ANNUAL GENERAL MEETING of the company will be held at the offices of Ashurst Morris Crisp, Broadwalk House, 5 Appold Street, London EC2A 2HA on Monday, 20 October 1997 at 9.30 a.m. for the following purposes:-

1. To receive the company's annual accounts for the financial year ended 31 March 1997, the directors' report and the auditors' report on those accounts.

2. To re-appoint Coopers & Lybrand as auditors to hold office from the conclusion of this meeting until the conclusion of the next general meeting of the company at which accounts are laid and to authorise the directors to fix their remuneration.

3. To elect Mr Kevin Gray, who having been appointed during the year retires pursuant to Article 84, as a director of the company.

4. To re-elect Mr John Morris, who retires by rotation pursuant to Article 84, as a director of the company.

5. To consider the following resolution which will be proposed as an ordinary resolution:-

   "THAT the authorised share capital of the Company be increased from £3,821,750 to £5,900,000 by the creation of 20,782,500 additional ordinary shares of 10p each."

6. To consider the following resolution which will be proposed as an ordinary resolution:-

   "THAT in substitution for the existing authority of the company, the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (the Act) to exercise all the powers of the company to allot relevant securities (within the meaning of that section) up to an aggregate "nominal amount" of £3,210,625 for a period expiring (unless previously renewed, varied or revoked by the company in general meeting) at the conclusion of the next Annual General Meeting of the company following the passing of this resolution or, if earlier, the date falling 15 months after the date on which this resolution is passed, but the company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement."

7. To consider the following resolution which will be proposed as a special resolution:-

   "THAT subject to the passing of the previous resolution, resolution 6, the directors be generally empowered pursuant to section 95 of the Companies Act 1985 (the "Act") to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority conferred by the previous resolution, resolution 6, as if section 89(1) of the Act did not apply to the allotment. This power:-

   (A) is limited to:-

      (i) allotments of equity securities where such securities have been offered (whether by way of a rights issue or, open offer or otherwise) to holders of ordinary shares in the capital of the company made in proportion (as nearly as may be) to their existing holdings of ordinary shares but subject to the directors having a right to make such exclusion or other arrangements in connection with the offering as they deem necessary or expedient:-

         (a) to deal with equity securities representing fractional entitlements, and

         (b) to deal with legal or practical problems under the laws of, or the requirements of any recognised statutory body or any stock exchange in, any territory, and

      (ii) allotments of equity securities for cash otherwise than pursuant to paragraph (i) up to an aggregate nominal amount of £145,923; and

   (B) expires 15 months after the date of the passing of this resolution or at the conclusion of the next Annual General Meeting of the company following the passing of this resolution, whichever first occurs, but the company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this authority and the directors may allot equity securities in pursuance of that offer or agreement."

BY ORDER OF THE BOARD

D G Baynes
SECRETARY

Dated: 26 September 1997

Registered Office:
The Quorum
Barnwell Road
Cambridge
CB5 8RE

NOTES

(i) A member entitled to attend and vote at the meeting is entitled to appoint one or more persons to attend and on a poll vote instead of him. The proxy need not be a member of the company.

(ii) To be effective, the instrument appointing a proxy and any authority under which it is executed (or a notarially certified copy of such authority) must be deposited at the registered office not less than 48 hours before the time for holding the meeting. A form of proxy is enclosed with this notice. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the meeting.

(iii) To have the right to attend and vote at the meeting (and also for the purpose of calculating how many votes a person entitled to attend and vote may cast), a person must be entered on the register of holders of the ordinary shares of the company by no later than 9.30 a.m. on 18 October 1997, being not more than 48 hours before the time fixed for the meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

TOAD PLC
Form of Proxy

For use in connection with the Annual General Meeting to be held on 20 October 1997.

I/We (block capitals) ....

of ....

being holder(s) or Ordinary Shares of 10p each in the capital of the company, hereby appoint the Chairman of the meeting or .... (note 1) as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the company to be held on 20 October 1997 and at any adjournment thereof.

I/We direct my/our proxy to vote in the manner indicated by an X in the appropriate column. Unless otherwise indicated, or upon any matter properly before the meeting but not referred to below, my/our proxy may exercise his discretion as to how he votes and whether or not he abstains from voting.

RESOLUTIONS	FOR	AGAINST
1. To receive the company's annual accounts for the financial year ended 31 March 1997, the directors' report and the auditors' report on those accounts.		
2. To re-appoint Coopers & Lybrand as auditors to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the company at which accounts are laid and to authorise the directors to fix their remuneration.		
3. To elect Mr Kevin Gray as a director of the company.		
4. To re-elect Mr John Morris as a director of the company.		
5. To increase the authorised share capital of the Company from £3,821,750 to £5,900,000 by the creation of 20,782,500 additional ordinary shares of 10p each.		
6. To authorise the directors pursuant to section 80 of the Companies Act 1985 to allot the unissued shares in the capital of the company.		
7. To disapply pursuant to section 95 of the Companies Act 1985 the statutory pre-emption rights in respect of rights issues and certain issues for cash.		

Dated .... 1997 Signature(s) ....

Notes:

1. If you wish to appoint a proxy other than the chairman of the meeting insert his name in the space provided and delete the words "the Chairman of the meeting or".
2. In the case of a corporation this proxy must be given under its common seal or signed on its behalf by a duly authorised officer or an attorney.
3. To be effective at the meeting, this proxy must be lodged at the address shown overleaf not later than 48 hours before the time of the meeting together, if appropriate, with the power of attorney under which it is signed or a duly certified copy of that power of authority.
4. In the case of joint holders the signature of any one holder will be sufficient but the names of all the joint holders should be stated. The vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names stand on the register of members in respect of the joint holding.
5. To have the right to attend and vote at the meeting (and also for the purpose of calculating how many votes a person entitled to attend and vote may cast), a person must be entered on the register of holders of the ordinary shares of the company by no later than 9.30 a.m. on 18 October 1997, being not more than 48 hours before the time fixed for the meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

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