ANDERSEN

Comstack Limited

Annual report and accounts
for the year ended 30 April 2001

Registered number: 2823715

Directors and their advisers

Directors

KD Breen

OG Burns

Secretary

NWH Clayton

Registered office

The City Technology Centre
Walton Road
Portsmouth
PO6 1SZ

Auditors

Arthur Andersen
20 Old Bailey
London
EC4M 7AN

Directors' report

For the year ended 30 April 2001

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 April 2001.

Statement of Directors' responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity and business review

The company's principal activity is to operate as a holding company.

Results and dividends

The profit for the year after taxation amounted to £5,002,000 (2000: £ nil). An interim dividend of £5,000,000 (2000: £nil) was paid during the year. The directors do not recommend the payment of a final dividend.

Directors and their interests in shares

The directors who served during the year were as follows:

KD Breen
OG Burns

Directors and their interests in shares (continued)

No director had an interest in the share capital of the company. K D Breen and O G Burns are also directors of First Technology PLC, the ultimate parent company, and their interests in the share capital of that company are disclosed in its accounts.

Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

The City Technology Centre
Walton Road
Portsmouth
PO6 1SZ

By order of the Board,

NWH Clayton
Secretary

3 August 2001

ANDERSEN

To the shareholders of Comstack Limited

We have audited the accounts on pages 4 to 8. The accounts have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the circumstances of the company, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 April 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Arthur Andersen

Arthur Andersen
Chartered Accountants and Registered Auditors

20 Old Bailey
London
EC4M 7AN

3 August 2001

Profit and loss account

For the year ended 30 April 2001

	Note	Year ended 30 April 2001 £'000	10 months ended 30 April 2000 £'000
Income from shares in group companies		5,000	-
Profit on ordinary activities before taxation		5,000	-
Tax on profit on ordinary activities	2	2	-
Profit on ordinary activities after taxation		5,002	-
Dividends	3	(5,000)	-
Retained profit for the year/period	8	2	-

All results are derived from continuing activities.

The company has no recognised gains or losses for either period other than the result for each period.

The accompanying notes are an integral part of this profit and loss account.

Balance sheet
30 April 2001

	Note	2001 £'000	2000 £'000
Fixed assets			
Investments	4	24,396	24,396
Current assets			
Debtors	5	3,555	3,554
Creditors: Amounts falling due within one year	6	(17,489)	(17,490)
Net current liabilities		(13,934)	(13,936)
Net assets		10,462	10,460
Capital and reserves			
Called-up share capital	7	120	120
Share premium account	8	8,192	8,192
Profit and loss account	8	2,150	2,148
Equity shareholders' funds	9	10,462	10,460

The accounts on pages 4 to 8 were approved by the board of directors on 3 August 2001 and signed on its behalf by:

Oliver Burns

OG Burns
Director

The accompanying notes are an integral part of this balance sheet.

1 Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding period.

a) Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company has taken advantage of the exemption from preparing consolidated accounts afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of First Technology PLC, which prepares consolidated accounts which are publicly available. The company is also, on this basis, exempt from the requirement of FRS1 (revised) to present a cash flow statement.

b) Investments

Investments in subsidiary undertakings are stated at cost less provision for impairment.

c) Taxation

UK corporation tax is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

2 Tax on profit on ordinary activities

	2001 £'000	2000 £'000
UK corporation tax credit in respect of prior years	2	-

The company has a potential deferred tax asset arising on tax losses available of £18,000 (2000: £18,000).

3 Dividends paid

	2001 £'000	2000 £'000
Dividends on ordinary shares		
Dividends paid	5,000	-

4 Investments

Subsidiary undertaking

	2001 £'000	2000 £'000
Investment in subsidiary undertaking at cost	24,396	24,396

The company owns 100% of the share capital of City Technology Limited, registered in England and Wales. City Technology Limited's principal activity is the design, development, marketing and manufacture of gas sensors.

5 Debtors

	2001 £'000	2000 £'000
Amounts owed by group undertakings	3,555	3,554

6 Creditors: Amounts falling due within one year

	2001 £'000	2000 £'000
Amounts owed to group undertakings	17,489	17,489
Corporation tax	-	1
	17,489	17,490

7 Called-up share capital

	2001 £'000	2000 £'000
Authorised		
12,004,246 ordinary shares of 1p each	120	120
Authorised, called-up and fully paid		
12,004,246 ordinary shares of 1p each	120	120

8 Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 May 2000	8,192	2,148
Retained profit for the year	-	2
At 30 April 2001	8,192	2,150

9 Reconciliation of movements in shareholders' funds

	2001 £'000	2000 £'000
Profit for the financial year/period	(5,002)	-
Dividends	5,000	-
Net addition to shareholders' funds	2	-
Opening shareholders' funds	10,460	10,460
Closing shareholders' funds	10,462	10,460

10 Contingent liabilities

The company has guaranteed the bank loans of its ultimate parent company. At the year end the amount of the loans guaranteed was £33,216,000 (2000: £nil).

11 Ultimate parent company

The directors regard First Technology PLC, a company registered in England and Wales, as the company's ultimate parent company and controlling party. First Technology PLC is the parent company of the only group of which Comstack Limited is a member and for which group accounts are drawn up. Copies of that company's accounts can be obtained from the Company Secretary,
2 Columbus Drive, Summit Avenue, Southwood, Farnborough, Hampshire, GU14 0NZ.

12 Related party transactions

The company has taken advantage of the exemption provided by Financial Reporting Standard No 8, Related Party Disclosures, and not disclosed transactions with group companies.