

Pointer Limited

Report and Financial Statements

Year Ended

31 March 2001



Pointer Limited

Annual report and financial statements for the year ended 31 March 2001

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Directors

Mr R M Rowan
Mr R A Rowan
Mr J M Jamieson

Secretary and registered office

Mr R M Rowan, 65 North Wallace Street, Glasgow, G4 0DT

Company number

47359

Auditors

BDO Stoy Hayward, Ballantine House, 168 West George Street, Glasgow, G2 2PT

Bankers

Bank of Scotland, 55 Bath Street, Glasgow G2

Solicitors

MacRoberts, 152 Bath Street, Glasgow, G2 4TB

Pointer Limited

Report of the directors for the year ended 31 March 2001

The directors present their report together with the audited financial statements for the year ended 31 March 2001.

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year.

The directors do not recommend the payment of a dividend.

Principal activities, review of business and future developments

The company's principal activities are the sales and service of electronic security and fire systems.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of 5p each	
	31 March 2001	31 March 2000
Mr R M Rowan	1,000,000	1,000,000
Mr R A Rowan	1,000,000	1,000,000
Mr J M Jamieson	-	-

Fixed assets

The directors consider the market value of land and buildings is not less than their net book value.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

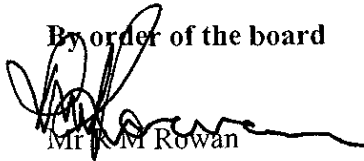
Pointer Limited

Report of the directors for the year ended 31 March 2001 *(Continued)*

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board



Mr M Rowan

Secretary

25 September 2001

Pointer Limited**Report of the independent auditors**

To the shareholders of Pointer Limited

We have audited the financial statements of Pointer Limited for the year ended 31 March 2001 on pages 6 to 20 which have been prepared under 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 law and United Kingdom 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 and United Kingdom Auditing Standards.

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 regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Pointer Limited

Report of the independent auditors (*Continued*)

Opinion

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


BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
Glasgow

25 September 2001

Pointer Limited**Profit and loss account for the year ended 31 March 2001**

	Note	2001 £	2000 £
Turnover	2	7,043,870	8,691,239
Cost of sales		4,138,335	5,297,782
Gross profit		2,905,535	3,393,457
Distribution costs		822,126	845,435
Administrative expenses		2,056,340	2,264,282
		27,069	283,740
Other operating income		19,845	25,881
Operating profit	3	46,914	309,621
Interest payable and similar charges	6	(94,550)	(101,541)
(Loss)/profit on ordinary activities before taxation		(47,636)	208,080
Taxation on (loss)/profit on ordinary activities	7	13,435	-
(Loss)/profit on ordinary activities after taxation retained for the year		(61,071)	208,080

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

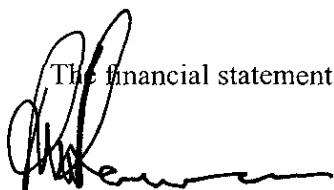
The notes on pages 9 to 20 form part of these financial statements.

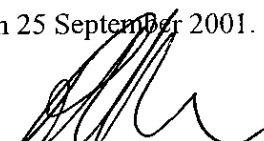
Pointer Limited

Balance sheet at 31 March 2001

	Note	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	8		1,342,113		1,543,743
Investments	9		5,100		5,100
			1,347,213		1,548,843
Current assets					
Stocks	10	405,036		304,938	
Debtors	11	2,014,345		2,436,853	
Cash at bank and in hand		1,369		893	
			2,420,750	2,742,684	
Creditors: amounts falling due within one year	12	3,255,535		3,410,617	
Net current liabilities			(834,785)		(667,933)
Total assets less current liabilities			512,428		880,910
Creditors: amounts falling due after more than one year	13	200,000		520,846	
Provision for liabilities and charges	14	13,435		-	
			213,435		520,846
			298,993		360,064
Capital and reserves					
Called up share capital	15		250,000		250,000
Revaluation reserve	16		79,880		81,546
Profit and loss account	16		(30,887)		28,518
Equity shareholders' funds			298,993		360,064

The financial statements were approved by the Board on 25 September 2001.


R.M. Rowan
Director


R.A. Rowan
Director

The notes on pages 9 to 20 form part of these financial statements.

Pointer Limited

Cash flow statement for the year ended 31 March 2001

	Note	£	£	£	£
Net cash inflow from operating activities	20		441,572		545,152
Returns on investments and servicing of finance					
Interest paid: other		(62,212)		(56,561)	
Interest paid: hire purchase		(36,165)		(39,984)	
			(98,377)		(96,545)
Taxation					
Corporation tax repaid		-		7,204	
			-		7,204
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(116,648)		(48,503)	
Receipts from sale of tangible fixed assets		12,500		599,293	
Own work capitalised		(57,871)		(38,804)	
			(162,019)		511,986
Cash inflow before financing			181,176		967,797
Financing					
Capital element of finance leases repaid		(248,943)		(766,342)	
			(248,943)		(766,342)
(Decrease)/increase in cash	21		(67,767)		201,455

The notes on pages 9 to 20 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a medium sized group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates:

Freehold land and building	- 2% straight line
Motor vehicles	- 15% - 25% straight line
Fixtures & equipment	- 10% - 20% straight line
Rental Equipment	- 10% straight line

Stocks

Stocks of components have been valued at the lower of cost and net realisable value.

Work in progress is valued at the lower of cost and net realisable value. Cost consists of direct materials, attributable overheads and profits estimated to be earned to date based on the stage of completion. Net realisable value is based on estimated contract value, less further costs expected to be incurred to completion. Full provision is made for known and anticipated losses on contracts.

Payments received and receivable on account of work done are deducted from the value of work in progress.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

1 Accounting policies (*continued*)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Valuation of rental equipment

Rental equipment installed during the year is stated at estimated cost to the company of labour, materials and attributable overheads.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

This is arrived at after charging:

	2001 £	2000 £
Depreciation of tangible fixed assets	355,699	442,759
Operating lease rentals - land and buildings	84,639	68,221
Hire of other assets - operating leases	84,356	57,041
Auditors' remuneration - audit services	8,250	8,500
Loss on sale of fixed assets	7,950	60,001
	<u> </u>	<u> </u>

Depreciation includes £206,516 (2000 - £247,857) charged on assets held under finance leases and hire purchase contracts.

Included in turnover are aggregate rentals receivable in relation to assets leased to customers. The exact amount is not readily quantifiable, as the amounts billed to such customers includes a maintenance charge.

4 Employees

Staff costs (including directors) consist of:

	2001 £	2000 £
Wages and salaries	2,545,693	2,552,791
Social security costs	271,367	251,686
Other pension costs	65,988	55,034
	<u> </u>	<u> </u>
	2,883,048	2,859,511
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was as follows:

	2001 Number	2000 Number
Production	91	103
Sales and distribution	17	13
Administration	34	35
	<u> </u>	<u> </u>
	142	151
	<u> </u>	<u> </u>

5 Directors' remuneration

	2001 £	2000 £
Directors' emoluments	225,388	208,241
Company contributions to money purchase pension schemes	14,386	16,970
	<u>239,774</u>	<u>225,211</u>

There were 3 directors in the company's defined contribution pension scheme during the year (2000 - 3).

The total amount payable to the highest paid director in respect of emoluments was £95,197 (2000 - £90,146), and company pension contributions of £4,213 (2000 - £8,010) were made to a money purchase scheme on his behalf.

6 Interest payable and similar charges

	2001 £	2000 £
Bank loans and overdrafts	58,385	61,557
Finance leases and hire purchase contracts	36,165	39,984
	<u>94,550</u>	<u>101,541</u>

7 Taxation on (loss)/profit on ordinary activities

	2001 £	2000 £
<i>UK Corporation tax</i>		
<i>Current year</i>		
Transfer to deferred taxation account	13,435	-
	<u>13,435</u>	<u>-</u>

8 Tangible fixed assets

	Freehold land and buildings	Motor vehicles	Fixtures and fittings	Rental equipment	Total
	£	£	£	£	£
<i>Cost or valuation</i>					
At 1 April 2000	350,000	810,328	690,767	1,673,658	3,524,753
Additions	-	33,265	83,383	57,871	174,519
Disposals	-	(27,787)	-	(49,303)	(77,090)
At 31 March 2001	350,000	815,806	774,150	1,682,226	3,622,182
<i>Depreciation</i>					
At 1 April 2000	5,720	225,863	552,194	1,197,233	1,981,010
Provided for the year	4,056	197,644	46,363	107,636	355,699
Disposals	-	(16,831)	-	(39,809)	(56,640)
At 31 March 2001	9,776	406,676	598,557	1,265,060	2,280,069
<i>Net book value</i>					
At 31 March 2001	340,224	409,130	175,593	417,166	1,342,113
At 31 March 2000	344,280	584,465	138,573	476,425	1,543,743

Included in class of land and buildings is freehold land amounting to £100,288 (2000 - £100,288) which is not depreciated.

The company's property at North Wallace Street was revalued on 31 March 1999 by DM Hall, Chartered Surveyors, at an open market value of £350,000.

The historical cost of land and building is:

	2001 £	2000 £
Cost	303,089	303,089
Accumulated depreciation based on historical cost	44,391	40,355
Historical cost net book value	258,698	262,734

Pointer Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

8 Tangible fixed assets (*continued*)

The net book value of tangible fixed assets includes assets held under finance leases and hire purchase contracts as follows:

	2001 £	2000 £
<i>Net book value</i>		
Motor vehicles	409,130	584,465
Fixtures and fittings and equipment	25,639	26,442
	434,769	610,907

9 Fixed asset investments

	Group undertakings £
<i>Cost or valuation</i>	
At 1 April 2000 and 31 March 2001	5,100
<i>Net book value</i>	
At 31 March 2000 and 31 March 2001	5,100

The following were subsidiary undertakings at the end of the year:

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Class of share capital held	%	Nature of business
<i>Subsidiary undertakings</i>			
ARD Investments Limited	Ordinary	100	Non trading
Pointer Business Equipment Limited	Ordinary	100	Non trading

The accounts of ARD Investments Limited and Pointer Business Equipment Limited have not been consolidated with those of the company as the directors consider that the amounts involved are immaterial.

Pointer Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (Continued)

10 Stocks

	2001	2000
	£	£
Raw materials	81,479	104,367
Work in progress	323,557	200,571
	405,036	304,938

11 Debtors

	2001	2000
	£	£
Trade debtors	1,954,464	2,386,363
Prepayments and accrued income	59,881	50,490
	2,014,345	2,436,853

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	2001	2000
	£	£
Bank loans and overdrafts (secured)	563,942	495,699
Trade creditors	1,275,724	1,625,011
Amounts owed to group undertakings	6,087	6,087
Taxation and social security	209,521	191,219
Obligations under finance lease and hire purchase contracts	281,264	209,361
Accruals and deferred income	918,997	883,240
	3,255,535	3,410,617

Pointer Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (Continued)

13 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Bank loans	200,000	200,000
Obligations under finance lease and hire purchase contracts	-	320,846
	<u>200,000</u>	<u>520,846</u>

Maturity of debt:

	Finance Leases and HP		Other debt		Total	
	2001 £	2000 £	2001 £	2000 £	2001 £	2000 £
In one year or less, or on demand	281,264	209,361	563,942	495,699	845,206	705,060
In more than one year but not more than two years	-	320,846	200,000	200,000	200,000	520,846
	<u>281,264</u>	<u>530,207</u>	<u>763,942</u>	<u>695,699</u>	<u>1,045,206</u>	<u>1,225,906</u>

The hire purchase obligations are secured on the assets being purchased.

The bank overdraft and loan are secured by a standard security over the property and by a bond and floating charge over the whole assets of the company.

14 Provision for liabilities and charges

Deferred Taxation

	£
Charged to profit and loss account	13,435
At 31 March 2001	13,435

	2001 £	Provided 2000 £
The amount of deferred tax provided for is as follows:		
Accelerated capital allowances	105,999	124,347
Sundry timing differences	(6,767)	(9,757)
Unutilised tax losses	99,232	114,590
	(85,797)	(114,590)
	13,435	-

There is no unprovided deferred tax.

15 Share capital

	2001 £	2000 £	2001 £	Allotted, called up and fully paid 2000 £
<i>Equity share capital</i>				
Ordinary shares of 5p each	250,000	250,000	250,000	250,000

16 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 April 2000	81,546	28,518
Loss for the year	-	(61,071)
Transfers of reserves	(1,666)	1,666
At 31 March 2001	79,880	(30,887)

17 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
(Loss)/profit for the year	(61,071)	208,080
Opening shareholders' funds	360,064	151,984
Closing shareholders' funds	298,993	360,064

18 Pensions

The company operates a group personal pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the scheme.

19 Commitments under operating leases

As at 31 March 2001, the company had annual commitments under non-cancellable operating leases as set out below:

	2001		2000	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	9,000	63,353	9,000	-
In two to five years	36,260	37,471	6,500	83,581
After five years	24,150	-	24,150	-
	<u>69,410</u>	<u>100,824</u>	<u>39,650</u>	<u>83,581</u>

20 Reconciliation of operating profit to net cash inflow from operating activities

	2001	2000
	£	£
Operating profit before exceptional items	46,914	309,621
Depreciation of tangible fixed assets	355,699	442,759
Loss on sale of tangible fixed assets	7,950	60,001
Increase in stocks	(100,098)	(176,077)
Decrease/(increase) in debtors	422,508	(772,098)
(Decrease)/increase in creditors	(291,401)	680,946
Net cash inflow from operating activities	<u>441,572</u>	<u>545,152</u>

Pointer Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (Continued)

21 Reconciliation of net cash flow to movement in net debt

	2001 £	2000 £
(Decrease)/increase in cash	(67,767)	201,455
Cash outflow from changes in debt	248,943	766,342
Movement in net debt resulting from cash flows	181,176	967,797
Inception of finance leases	-	(337,221)
Movement in net debt	181,176	630,576
Opening net debt	(1,225,013)	(1,855,589)
Closing net debt	(1,043,837)	(1,225,013)

22 Analysis of net debt

	At 31 March 2000 £	Cash flow £	At 31 March 2001 £
Cash at bank and in hand	893	476	1,369
Bank overdrafts	(495,699)	(68,243)	(563,942)
		(67,767)	
Debt due after one year	(200,000)	-	(200,000)
Finance leases	(530,207)	248,943	(281,264)
Total	(1,225,013)	181,176	(1,043,837)