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TOAD PLC

Report and Accounts

31 December 2001



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COMPANIES HOUSE 29/07/02

Toad plc

Registered No. 2974642

DIRECTORS

Executive Chairman

P T Ward

Non-executive directors

M F Cornwell CIM

D A H Voss

Executive directors

N Grimond

(Chief Operating Officer)

W W Jennings BA, FCA

(Finance Director)

S A Gall BA, MIDM

(Marketing Director)

Company secretary

W W Jennings BA, FCA

AUDITORS

Ernst & Young LLP

Rolls House

7 Rolls Buildings

Fetter Lane

London EC4A 1NH

BANKERS

NatWest Bank Plc

Carlyle House

Carlyle Road

Cambridge CB4 3DH

SOLICITORS

Ashurst Morris Crisp

Broadwalk House

5 Appold Street

London EC2A 2HA

REGISTERED OFFICE

National Control Centre

Drake Road

Mitcham

Surrey CR4 4HQ

BROKERS AND FINANCIAL ADVISERS

R W Baird

Mint House

77 Mansell Street

London E1 8AF

REGISTRARS

Capita IRG plc

Balfour House

390/398 High Road

Ilford

Essex IG1 1NG

CHAIRMAN'S STATEMENT

I am pleased to present our results for the year ended 31 December 2001. Whilst our profit before goodwill, exceptional and non-recurring items of £0.5m was in line with analysts' expectations, it has been a challenging year for the company.

During the year we grew the company's turnover to £34.3m but our gross margin suffered due to the loss of the Laserline alarm distribution agreement and the reduced value of the pound against the dollar and the continuing pricing pressures in the vehicle security market.

	<i>52 weeks to 31 December 2001 £m</i>	<i>53 weeks to 31 December 2000 £m</i>
Turnover	34.3	33.6
Gross profit	13.7	14.7
Operating profit*	1.3	3.4
Net profit*	0.5	2.7

* before tax, amortisation of goodwill, exceptional and non-recurring items

The directors recognised that the business needed reorganising so that we could focus on our key core activities and capitalise on our excellent infrastructure. We therefore took the decision during the year to:

- relocate the vehicle security operation from Runcorn to our head office in Mitcham;
- purchase the Datatool motorcycle security business to complement our vehicle security business;
- invest in setting up a new telematics division to sell the Actra Fleet system into the fleet management market; and
- develop the in-car multi-media brand Toad M³

These actions have all been implemented and our business now divides into three interrelated divisions - services, distribution and telematics.

SERVICES

Our services division provides a mobile audio, security and multi-media installation service to the UK's major insurance, fleet and multiple retail companies. This is a core business for Toad and the support infrastructure, including our 70 seat call centre, our 80 mobile installers and our warehousing facility, provides the backbone of the operation. We have a marketing alliance with Autoglass in the UK and we continue to be market leader in this specialist installation field. Turnover in 2001 grew 4% to £14.2m.

CHAIRMAN'S STATEMENT

DISTRIBUTION

Turnover during 2001 increased to £20.1m, despite the loss of approximately £3m turnover from the Laserline contract which ended in December 2000. This revenue was replaced by growth in our Toad Audio Express operation, strong growth in our Toad M³ business and by the Datatool acquisition, which contributed to the business from June 2001.

Our distribution division consists of the following businesses:

- Toad Audio Express - Vehicle audio wholesale
- Toad VTD - Vehicle security supply and distribution
- Datatool - motorcycle security and accessory assembly and distribution
- Toad M³ - Mobile multi-media supply and distribution
- ITI - audio interface cable distribution (51% controlling stake)
- Toade.com - vehicle security, audio and multi-media website

Toad Audio Express grew its business to £10m (2000 - £9m) and continues to consolidate its position as the UK's number one specialist audio wholesale business.

VTD, our vehicle security business, sells our Toad, Sigma and Max Power brands into the specialist vehicle after-market. Turnover declined to £6.5m (2000 - £9.5m) following the loss of Laserline. In response VTD, which was based in Runcorn, has been relocated to share our head office facility in Mitcham. Absorbing VTD into the existing Toad infrastructure makes excellent commercial sense and will reduce the overhead cost base.

The acquisition of Datatool, one of the UK's leading motorcycle security and accessory companies, in June 2001, has added significantly to our vehicle security portfolio. The company agreements to supply Datatool alarms to a number of the major motorcycle manufacturers and sales, following the launch of a new range of accessory products at the NEC Motorcycle Show in November 2001, are encouraging.

Our Toad M³ mobile multi-media business showed excellent growth during the year and our portable Video Traveller is now listed in Halfords, the UK's largest vehicle accessory retailer.

The majority of our toade.com sales were from customers who visited our website/partner websites and then ordered through our call centre. We have therefore taken the decision to change toade.com to a dealer portal site and fulfil the internet retailers' demands through our existing call centre operation. This should maintain existing e-commerce sales from the affinity partnerships, reduce the costs of running an e-commerce operation and focus the business on supporting our dealer network which is a core area of our business.

Our ITI audio cable business, which is in its second year of trading, increased sales by 64% in 2001 to £0.8m and came close to break even.

CHAIRMAN'S STATEMENT

TELEMATICS

During the year we established our telematics division to capitalise on our existing client and infrastructure base. We developed our web-based 'Actra Fleet' fleet management system in conjunction with a number of partner companies and launched the product with a small number of customers in the summer of 2001.

As a newcomer into this emerging market we set ourselves ambitious targets for sales growth in 2001. Sales in 2001 did not achieve these targets as most of our efforts during the year were devoted to developing a competitive product which offers a credible alternative to challenge the existing leaders in the fleet management market.

We are now in a position to make that challenge, but we also recognise that we need to view expectations of rapid growth in this early stage market with some caution. Our aim is to build a robust telematics business on the back of our existing core business so that we are well placed to exploit growth opportunities. As a first step in this, we have developed an excellent fleet management system (please visit www.myactra.com for an online demonstration) and our telematics division has achieved the following:

- an exclusive two year contract with Datafactory AG in Germany as the provider of their webfleet software solution in the UK;
- a 12 month lead generation contract with BT whereby BT provide qualified leads from their extensive customer base for the Actra Fleet system; and
- the establishment of our own national sales and telesales teams and a network of dealer partners who sell the system on our behalf.

The system is fitted to all our own company vehicles and is already providing savings on running costs and improving the efficiency of our mobile services operation. From a slow start we now have around 40 companies using the system and the directors believe that 2002 will enable us to establish ourselves in this growing market.

BOARD CHANGES

In February this year Stephen Wheatley left the company to pursue other interests and I became Executive Chairman, with Nick Grimond moving from Operations Director to Chief Operating Officer.

Also in February, Patrick Rogers, who was due to retire by rotation this year, stepped down as a non-executive director and has been replaced by David Voss, who has a wealth of experience in the vehicle rental and leasing market. David joined the board in March and will be an excellent addition to the team.

I would like to thank both Stephen and Patrick for their contributions over the years.

OUR STAFF

Since becoming Chairman I have been impressed by the enthusiasm and professionalism of all the staff in the group. The team has met a number of challenges during 2001 and they are looking forward to 2002 with confidence.

CHAIRMAN'S STATEMENT

STRATEGY AND CURRENT TRADING

Our primary focus is to restore the group's profit performance. We have taken action to address the downturn in our vehicle security business experienced in 2001 and the businesses acquired and launched in the period now have the integrated strength of our consolidated operations to support them.

Current trading is in line with our budget forecasts and the board is confident that the company has the resources, products and services to meet our objectives.

Peter Ward
Executive Chairman

FINANCIAL REVIEW

RESULTS

Turnover for the year from ongoing operations was £33.2m (53 weeks ended 31 December 2000 - £33.6m) with a further £1.1m from the acquisition of Datatool (UK) Limited ('Datatool') in June 2001.

Operating profit for the year before goodwill amortisation, exceptional and non-recurring items was £1.3m (2000 - £3.4m) including a contribution from Datatool of £0.2m (2000 - nil) and after costs relating to the set up of Actra. Profit before taxation, goodwill amortisation, exceptional and non-recurring items was £0.5m (2000 - £2.7m).

In December 2000 the Laserline distribution agreement was ended. Laserline was one of the group's three vehicle security brands and contributed around £3m to group turnover out of total security sales at that time of £9.5m. In response the Max Power brand was added to the stable and in June 2001 the company acquired Datatool, a leading UK motorcycle alarm company, which had achieved sales of £2.7m for the previous year. The impact of pricing pressures in the vehicle security sector, combined with the strong dollar, continued to squeeze margins during 2001. Consequently, while total sales for the group have held up even without Datatool, the sales mix change, pricing pressures and the strong dollar have had a negative impact of around £1.4m on our overall gross margin in 2001 compared to 2000.

Operating expenses before goodwill, exceptional and non-recurring items have risen by £1m over and above the increase attributable to Datatool. £0.3m of this reflects our investment in Actra, the remaining amount represents a 6% increase in overheads.

EXCEPTIONAL AND NON-RECURRING ITEMS

At the end of the year the Board resolved to consult with the affected employees with a view to closing the vehicle security operation in Runcorn and relocating it to share the head office resource in Mitcham. The group has accrued costs of £0.7m as a result of the relocation and reorganisation of the head office, which was completed in the New Year, and the write down of stock values following the loss of the Laserline distribution agreement. These costs are exceptional items and are shown separately in the additional analysis on the profit and loss account.

Exceptional and non-recurring items also include £0.1m aborted deal costs and a net charge of £0.2m in respect of a change in accounting estimate which followed a review of the reliability of estimation techniques on adoption of 'FRS 18 - Accounting Policies'.

AMORTISATION AND WRITE DOWN OF INTANGIBLES

Amortisation and write down of intangibles including research costs for the year totalled £0.5m. This amount includes the write down of the carrying value of the distribution agreement of September 1997 with Spacetrac Limited ('Spacetrac') which was included in intangible fixed assets from that date. This agreement gave Toad the exclusive rights to distribute in certain markets a miniature satellite based wireless location device. The full carrying value of this agreement of £0.7m included provision for the payment of £0.5m to be satisfied by the issue to Spacetrac of 1,818,182 ordinary shares in Toad at 27.5p each on delivery of the first product to us. The product has still not been delivered and, in view of the passage of time since the agreement was signed, the directors consider that there is significant doubt that the product will be delivered. Consequently, the full carrying value brought forward from last year has been written down to nil. £0.5m has been written off against the shares to be issued which had been accrued within capital and reserves and the balance of £0.2m has been written off to the profit and loss account. However, a contingency remains that should Spacetrac deliver the product within the contract period, which expires in May 2007, this would result in a dilution of the group's share capital.

FINANCIAL REVIEW

INTEREST AND CORPORATION TAX

Net interest and similar charges were £0.8m (2000 - £0.7m) and there was no tax charge in the year (2000 - £0.1m). The group has tax losses of approximately £5.8 million to carry forward for relief against future profits.

ACQUISITIONS

On 1 June 2001 the company acquired the entire share capital of Datatool. The results of this business from the date of acquisition to 31 December 2001 are disclosed under acquisitions in the profit and loss account. Datatool was acquired for £1m in cash and up to 3,433,476 ordinary shares in Toad, contingent on the achievement by Datatool of target profitability for the years to 31 December 2001 and 31 December 2002. Datatool made a profit before tax of £0.5m for the year to 31 December 2001 and this will result in the issue of 858,369 shares to the vendors of Datatool under the terms of the acquisition agreement.

CASH AND DEBT

Net cash inflow from operations was £2m (2000 - £0.5m). Interest and finance costs paid were £0.9m (2000 - £0.7m). Net capital expenditure was £0.8m (2000 - £0.3m) of which £0.4m (2000 - nil) was related to the start up of Actra. Net cash outflow from the acquisition of Datatool was £0.5m and tax paid was £0.3m (2000 - £0.1m). The company received £0.2m from the issue of 710,819 shares at 25p each to Carglass Luxembourg SARL under an option deed established in connection with the Autoglass Alliance.

Net debt at the year end was £8.5m (2000 - £8.1m) and remaining headroom on the bank overdraft facilities at the year end was £1.4m (2000 - £0.9m).

TREASURY

Group policy

The group operates a central treasury function whose purpose is to arrange borrowings and manage and reduce financial risks. Prudent use is made of financial instruments, mainly interest hedging instruments and forward foreign exchange contracts. No speculative transactions are permitted.

Foreign exchange risk

Approximately 25% of the group's cost of sales involve exposures to foreign currency risk in US dollars. Foreign currency flows are monitored and matched on a regular basis and the majority of these exposures are hedged for periods of up to nine months ahead where appropriate.

Interest rate risk

Subsequent to the year end the company has entered into a fixed rate interest rate swop in respect of 50% of its total bank facility.

Wilson W Jennings
Finance Director

DIRECTORS' BIOGRAPHICAL DETAILS

EXECUTIVE DIRECTORS

Peter Ward, Executive Chairman

Peter Ward, 56, joined Toad on 1 November 2001 as Non-executive Chairman and was appointed Executive Chairman in February 2002. Peter has spent most of his career in the motor industry, previously working for Rolls-Royce Motor Cars Ltd where he was appointed Chief Executive in 1987 and Chairman and Chief Executive from 1991 to 1995. He was one of the main architects of the rescue of Rolls-Royce Motor Cars from the early 1990's recession. In 1993 he also became Managing Director Operations of Vickers plc. In 1995 he joined the board of Trafalgar House plc and became Chairman and Chief Executive of Cunard Line Ltd. From 1997 became CEO of Hong Kong listed Jardine International Motor Holdings. He is currently Non-executive Chairman of Players United plc, a non-executive director of Ricardo plc and a member of the European Advisory Board for Harley Davidson Inc.

Nicholas Grimond, Chief Operating Officer

Nick Grimond, 36, was group Operations Director of Sextons, which he joined in 1984, until it was acquired by Toad. He joined the board of Toad on 14 April 1998 as Operations Director and was made Chief Operating Officer in February 2002.

Wilson Jennings, Finance Director and Company Secretary

Wilson Jennings, 41, joined Toad from Isis Research plc, a multi-national market research company where he was Finance Director for five years. In addition to the international experience gained with Isis, Wilson has extensive corporate finance experience with PricewaterhouseCoopers. Wilson joined the board in March 2000.

Stuart Gall, Marketing Director

Stuart Gall, 39, was head of marketing for the Toad Group from June 1994 until 31 July 1997. From 1 August 1997 he acted as a consultant to Toad, advising on marketing issues. He previously held management positions with The Anvil Consultancy Ltd and The Promotions Partnership Ltd, a marketing, advertising and promotions agency, of which he was a founder member. Prior to that he worked for British Airways. He joined the board of Toad in April 1998.

NON-EXECUTIVE DIRECTORS

Michael Cornwell, Non-executive Director

Michael Cornwell, 62, joined us in August 1999 from Belron International (the owners of Autoglass and Carglass) where he was their International Sales Director. He set up the original Carglass operation in France and has extensive contacts with all of Europe's major insurance and fleet companies.

David Voss, Non-executive Director

David Voss, 52, who joined the Toad board in March 2002, was formerly Managing Director of PHH Services and PHH Leasing in the UK and a director of Hertz Europe. He was also founder and Managing Director of VELO Ltd, a subsidiary of Dresdner Kleinwort Benson.

CORPORATE GOVERNANCE

The company is committed to high standards of corporate governance. The board is accountable to the company's shareholders for good corporate governance. This statement describes how the principles of corporate governance are applied to the company and the company's compliance with the Code provisions set out in Section 1 of the Combined Code prepared by the Committee on Corporate Governance chaired by Sir Ronald Hampel.

STATEMENT BY THE DIRECTORS ON COMPLIANCE WITH THE PROVISIONS OF THE COMBINED CODE

The company has been in full compliance with the provisions set out in Section 1 of the Combined Code throughout the year except as noted below:

B.2.2. - "Remuneration committees should consist exclusively of non-executive directors who are independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement."

During the year Sir Christopher Evans was a member of the remuneration committee. Sir Christopher Evans is not considered to be independent due to his interest in Spacetrac Limited.

D.3.1 - "The board should establish an audit committee of at least three directors, all non-executive, with written terms of reference which deal clearly with its authority and duties".

Since the departure of Sir Christopher Evans on 21 May 2001 and until the appointment of Peter Ward on 20 November 2001 the audit committee only had two members.

In addition, from 28 February 2002, the date of appointment of Peter Ward as executive chairman the audit committee had two members.

Due to the small size of the board, the directors feel that two independent non-executive directors are sufficient.

A statement of the directors' responsibilities in respect of the accounts is provided after the directors' report. Below is a brief description of the role of the board and its committees followed by a statement regarding the group's system of internal control.

THE WORKINGS OF THE BOARD AND ITS COMMITTEES

The Board

The board currently comprises two non-executive directors and four executive directors and is responsible for the management of the group. It meets at least 10 times a year, setting and monitoring group strategy, reviewing trading performance and formulating policy on key issues. Key issues reserved for the board include the consideration of potential acquisitions, share issues and fund raising, 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.

The Audit Committee

The audit committee comprises both of the non-executive directors and is chaired by David Voss. It is scheduled to meet at least 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.

CORPORATE GOVERNANCE

The Remuneration Committee

The remuneration committee comprises both of the non-executive directors and is chaired by Michael Cornwell. It meets as necessary, at least once a year, and is responsible for making recommendations to the board on the remuneration of senior executives and all directors.

The Nomination Committee

The nomination committee comprises both of the non-executive directors and is chaired by the executive chairman, Peter Ward. It meets as necessary and is responsible for making recommendations to the board on the appointments of executive and non executive directors.

RELATIONS WITH SHAREHOLDERS

Key members of the executive board regularly visit institutional shareholders and the full board makes itself available to questions at all shareholder meetings it holds. The board uses the Annual General Meeting to communicate with private and institutional investors and welcomes their participation. The Chairman aims to ensure that the Chairmen of the audit, remuneration and nomination committees are available at Annual General Meetings to answer questions.

INTERNAL CONTROLS

The directors acknowledge that they are responsible for the group's system of internal control and for reviewing its effectiveness. Internal control systems are designed to meet the particular needs of the group and the risks to which it is exposed. In accordance with the guidance of the Turnbull Committee on internal control, the procedures are regularly reviewed in the 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 accounts.

The key procedures which the directors have established with a view to providing effective internal control 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 key senior executives, 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. The effectiveness of the group's internal controls was last reviewed in August 2001. 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. 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 the group's performance against budgets on a monthly basis. The group's cash flow is monitored monthly by the board.

CORPORATE GOVERNANCE

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, 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.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the accounts.

REPORT ON DIRECTORS' REMUNERATION

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

M F Cornwell (Chairman of the remuneration committee)
D A H Voss

The group'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 non-executive directors each receive a fee for their services, which is agreed by the board following recommendation by the chairman with a view to rates paid in comparable organisations and appointments.

The non-executive directors do not receive any pension or other benefits from the company, nor do they participate in any bonus or incentive schemes other than share options.

The 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 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 once 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 January 2002.

CONTRACTS OF SERVICE

All of the executive directors have contracts of service which can be terminated by the company or director. The contracts can be terminated with a notice period of between six months and one year.

REPORT ON DIRECTORS' REMUNERATION

NON-EXECUTIVE DIRECTORSHIPS

With the permission of the board the executive directors may accept appointments as non-executive directors, but not of other public limited companies. 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:

			<i>52 weeks ended 31 December 2001</i>	<i>53 weeks ended 22 December 2000</i>
		<i>Salary, bonuses and fees £</i>	<i>Benefits £</i>	<i>Total £</i>
Executive				
S E Wheatley ¹	(a)	140,569	17,133	157,702
J C Lewin		-	-	136,592
D G Baynes		-	-	16,246
W W Jennings		82,500	13,513	96,013
N Grimond		145,000	3,209	148,209
S A Gall		85,000	20,785	105,785
Non-executive				
Sir C T Evans ²	(b)	20,000	-	20,000
P C R C Rogers ³	(c)	12,000	-	12,000
M F Cornwell	(d)	12,000	-	12,000
P Ward (Chairman) ⁴		9,167	-	9,167
		<u>506,236</u>	<u>54,640</u>	<u>560,876</u>
		<u>547,663</u>		<u>547,663</u>

1 Resigned on 28 February 2002

2 Resigned on 21 May 2001

3 Resigned on 15 February 2002

4 Appointed on 20 November 2001 as a non-executive director. He was appointed executive chairman on 28 February 2002.

(a) Includes an amount of £nil (2000: £44,000) payable to Sixth Sense in respect of making available the services of S E Wheatley to the company as a non-executive director and as a consultant.

(b) Includes an amount of £20,000 (2000: £19,200) payable to Merlin Scientific Services Limited in respect of making available the services of Sir C T Evans to the company. This is stated net of £nil waived emoluments (1999: £28,800).

(c) Includes an amount of £12,000 (2000: £11,000) payable to Island Jet in respect of making available the services of P C R C Rogers.

(d) Includes an amount of £12,000 (2000: £11,000) payable to Sports and Classics Solutions in respect of making available the services of M F Cornwell to the company.

The value of benefits received during the year relates principally to the provision of company cars and medical expenses cover.

REPORT ON DIRECTORS' REMUNERATION

SHARE OPTIONS

At 31 December 2001 the company had three employee share option schemes: the 1994 scheme, the 1995 scheme and the 1997 scheme and eight director schemes.

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.

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 the company's executive and non-executive directors. No new options have been issued under this scheme during the year.

The 1997 scheme was approved by shareholders of the company on 6 January 1997. The 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. Options may only be granted:

1. Within 42 days of the announcement of the company's annual or half yearly results, or
2. Within 14 days of a new executive joining the scheme.

The 1997 scheme was established by the company on 20 October 1997, and approved by the Inland Revenue under Schedule 9 of the Income and Corporation Taxes Act 1988.

The non-executive director schemes were established on the following dates; the Michael Cornwell scheme, 14 September 1999 and the Patrick Rogers scheme, 15 September 1999.

The executive director schemes were established on 8 September 2000, with the exception of the Stephen Wheatley Schemes which were established on 1 November 1999 and 28 November 2000 and the Peter Ward Scheme which was established on 20 November 2001.

REPORT ON DIRECTORS' REMUNERATION

DIRECTORS' INTERESTS IN SHARE OPTIONS

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

	<i>Number of options</i>			<i>Exercise price</i>	<i>Date from which exercisable</i>	<i>Expiry date</i>
	<i>As at 31 December 2000</i>	<i>Granted in the year</i>	<i>As at 31 December 2001</i>			
<i>The 1994 scheme</i>						
S A Gall	156,176	-	156,176	10p	12.12.96	11.12.04
<i>The Employee Scheme</i>						
N Grimond	127,660	-	127,660	23.5p	17.07.01	17.07.08
S A Gall	127,660	-	127,660	23.5p	17.07.01	17.07.08
W W Jennings	63,830	-	63,830	47p	08.09.03	08.09.10
S E Wheatley	95,238	-	95,238	31.5p	27.11.03	27.11.10
<i>Non-executive Schemes</i>						
M F Cornwell	100,000	-	100,000	28.5p	14.09.02	11.09.09
P C R C Rogers	100,000	-	100,000	28.5p	15.09.02	12.09.09
Sir C T Evans	500,000	-	-	47p	08.09.03	08.09.07
<i>Executive Schemes</i>						
N Grimond	500,000	-	500,000	47p	08.09.03	08.09.07
S A Gall	500,000	-	500,000	47p	08.09.03	08.09.07
W W Jennings	436,170	-	436,170	47p	08.09.03	08.09.07
S E Wheatley	100,000	-	100,000	30.5p	01.11.02	01.11.09
S E Wheatley	404,762	-	404,762	31.5p	28.11.03	28.11.07
P Ward (see below)	-	500,000	500,000	10p	20.11.01	20.11.11

The market price of the company's shares at the end of the financial year was 8.25p (2000: 32.25p) and the range of market prices during the year was 6.75p to 46.75p (2000: 31.50p to 85.00p).

The Peter Ward share options vest in four equal tranches of 125,000 ordinary shares but only once the closing mid-market value of Toad ordinary shares has equalled or exceeded four target prices for each tranche of 14p, 21p, 28p and 35p respectively for five consecutive business days. Once a tranche has vested, that tranche shall remain exercisable irrespective of any future fluctuations in the value of the shares.

The share options granted to Patrick Rogers and Stephen Wheatley have now lapsed.

DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31 December 2001.

RESULTS AND DIVIDEND

Group loss for the year after taxation and minority interests amounted to £1.0 million (2000 - profit £2.5 million).

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY

The principal activity of the group is the inception, development, marketing, sale and installation of highly effective and innovative vehicle technology products, including vehicle security, audio, cellular and navigation products.

REVIEW OF BUSINESS

The directors' report should be read in conjunction with the Chairman's statement and the Financial Review.

FINANCIAL RISK MANAGEMENT

The group's principal financial instruments, other than derivatives, comprise bank loans, preference shares, finance leases and hire purchase contracts, and cash. The main purpose of these financial instruments is to raise finance for the group's operations. The group has various other financial instruments such as trade debtors and trade creditors that arise directly from its operations.

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

Liquidity and interest rate risk

The group's policy on funding capacity is to ensure that we always have sufficient long term funding and committed facilities in place to meet foreseeable peak borrowing requirements. The company has a Sterling term loan facility of £5,000,000 and Sterling revolving overdraft facility of £5,000,000. Both these facilities, which are from NatWest Bank, are at floating rates of interest linked to LIBOR. The group's policy is to ensure that sufficient resources are always available to service all debt by forecasting its operating and similar cash flows prudently. Since the year end the company has entered into an interest rate swap arrangement to hedge against possible unfavourable movements in LIBOR.

Foreign currency risk

The group uses forward exchange contracts to hedge foreign exchange exposures arising on forecast payments in foreign currencies.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

The directors at 31 December 2001 (or date of appointment if later), 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 the report on directors' remuneration) were as follows:

	<i>21 March 2002</i>	<i>31 December 2001</i>	<i>31 December 2000 or subsequent date of appointment</i>
The company - ordinary shares 10p			
P Ward	83,333	-	-
S A Gall	12,347	12,347	12,347
N Grimond	2,021,739	2,021,739	2,021,739
W W Jennings	-	-	-
P C R C Rogers	n/a	-	-
M F Cornwell	-	-	-
S E Wheatley	n/a	5,000	5,000
D Voss	-	-	-

The share interests at 21 March 2002, 31 December 2001 and 22 December 2000 take into account the interest of S A Gall in 4,347 ordinary shares registered in the name of J M Gall.

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.

RESEARCH AND DEVELOPMENT ACTIVITIES

The group maintains sufficient research and development resource in-house to ensure its market leading security products remain cutting edge.

The group does not conduct any pure research into new technologies, but does constantly review the market place for any new technologies which might make a profitable contribution to the business.

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 handicapped or 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 to the share option scheme is reviewed annually and options are issued to staff who have joined in the year. The number of options granted vary according to seniority and experience.

DIRECTORS' REPORT

MAJOR INTEREST IN SHARES

As at 31 March 2002, according to the company's register, the following shareholders each held 3% or more of the company's issued share capital.

<i>Name</i>	<i>Ordinary 10p Shares</i>	<i>% Holding</i>
Sir C T Evans	9,069,628	12.29
Carglass Luxembourg Sarl NV	3,639,949	4.93
T D Waterhouse	2,875,386	3.90

CREDITOR PAYMENT POLICY

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 aware of the terms of payment by inclusion of the relevant terms in contracts, and
- (c) pay in accordance with contractual and other legal obligations.

The group's average creditor payment period at 31 December 2001 was 42 days (2000 - 41 days) and that of the company was nil days.

AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board



Secretary

21 MARCH 2002.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

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;

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

**REPORT OF THE INDEPENDENT AUDITORS
to the members of Toad plc**

We have audited the group's financial statements for the year ended 31 December 2001 which comprise Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Cash Flows, and the related notes 1 to 30. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the Corporate Governance Statement reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Listing Rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report, Chairman's Statement, Financial Review and Corporate Governance Statement. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion


We conducted our audit in accordance with United Kingdom 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group'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.

REPORT OF THE INDEPENDENT AUDITORS
to the members of Toad plc (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2001 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
London

21 MARCH 2002

Toad plc

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	Notes	Before goodwill, amortisation, exceptional and non recurring items £'000	Goodwill exceptional and non recurring items £'000	52 weeks ended 31 December 2001 £'000	53 weeks ended 31 December 2000 £'000
TURNOVER					
Ongoing operations	2	33,456	(288)	33,168	33,557
Acquisitions		1,143	-	1,143	-
		<u>34,599</u>	<u>(288)</u>	<u>34,311</u>	<u>33,557</u>
COST OF SALES					
Ongoing operations		(20,154)	115	(20,039)	(18,893)
Acquisitions		(525)	-	(525)	-
		<u>(20,679)</u>	<u>115</u>	<u>(20,564)</u>	<u>(18,893)</u>
GROSS PROFIT					
Other operating expenses	3, 4	13,920 (12,625)	(173) (1,369)	13,747 (13,994)	14,664 (11,390)
OPERATING (LOSS)/PROFIT					
Ongoing operations		1,062	(1,462)	(400)	3,274
Acquisitions		233	(80)	153	-
Interest payable and similar charges	7	1,295 (821)	(1,542) -	(247) (821)	3,274 (704)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION					
Taxation	8 9	474 -	(1,542) -	(1,068) -	2,570 (140)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION					
Minority interests	10	474 16	(1,542) 19	(1,068) 35	2,430 43
(LOSS)/PROFIT FOR THE YEAR ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY					
	23	490	(1,523)	(1,033)	2,473
Earnings per share - basic	11	0.68p		(1.43)p	3.58p
- diluted	11	0.66p		(1.43)p	3.26p

TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than £1,033,000 loss (2000 - profit - £2,473,000) included in the profit and loss account above.


Toad plc

BALANCE SHEETS

at 31 December 2001

		<i>Group</i>		<i>Company</i>	
		2001	2000	2001	2000
	<i>Notes</i>	£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	12	1,992	1,479	-	730
Tangible assets	13	3,017	2,726	-	-
Investments	14	-	-	16,351	16,340
		<u>5,009</u>	<u>4,205</u>	<u>16,351</u>	<u>17,070</u>
CURRENT ASSETS					
Stocks	15	4,931	4,229	-	-
Debtors	16	6,655	7,356	6,472	8,666
Cash at bank and in hand		1,326	1,972	390	-
		<u>12,912</u>	<u>13,557</u>	<u>6,862</u>	<u>8,666</u>
CREDITORS: amounts falling due within one year	17	<u>(10,567)</u>	<u>(12,004)</u>	<u>(1,397)</u>	<u>(4,318)</u>
NET CURRENT ASSETS		<u>2,345</u>	<u>1,553</u>	<u>5,465</u>	<u>4,348</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>7,354</u>	<u>5,758</u>	<u>21,816</u>	<u>21,418</u>
CREDITORS: amounts falling due after more than one year	18	<u>(3,797)</u>	<u>(1,162)</u>	<u>(3,720)</u>	<u>(1,009)</u>
Minority Interests - equity		78	43	-	-
NET ASSETS		<u>3,635</u>	<u>4,639</u>	<u>18,096</u>	<u>20,409</u>
CAPITAL AND RESERVES					
Called up share capital	21	7,689	7,499	7,689	7,499
Share premium account	23	11,638	11,353	11,638	11,353
Share capital to be issued	21, 23	515	1,189	515	1,189
Merger reserve	23	-	-	1,001	1,001
Profit and loss account	23	(16,207)	(15,402)	(2,747)	(633)
SHAREHOLDERS' FUNDS	24	<u>2,856</u>	<u>3,860</u>	<u>17,317</u>	<u>19,630</u>
Equity		<u>779</u>	<u>779</u>	<u>779</u>	<u>779</u>
Non-equity		<u>3,635</u>	<u>4,639</u>	<u>18,096</u>	<u>20,409</u>

The financial statements were approved by the board of directors on 21 March 2002 and were signed on its behalf by:


Chairman


Finance Director

Toad plc

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2001

		<i>52 weeks ended 31 December 2001</i>	<i>53 weeks ended 31 December 2000</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>
NET CASH INFLOW FROM OPERATING ACTIVITIES	27	2,007	525
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Issue costs of new loans		(173)	-
Interest paid		(679)	(669)
Interest paid on finance leases		(10)	(12)
		(862)	(681)
TAXATION			
UK corporation tax paid		(358)	(33)
CAPITAL EXPENDITURE			
Purchase of intangible fixed assets		(209)	(110)
Purchase of tangible fixed assets		(598)	(254)
Sale of tangible fixed assets		15	63
		(792)	(301)
ACQUISITIONS			
Purchase of subsidiary	14	(795)	(1)
Cash acquired	14	283	-
		(512)	(1)
CASH OUTFLOW BEFORE FINANCING		(517)	(491)
FINANCING			
Issue of shares		178	26
Movement in short term borrowings		(1,476)	358
Movement in long term borrowings		2,785	(2,408)
Repayment of principal under finance leases		(103)	(90)
		1,384	(2,114)
INCREASE/(DECREASE) IN CASH IN THE YEAR	28	867	(2,605)

NOTES TO THE ACCOUNTS

at 31 December 2001

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.

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 December 2001. 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.

Goodwill

Goodwill arising on acquisitions prior to 22 December 1998 was written off immediately against reserves. Goodwill previously eliminated has not been reinstated on implementation of FRS 10.

Goodwill arising on acquisitions since 23 December 1998 is capitalised, classified as an asset on the balance sheet and amortised on a straight line basis over its useful economic life up to a presumed maximum of 20 years. It is reviewed for impairment at the end of the first full financial year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

If a subsidiary or business is subsequently sold or closed, any goodwill arising on acquisition that was written off directly to reserves or that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

Turnover

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

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Fixed asset investments

The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Patents

Patent costs are capitalised and written off over the shorter of the expected market life of the products concerned and the legal life of the patent.

The carrying values of patents are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

NOTES TO THE ACCOUNTS

at 31 December 2001

1. **PRINCIPAL ACCOUNTING POLICIES** (continued)

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:

	%
Freehold land and buildings	2
Leasehold improvements	10% or over the term of the lease if shorter
Motor vehicles	25
Plant and equipment	25-33

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

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.

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset are passed to the group, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under leases and hire purchase contracts are included as liabilities in the balance sheet. The interest elements of the rental obligations are charged in the profit and loss account over the duration of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward currency contract. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date or if appropriate at the forward contract rate. All differences are taken to the profit and loss account.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project.

NOTES TO THE ACCOUNTS

at 31 December 2001

1. PRINCIPAL ACCOUNTING POLICIES (continued)

Financial instruments

The group uses forward currency contracts to manage the financial risks associated with the group's underlying business activities and the financing of those activities. The group's policy is not to undertake any trading activity in financial instruments.

A discussion of how the group manages its financial risks is included in the Directors' Report.

The criteria for using hedge accounting for forward foreign currency contracts are:

- the instrument must be related to a foreign currency asset or liability that is probable and whose characteristics have been identified;
- it must involve the same currency as the hedged item; and
- it must reduce the risk of foreign currency exchange movements on the group's operations.

Forward exchange contracts are used to hedge foreign exchange exposures arising on payments in foreign currencies. The rates under such contracts are used to record the hedged item. As a result, gains and losses are offset against the foreign exchange gains and losses on the related financial assets and liabilities, or where the instrument is used to hedge a committed, or probable, future transaction, are deferred until the transaction occurs.

Capital Instruments

Shares are included in shareholders' funds. Other instruments are classified as liabilities if they contain an obligation to transfer economic benefits and if not they are included in shareholders' funds. The finance cost recognised in the profit and loss account in respect of capital instruments other than equity shares is allocated to periods over the term of the instrument at a constant rate on the carrying amount.

2. TURNOVER

Turnover consists primarily of sales made in the United Kingdom from the group's main continuing activity. Export sales are not material.

3. OTHER OPERATING EXPENSES

		<i>Goodwill</i>		<i>52 weeks</i>	<i>53 weeks</i>
		<i>amortisation,</i>	<i>exceptionals</i>	<i>ended</i>	<i>ended</i>
		<i>and other</i>	<i>and other</i>	<i>31 December</i>	<i>31 December</i>
		<i>Ongoing</i>	<i>non recurring</i>	<i>2001</i>	<i>2000</i>
		<i>operations</i>	<i>items</i>	<i>Total</i>	<i>Total</i>
		<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Continuing	- Administrative	4,433	1,064	5,497	3,965
	- Distribution	7,327	225	7,552	7,083
	- Technical	481	-	481	342
		12,241	1,289	13,530	11,390
Acquisitions	- Administrative	384	80	464	-
		12,625	1,369	13,994	11,390
		12,625	1,369	13,994	11,390

NOTES TO THE ACCOUNTS

at 31 December 2001

4. GOODWILL AMORTISATION, EXCEPTIONAL AND NON RECURRING ITEMS

	<i>52 weeks ended 31 December 2001 £'000</i>	<i>53 weeks ended 31 December 2000 £'000</i>
Amortisation/write down of goodwill and other intangibles	412	83
Relocation and reorganisation costs	459	-
Aborted deal costs	140	-
Stock write down following loss of the Laserline distribution agreement	198	-
Change in estimation technique (see below)	173	-
ACTRA product research costs written off	122	-
Other	38	-
	<u>1,542</u>	<u>83</u>

Change in estimate of sales value

This charge represents the impact of changing the method of estimating the value of goods installed but not yet invoiced at the period end. This follows a review of the reliability of estimation techniques on adoption of FRS 18 - Accounting Policies. The impact of this adjustment on sales of £288,000 and cost of sales of £115,000 are shown in the profit and loss account.

5. DIRECTORS' EMOLUMENTS

Details of directors' remuneration for each director, and share options are included in the Report on Directors' Remuneration.

6. EMPLOYEE INFORMATION

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

	<i>52 weeks ended 31 December 2001 Number</i>	<i>53 weeks ended 31 December 2000 Number</i>
By activity:		
Administration	50	55
Technical	15	24
Operations	217	199
	<u>282</u>	<u>278</u>

NOTES TO THE ACCOUNTS

at 31 December 2001

6. EMPLOYEE INFORMATION (continued)

	<i>52 weeks ended 31 December 2001 £'000</i>	<i>53 weeks ended 31 December 2000 £'000</i>
Staff costs (for the above persons):		
Wages and salaries	5,320	4,951
Social security costs	472	451
	<u>5,792</u>	<u>5,402</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	<i>52 weeks ended 31 December 2001 £'000</i>	<i>53 weeks ended 31 December 2000 £'000</i>
Bank loans and overdrafts	741	669
Finance leases	10	12
Unrealised foreign exchange gains	-	(28)
Other finance costs	70	51
	<u>821</u>	<u>704</u>

8. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	<i>52 weeks ended 31 December 2001 £'000</i>	<i>53 weeks ended 31 December 2000 £'000</i>
Auditors' remuneration for audit services (company £nil; 2000 - £nil)	82	87
Auditors' remuneration for non-audit services	54	62
Operating lease rentals:		
Rent of land and buildings	307	273
Hire of plant and machinery	645	483
Amortisation of goodwill and other intangible fixed assets	182	83
Impairment of intangible fixed assets	230	
Depreciation:		
Tangible fixed assets owned	321	208
Tangible fixed assets held under finance leases	94	107
	<u></u>	<u></u>

NOTES TO THE ACCOUNTS

at 31 December 2001

9. TAXATION

	<i>52 weeks ended 31 December 2001 £'000</i>	<i>53 weeks ended 31 December 2000 £'000</i>
Corporation tax:		
Current	-	140
	<u> </u>	<u> </u>

The group and company have no deferred tax liability (2000 - £nil).

The group has tax losses of approximately £5,800,000 (2000 - £5,700,000) to carry forward against future profits.

10. LOSS FOR THE YEAR OF THE PARENT COMPANY

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 £2,114,000 (2000 - £240,000).

11. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per share is based on the loss on ordinary activities after taxation, namely £1,033,000 (2000 - profit £2,473,000) and on 72,103,384 (2000 - 69,149,607) ordinary shares, being the weighted average number of ordinary shares in issue during the year

The diluted earnings per share is calculated under the provisions laid out in FRS 14 and is based on the loss for the year of £1,033,000 (2000 - profit £2,473,000), and on 72,103,384 (2000 - 75,748,610) ordinary shares, calculated as follows:

	<i>2001 '000</i>	<i>2000 '000</i>
Basic weighted average number of shares	72,103	69,150
Dilutive potential ordinary shares:		
Shares to be issued	-	3,925
Convertible redeemable preference shares	-	1,481
Employee share options	-	1,193
	<u>72,103</u>	<u>75,749</u>

There is no dilution of the earnings per share due to the loss for the year.

Alternative earnings per share before exceptional items are provided to facilitate evaluation of the underlying performance of the group. The calculation of basic earnings per share before goodwill, exceptional and non-recurring items is based on the profit on ordinary activities after taxation, namely £490,000, and on 72,103,384 ordinary shares, being the weighted average number of ordinary shares in issue during the year.

NOTES TO THE ACCOUNTS
at 31 December 2001

12. INTANGIBLE FIXED ASSETS

<i>Group</i>	<i>Spacetrac Distribution agreement</i>	<i>Metvale goodwill</i>	<i>Patents</i>	<i>Datatool goodwill</i>	<i>Actra</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cost:						
At 31 December 2000	730	802	110	-	-	1,642
Additions	-	-	-	1,216	209	1,425
Adjustment (see below)	(500)	-	-	-	-	(500)
At 31 December 2001	230	802	110	1,216	209	2,567
Amortisation:						
At 31 December 2000	-	163	-	-	-	163
Provided during the year	-	80	22	80	-	182
Impairment	230	-	-	-	-	230
At 31 December 2001	230	243	22	80	-	575
Net book value:						
At 31 December 2001	-	559	88	1,136	209	1,992
At 31 December 2000	730	639	110	-	-	1,479

Distribution agreement

On 26 September 1997, Toad entered into an agreement with Spacetrac Limited for the exclusive rights to distribute in certain markets, a miniature satellite based wireless location device.

Under the terms of this agreement 1,818,182 ordinary shares of 10p each, with an aggregate value of £500,000, will be allotted immediately following the date of delivery of the first Spacetrac product. In addition to this, costs of £230,000 were capitalised as an intangible asset. At the year end, the directors reviewed the carrying value of the intangible asset and have adjusted the cost of the investment, on the basis that they do not believe the product will be delivered. In addition to this, the remaining £230,000 has been recognised as an impairment in the year.

However, a possibility exists that, should the product be delivered within the term of the agreement, which ends on 13 May 2007, shares to a value of £500,000 will be issued.

Metvale goodwill

On 7 January 1999 the company acquired Metvale Limited ("Metvale") which owned the UK audio reinstatement business of Autoglass Limited. The asset is being amortised over its expected life of ten years.

Patents

Patents are in respect of the Intellectual Property Rights (IPR) for several mobile audio interface products. The acquisition of the IPR took place in December 2000 and will lead to enhanced margins from future sales of these products.

Datatool goodwill

Datatool goodwill represents the goodwill arising on the acquisition of Datatool (UK) Limited on 1 June 2001 and is being amortised over 10 years (see note 14).

NOTES TO THE ACCOUNTS

at 31 December 2001

12. INTANGIBLE FIXED ASSETS (continued)

ACTRA

ACTRA costs included in intangible fixed assets are in respect of the product licences acquired as part of the group's web-based fleet management product. The cost of this investment will be amortised over the expected life of the product.

Company:

*Spacetrac
Distribution
agreement
£'000*

Cost and net book value:

At 31 December 2000

730

Adjustment to cost

(500)

At 31 December 2001

230

Amortisation - amounts provided:

At 31 December 2000

-

Impairment

230

At 31 December 2001

230

Net book value:

At 31 December 2001

-

At 31 December 2000

730

NOTES TO THE ACCOUNTS
at 31 December 2001

13. TANGIBLE FIXED ASSETS

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

	<i>Freehold land and buildings £'000</i>	<i>Leasehold improvements £'000</i>	<i>Motor vehicles £'000</i>	<i>Plant and equipment £'000</i>	<i>Total £'000</i>
Cost:					
At 31 December 2000	2,241	117	67	835	3,260
Additions	58	-	-	556	614
Acquisition of subsidiary undertaking	-	-	39	68	107
Disposals	-	-	(65)	-	(65)
At 31 December 2001	2,299	117	41	1,459	3,916
Depreciation:					
At 31 December 2000	101	62	48	323	534
Provided during the period	42	16	13	344	415
Disposals	-	-	(50)	-	(50)
At 31 December 2001	143	78	11	667	899
Net book value:					
At 31 December 2001	2,156	39	30	792	3,017
At 31 December 2000	2,140	55	19	512	2,726
Net book value of assets held under finance leases:					
At 31 December 2001	-	-	-	117	117
At 31 December 2000	-	-	24	199	223

NOTES TO THE ACCOUNTS
at 31 December 2001

14. **FIXED ASSET INVESTMENTS**

Details of the company's investments are:

	<i>Interests in group undertakings £'000</i>
Cost:	
At 31 December 2000	17,877
Additions	1,518
Adjustment to cost (see note 21b)	(228)
At 31 December 2001	19,167
Amounts provided:	
At 31 December 2000	1,537
Impairment	1,279
At 31 December 2001	2,816
Net book value:	
At 31 December 2001	16,351
At 31 December 2000	16,340

The carrying values of the company's investment in Laseline (UK) Limited has been written down to £nil (2000 - £1,279,000) as a result of the termination of the Laseline distribution agreement.

Interests in group undertakings

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

<i>Name of undertaking</i>	<i>Description of shares held</i>	<i>Proportion of voting rights shares held %</i>	<i>Nature of business</i>
*Toad (UK) Limited	Ordinary £1 shares	100	Sale and installation of vehicle audio and security products
Toad Innovations Limited	Ordinary 1p shares	100	Sale and installation of vehicle audio and security products
Datatool (UK) Limited	Ordinary £1 shares	100	Sale of motorcycle Security and accessory Products
Integrated Technologies (International) Limited	Ordinary £1 shares	51	Sale of vehicle audio and related products

*Wholly or partly held by a subsidiary undertaking

NOTES TO THE ACCOUNTS

at 31 December 2001

14. FIXED ASSET INVESTMENTS (continued)

Acquisition of Datatool (UK) Limited

On 1 June 2001 the group acquired the entire share capital of Datatool (UK) Limited for consideration of £1,472,000 satisfied by cash consideration of £750,000, deferred cash of £250,000 and shares to be issued of £472,000.

Goodwill arising on the acquisition is being amortised over ten years. The investment in Datatool (UK) Limited has been included in the company's balance sheet date at its fair value at the date of acquisition.

	<i>Book value £000</i>	<i>Adjustments £000</i>	<i>Fair value to group £000</i>
Tangible fixed assets	107	-	107
Stocks	370	-	370
Debtors	506	-	506
Cash	312	-	312
Overdraft	(29)	-	(29)
Creditors due within one year	(805)	(131) (a)	(936)
Creditors due in more than one year	(29)	-	(29)
	<hr/> 432	<hr/> (131)	<hr/> 301
Goodwill arising on acquisition			<hr/> 1,216
			<hr/> 1,517
Discharged by:			<hr/> <hr/>
Cash			750
Deferred cash consideration			250
Shares to be issued (see below)			472
Costs associated with the acquisition			45
			<hr/> 1,517
			<hr/> <hr/>

Adjustments:

- (a) Reassessment of provision for taxation and other liabilities.

The shares to be issued are contingent upon certain profit targets being met, up to a maximum of £2 million (3,433,476 shares). The shares will be issued in 2002 and 2003.

15. STOCKS

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

	<i>2001 £'000</i>	<i>2000 £'000</i>
Finished goods and goods for resale	4,594	4,005
Work in progress and raw materials	337	224
	<hr/> 4,931	<hr/> 4,229
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE ACCOUNTS
at 31 December 2001

16. DEBTORS

	<i>Group</i>		<i>Company</i>	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Amounts falling due after one year:				
Amounts owed by group undertakings	-	-	6,468	7,898
Amounts falling due within one year:				
Trade debtors	5,893	6,506	-	-
Amounts owed by group undertakings	-	-	-	743
Other debtors and prepayments	679	850	4	25
Corporation tax recoverable	83	-	-	-
	<u>6,655</u>	<u>7,356</u>	<u>6,472</u>	<u>8,666</u>

17. CREDITORS: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Bank overdrafts	4,964	6,477	-	1,919
Short-term bank loan	1,000	2,376	1,000	2,376
Obligations under finance leases	81	83	-	-
Trade creditors	2,892	2,168	-	-
Corporation tax	-	185	-	-
Other taxation and social security	353	479	-	-
Other creditors	696	-	372	-
Accruals and deferred income	581	236	25	23
	<u>10,567</u>	<u>12,004</u>	<u>1,397</u>	<u>4,318</u>

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

18. CREDITORS: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	2001	2000	2001	2000
	£'000	£'000	£'000	£'000
Bank loan	3,720	1,009	3,720	1,009
Obligations under finance leases	77	153	-	-
	<u>3,797</u>	<u>1,162</u>	<u>3,720</u>	<u>1,009</u>

NOTES TO THE ACCOUNTS

at 31 December 2001

18. CREDITORS: amounts falling due after more than one year (continued)

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

	2001 £'000	2000 £'000
In one year or less	81	83
Between one and five years	77	153
	<u>158</u>	<u>236</u>

19. LOANS

	<i>Group and Company</i>	
	2001 £'000	2000 £'000
Amounts falling due:		
in one year or less or on demand	1,000	2,376
in more than one year but not more than two years	1,000	1,187
in more than two years but not more than five years	3,000	-
	<u>5,000</u>	<u>3,563</u>
Less: issue costs	(280)	(178)
	<u>4,720</u>	<u>3,385</u>
Less: included in creditors: amounts falling due within one year	(1,000)	(2,376)
	<u>3,720</u>	<u>1,009</u>

20. FINANCIAL RISK MANAGEMENT

The group's approach to managing financial risk is described in the Directors' Report. The disclosures below exclude all short-term debtors and creditors.

Interest rate risk

31 December 2001

<i>Financial liabilities - All Sterling</i>	<i>At fixed interest rates £'000</i>	<i>At floating interest rates £'000</i>	<i>Total £'000</i>	<i>Fixed rate</i>
				<i>Weighted average interest rate %</i>
Bank loan	-	4,720	4,720	-
Bank overdrafts	-	4,964	4,964	-
Obligations under finance leases	158	-	158	11.5
	<u>158</u>	<u>9,684</u>	<u>9,842</u>	

NOTES TO THE ACCOUNTS

at 31 December 2001

20. FINANCIAL RISK MANAGEMENT (continued)

31 December 2000

<i>Financial liabilities - All Sterling</i>	<i>At fixed</i>	<i>At floating</i>	<i>Total</i>	<i>Fixed rate</i>
	<i>interest rates</i>	<i>interest rates</i>		<i>weighted</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>interest rate</i>
				<i>%</i>
Bank loan	-	3,385	3,385	-
Bank overdrafts	-	6,477	6,477	-
Obligations under finance leases	236	-	236	11.5
	<u>236</u>	<u>9,862</u>	<u>10,098</u>	

Floating rate financial liabilities comprise bank borrowings and overdrafts with National Westminster Bank Plc bearing interest at commercial rates. The interest on the bank loan is linked to LIBOR. The overdraft interest is payable on the overdraft balances net of funds held on current account with the bank which at the year end totalled £1,326,000 (2000 - £1,972,000).

<i>Financial assets - cash and deposits - (all floating rate)</i>	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
Sterling	1,316	1,625
Euro	-	105
US Dollar	10	242
	<u>1,326</u>	<u>1,972</u>

Interest rate risk profile of non-equity shares

The company has in issue £779,000 of redeemable convertible preference shares that do not carry any interest or dividend rights. The shares are denominated in sterling and have an average period of conversion or redemption of 3 years.

Currency exposures

As explained in the Directors' Report, the group uses forward exchange contracts to hedge foreign exchange exposures on forecast payments in foreign currencies.

The table below shows the group's currency exposures after taking into account forward contracts; in other words, those transactional exposures that give rise to the net currency gains and losses recognised in the profit and loss account. Such exposures comprise the monetary assets and liabilities of the group that are not denominated in the operating (or 'functional') currency of the group.

NOTES TO THE ACCOUNTS

at 31 December 2001

20. FINANCIAL RISK MANAGEMENT (continued)

At 31 December 2001 these currency exposures were as follows:

<i>Functional currency of group operations</i>	<i>Net foreign currency assets/(liabilities)</i>		
	<i>Euro</i>	<i>US Dollar</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Sterling	-	10	10
	<u> </u>	<u> </u>	<u> </u>

At 31 December 2000 these currency exposures were as follows:

<i>Functional currency of group operations</i>	<i>Net foreign currency assets/(liabilities)</i>			
	<i>Lira</i>	<i>Euro</i>	<i>US Dollar</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Sterling	(94)	105	(69)	(58)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Maturity of financial liabilities

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
In one year or less	6,045	8,936
Between one and two years	1,077	1,162
Between two and five years	2,720	-
	<u> </u>	<u> </u>
	9,842	10,098
	<u> </u>	<u> </u>

Borrowing facilities

The company has a Sterling term loan facility of £5,000,000 and a revolving overdraft facility of £5,000,000. As at 31 December 2001, the term loan balance was £5,000,000 (2000 - £3,385,000) and the net overdraft balance was £3,638,000 leaving undrawn facilities expiring within one year of £1,362,000 (2000 - £909,000).

Fair value of financial instruments

	<i>Book value</i>		<i>Fair value</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash and deposits	1,326	1,972	1,326	1,972
Bank loans	(4,720)	(3,385)	(4,720)	(3,385)
Bank overdrafts	(4,964)	(6,477)	(4,964)	(6,477)
Obligations under finance leases	(158)	(236)	(158)	(236)
Forward exchange contracts	-	-	-	24
Redeemable convertible preference shares	(779)	(779)	(257)	(997)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(9,295)	(8,905)	(8,773)	(9,099)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS

at 31 December 2001

20. FINANCIAL RISK MANAGEMENT (continued)

The fair value of forward exchange contracts represents the unrealised gain or loss on revaluation of the contracts to year-end exchange rates. The fair value of the unlisted redeemable convertible preference shares is based upon the closing share price on 31 December 2001 of 8.25p (2000 - 32.25p). As detailed in note 21, the preference shares are redeemable at their original issue price, or convertible into ordinary shares on a one to one basis. The fair value of other financial instruments is approximately equal to book value due to their short term nature or the fact that they bear interest at floating rates and those rates are below their capped levels where applicable.

Gains and losses on hedges

Forward exchange contracts are used to hedge foreign exchange exposures arising on forecast payments in foreign currencies. Gains and losses on instruments used for hedging are not recognised until the exposure that is being hedged is itself recognised. Unrecognised gains and losses on financial instruments used for hedging are as follows:

	<i>Gains</i>	<i>Losses</i>	<i>Total net</i>
	<i>£'000</i>	<i>£'000</i>	<i>gains/ (losses)</i>
			<i>£'000</i>
Unrecognised gains and losses at 31 December 2001	-	-	-
	=====	=====	=====
Of which gains and losses expected to be recognised next year	-	-	-
	=====	=====	=====
Gains and losses included in the profit and loss account that arose in previous periods	24	-	-
	=====	=====	=====
			<i>Total net</i>
	<i>Gains</i>	<i>Losses</i>	<i>gains/ (losses)</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Unrecognised gains and losses at 31 December 2000	24	-	-
	=====	=====	=====
Of which gains and losses expected to be recognised next year	-	-	-
	=====	=====	=====
Gains and losses included in the profit and loss account that arose in previous periods	113	(79)	34
	=====	=====	=====

Market price risk

Most of the group borrowings are at floating rates. The bank loan and overdraft interest rates are linked to LIBOR. Subsequent to the year end, the group has entered into an interest rate swap in respect of 50% of its total bank facilities to hedge against the risk of increased interest rates on its borrowings.

Toad plc

NOTES TO THE ACCOUNTS

at 31 December 2001

21. SHARE CAPITAL

	2001 £'000	2000 £'000
Authorised:		
105,000,000 (1999: 105,000,000) ordinary shares of 10 pence each	10,500	10,500
4,448,930 (1999: 4,448,930) redeemable convertible preference shares of 10 pence each	445	445
(a) Called up share capital	<u> </u>	<u> </u>
Issued, allotted, and fully paid:		
73,777,650 (2000: 71,874,938) ordinary shares of 10 pence each	7,377	7,187
3,114,582 (2000: 3,114,582) redeemable convertible preference shares of 10 pence each	312	312
	<u>7,689</u>	<u>7,499</u>
(b) Ordinary share capital to be issued	2001 £'000	2000 £'000
Secur-Fix acquisition	43	43
Spacetrac distribution agreement (note 12)	-	500
Datatool acquisition (note 14)	472	-
Sextons Group acquisition	-	646
	<u>515</u>	<u>1,189</u>

On 25 April 1996, Toad acquired the whole of the issued share capital of Secur-Fix Limited for a maximum total consideration of £950,000. The remaining shares will be issued on the condition of Toad selling 1,500 rolls of Secur-Fix film.

On 24 March 1999, the company crystallised the liability under the contingent consideration due to John Lewin and Nick Grimond in their capacity as vendors of Sextons Group Limited. The contingent consideration had a maximum payable of £1 million in shares on 14 April 2000, calculated by reference to the share price at that date. In exchange for the contingent consideration, the consideration was fixed at 3,200,000 shares at a notional price of 25p to be issued on 14 April 2000. The consideration was to be paid net of tax at 40%, so that the vendors would receive 1,920,000 shares. The PAYE and National Insurance liabilities of £354,000 were paid in April 2000. On 20 December 2001 the company issued 1,187,893 of the shares due to the vendors of Sextons. Subsequent to the year end the vendors accepted a cash alternative to the remaining shares offered by the company of £122,000 when the share price stood at 13p. The liability has been accrued at the year end. The difference of £228,000 has therefore been credited to goodwill written off against profit and loss reserves.

NOTES TO THE ACCOUNTS

at 31 December 2001

21. SHARE CAPITAL (continued)

(c) Movement in ordinary share capital

	<i>Date</i>	<i>Number of shares</i>	<i>£'000</i>
Balance at 31 December 2000		71,874,938	7,187
Shares issued in the year re:			
Sextons Group acquisition (note i)	6 March 2001	1,187,893	119
Belron Obligation Shares (note ii)	31 October 2001	710,819	71
Options exercised by employees	20 December 2001	4,000	-
Balance at 31 December 2001		<u>73,777,650</u>	<u>7,377</u>

(i) The issue of 1,187,893 shares in respect of the Sextons Group acquisition represents part of the settlement of a deferred element of the cost of that acquisition.

(ii) Under an option deed dated 7 January 1999, Belron International Properties NV or a member of the Belron group of companies ("Belron") were required to subscribe for "Obligation Shares" to bring their holding in Toad plc up to 4.99% of the Enlarged Share Capital on 20 December 2001. On this date Belron subscribed for 710,819 ordinary shares in Toad at 25% per share to comply with this option deed.

Share options

In connection with the Autoglass Alliance, the company granted options to Belron International Properties NV ("Belron") under an option deed dated 7 January 1999. Currently there are 224,675 share options at an exercise price of 70p per share that have not yet lapsed under this option deed.

The company also operates an employee share option scheme. As at 31 December 2001 options under this scheme, excluding those held by directors, were outstanding over (a) 60,000 ordinary shares issued in 1997 at 20.5p each, (b) 508,000 ordinary shares issued in 1998 at 23.5p each, (c) 222,000 options issued in 1999 at 28.5p each, (d) 134,000 ordinary shares issued in 2000 at 63.5p each, (e) 619,000 ordinary shares issued in 2000 at 47p each (f) 577,000 ordinary shares issued in 2001 at 30.25p and (g) 104,000 ordinary shares issued in 2001 at 19.5p. The options are exercisable between 3 and 10 years from the date of issue.

Details of the company's share option schemes in respect of directors are given in the report of the remuneration committee.

(d) Movement in preference share capital

	<i>Number of shares</i>	<i>£'000</i>
Balance at 31 December 2000 and 31 December 2001	3,114,582	312

The preference shares are convertible at the option of the shareholder into ordinary shares at any time between 7 January 2001 and 31 December 2005 on the basis of one ordinary share for every preference share. They are redeemable at the option of the shareholder at 25p per share in limited circumstances.

The preference shares do not carry any dividend or voting rights. On a winding up of the company the preference shareholders have a right to receive, in preference to ordinary shareholders, 25p per share.

NOTES TO THE ACCOUNTS

at 31 December 2001

22. GOODWILL

The cumulative amount of goodwill resulting from acquisitions, which has been written off to reserves, is £17,039,000 (2000 - £17,267,000).

23. SHARE PREMIUM ACCOUNT AND RESERVES

	<i>Group</i>			<i>Company</i>			
	<i>Share premium account</i>	<i>Share capital to be issued</i>	<i>profit and loss account</i>	<i>Share premium account</i>	<i>Share capital to be issued</i>	<i>Merger reserve</i>	<i>profit and loss account</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 22 December 1999	10,450	2,651	(17,875)	10,450	2,651	1,001	(393)
Shares issued re. Sextons	900	(1,500)	-	900	(1,500)	-	-
Arising from other share issues	3	-	-	3	-	-	-
Adjustments to shares to be issued on Sextons acquisition	-	38	-	-	38	-	-
Profit/(loss) for the period	-	-	2,473	-	-	-	(240)
At 31 December 2000	11,353	1,189	(15,402)	11,353	1,189	1,001	(633)
Shares issued re Sextons	178	(297)	-	178	(297)	-	-
Adjustment to shares to be issued re Sextons	-	(349)	228	-	(349)	-	-
Belron obligation shares	107	-	-	107	-	-	-
Datatool acquisition	-	472	-	-	472	-	-
Adjustment to shares to be issued re Spacetrac	-	(500)	-	-	(500)	-	-
Loss for the period	-	-	(1,033)	-	-	-	(2,114)
At 31 December 2001	11,638	515	(16,207)	11,638	515	1,001	(2,747)

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
Opening shareholders' funds	4,639	2,102
Share options exercised and issued for cash	-	26
Adjustment to shares to be issued on Spacetrac	(500)	-
Belron obligation shares issued	178	-
Shares to be issued as consideration for acquisition	472	-
Adjustment to shares to be issued on Sextons acquisition	(121)	38
(Loss)/profit for the period	(1,033)	2,473
Closing shareholders' funds	3,635	4,639

25. CAPITAL COMMITMENTS

Neither the company nor the group had any capital commitments at the year end (2000: £nil).

NOTES TO THE ACCOUNTS

at 31 December 2001

26. FINANCIAL COMMITMENTS

The company had no financial commitments at the end of the year. At 31 December 2001 the group had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Expiring within one year	1	2	103	52
Expiring between two and five years inclusive	116	9	405	432
Expiring in over five years	208	270	-	-
	<u>325</u>	<u>281</u>	<u>508</u>	<u>484</u>

27. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
Operating (loss)/profit	(247)	3,274
Depreciation on tangible fixed assets	415	315
Amortisation of intangible fixed assets	182	83
Write off of goodwill	230	-
Increase in stocks	(332)	(457)
Decrease/(increase) in debtors	1,247	(2,085)
Increase/(decrease) in creditors	469	(605)
Net cash inflow from continuing operating activities	<u>2,007</u>	<u>525</u>

28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	<i>2001</i>	<i>2000</i>
	<i>£'000</i>	<i>£'000</i>
Increase/(decrease) in cash in the year	867	(2,605)
Cash (inflow)/outflow from movement in debt	(1,344)	2,140
Change in net debt arising from cash flows	<u>(477)</u>	<u>(465)</u>
New finance leases	(16)	(25)
Other	103	(51)
Movement in net debt in the year	<u>(390)</u>	<u>(541)</u>
Net debt at 31 December 2000 (see note 29)	(8,126)	(7,585)
Net debt at 31 December 2001 (see note 29)	<u><u>(8,516)</u></u>	<u><u>(8,126)</u></u>

Toad plc

NOTES TO THE ACCOUNTS

at 31 December 2001

29. ANALYSIS OF NET DEBT

	<i>At</i>			<i>At</i>	
	<i>31 December</i>	<i>Cash flow</i>	<i>Acquisitions</i>	<i>Other</i>	<i>31 December</i>
	<i>2000</i>	<i>2000</i>	<i>2000</i>	<i>2000</i>	<i>2001</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank and in hand	1,972	(646)	-	-	1,326
Bank overdrafts	(6,477)	1,513	-	-	(4,964)
	<u>(4,505)</u>	<u>867</u>	<u>-</u>	<u>-</u>	<u>(3,638)</u>
Finance leases	(236)	103	(9)	(16)	(158)
Short term bank loans	(2,376)	1,476	(100)	-	(1,000)
Other loans	(1,009)	(2,785)	(29)	103	(3,720)
	<u>(8,126)</u>	<u>(339)</u>	<u>(138)</u>	<u>87</u>	<u>(8,516)</u>

30. RELATED PARTY TRANSACTIONS

Spacetrac Limited

On 26 September 1997, the company entered into a distribution agreement with Spacetrac Limited, a company in which Sir C T Evans, who was non-executive chairman until his resignation on 21 May 2001, is interested. Sir C T Evans has an interest in 30% of the issued share capital of Spacetrac Limited through Abbotsford Limited, a company owned by Trustco Management Services Limited SA, which is trustee of the Solidum Trust of which Sir C T Evans is a potential discretionary beneficiary.

Pursuant to the distribution agreement, the company has been appointed as sole and exclusive distributor of a location device for use in certain vehicles in the United Kingdom and certain European countries until 13 May 2007.

Within the distribution agreement, which was approved on 20 October 1997, Toad plc are to issue 1,818,192 of Toad plc 10p ordinary shares with an aggregate value of £500,000 on delivery of the first working Spacetrac product.

The directors do not consider the carrying value of the asset to be supportable and a full impairment has been recognised in the year (see note 12).