

Company Registration No. 01367328 (England and Wales)

COMTrex SYSTEMS CORPORATION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001

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COMTREX SYSTEMS CORPORATION LIMITED

COMPANY INFORMATION

Directors	N D Roberts
	S D Roberts
	S J Roberts
	J C Rice
Secretary	S J Roberts
Company number	01367328
Registered office	2 Gatwick Metro Centre, Balcombe Road Horley Surrey RH6 9GA
Auditors	Rothman Pantall & Co Clareville House 26/27 Oxendon Street London SW1Y 4EP

COMTREX SYSTEMS CORPORATION LIMITED

CONTENTS

	Page
Directors' report	1
Auditors' report	2
Profit and loss account	3
Balance sheet	4
Notes to the financial statements	5 - 11

COMTrex SYSTEMS CORPORATION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001

The directors present their report and financial statements for the year ended 31 March 2001.

Principal activities

The principal activity of the company continued to be that of suppliers of point of sale equipment and related stationery.

Directors

The following directors have held office since 1 April 2000:

N D Roberts
S D Roberts
S J Roberts
J C Rice

Directors' interests

The company's entire share capital is held by Comtrex Systems Corporation, a company incorporated in the United States of America. Directors' interests in the share capital of the parent company are disclosed in the accounts of that company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Rothman Pantall & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

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 period. 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;
- 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board


S D Roberts
Director

7 August 2001

COMTREX SYSTEMS CORPORATION LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF COMTREX SYSTEMS CORPORATION LIMITED

We have audited the financial statements on pages 3 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

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



Rothman Pantall & Co

Chartered Accountants & Registered Auditors

Clareville House

26/27 Oxendon Street

London

SW1Y 4EP

7 August 2001

COMTREX SYSTEMS CORPORATION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	Notes	2001 £	2000 £
Turnover		2,312,238	2,381,155
Cost of sales		(1,478,666)	(1,510,848)
Gross profit		<u>833,572</u>	<u>870,307</u>
Distribution costs		(54,307)	(77,509)
Administrative expenses		(706,273)	(643,646)
Operating profit	2	<u>72,992</u>	<u>149,152</u>
Interest payable and similar charges	3	(42,910)	(42,164)
Profit on ordinary activities before taxation		<u>30,082</u>	<u>106,988</u>
Tax on profit on ordinary activities	4	(6,875)	(26,680)
Profit on ordinary activities after taxation	11	<u><u>23,207</u></u>	<u><u>80,308</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

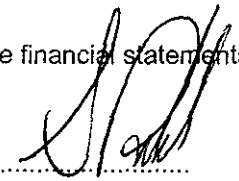
COMTREX SYSTEMS CORPORATION LIMITED

BALANCE SHEET AS AT 31 MARCH 2001

	Notes	2001 £	£	2000 £	£
Fixed assets					
Tangible assets	5		313,134		282,290
Current assets					
Stocks		229,319		216,280	
Debtors	6	816,012		747,038	
Cash at bank and in hand		298		100,568	
		<u>1,045,629</u>		<u>1,063,886</u>	
Creditors: amounts falling due within one year	7	<u>(862,593)</u>		<u>(893,291)</u>	
Net current assets			183,036		170,595
Total assets less current liabilities			<u>496,170</u>		<u>452,885</u>
Creditors: amounts falling due after more than one year	8		(168,632)		(153,932)
Provisions for liabilities and charges	9		<u>(11,687)</u>		<u>(6,309)</u>
			<u>315,851</u>		<u>292,644</u>
Capital and reserves					
Called up share capital	10		6,000		6,000
Profit and loss account	11		309,851		286,644
Shareholders' funds - equity interests	12		<u>315,851</u>		<u>292,644</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 2 August 2001


S D Roberts
Director

COMTREX SYSTEMS CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Freehold property	Over 50 years
Equipment, fixtures & tools	15% - 25% reducing balance/straight line
Motor vehicles	25% reducing balance

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Costs include all direct expenditure and an appropriate proportion of fixed and variable overheads.

1.7 Pensions

The company operates a defined contribution pension scheme. The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24. These contributions are invested separately from the company's assets.

1.8 Deferred taxation

Provision is made for deferred taxation on the liability basis in respect of all material timing differences.

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

COMTREX SYSTEMS CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

2	Operating profit	2001	2000
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	28,397	25,066
	Operating lease rentals	96,428	73,947
	Auditors' remuneration	5,000	5,000
	Directors' emoluments	152,348	148,798
		<u> </u>	<u> </u>
3	Interest payable	2001	2000
		£	£
	On amounts payable to group companies	24,258	20,696
	Hire purchase interest	611	2,289
		<u> </u>	<u> </u>
		24,869	22,985
		<u> </u>	<u> </u>
4	Taxation	2001	2000
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 20% (2000- 20%)	3,500	25,937
	Deferred taxation	5,378	743
		<u> </u>	<u> </u>
		8,878	26,680
	Prior years		
	U.K. corporation tax	(2,003)	-
		<u> </u>	<u> </u>
		6,875	26,680
		<u> </u>	<u> </u>

COMTREX SYSTEMS CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

5 Tangible fixed assets

	Freehold Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 April 2000	203,571	226,323	429,894
Additions	-	59,241	59,241
At 31 March 2001	203,571	285,564	489,135
Depreciation			
At 1 April 2000	11,196	136,408	147,604
Charge for the year	4,071	24,326	28,397
At 31 March 2001	15,267	160,734	176,001
Net book value			
At 31 March 2001	188,304	124,830	313,134
At 31 March 2000	192,375	89,915	282,290

Included above are assets held under finance leases or hire purchase contracts as follows:

	Equipment, fixtures & tools £	Motor vehicles £	Total £
Net book values			
At 31 March 2001	14,260	13,542	27,802
At 31 March 2000	17,518	-	17,518
Depreciation charge for the year			
31 March 2001	3,258	288	3,546
31 March 2000	3,307	-	3,307

COMTREX SYSTEMS CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

6	Debtors	2001	2000
		£	£
	Trade debtors	783,551	723,543
	Other debtors	32,461	23,495
		<u>816,012</u>	<u>747,038</u>
7	Creditors: amounts falling due within one year	2001	2000
		£	£
	Bank loans and overdrafts	60,396	22,397
	Net obligations under hire purchase contracts	5,900	3,578
	Trade creditors	140,264	147,211
	Amounts owed to group undertakings and undertakings in which the company has a participating interest	216,579	369,947
	Taxation and social security	46,260	91,946
	Other creditors	393,194	258,212
		<u>862,593</u>	<u>893,291</u>

As security for bank loans and overdrafts advanced, the company's bankers hold a legal charge over the freehold properties and a debenture giving a fixed and floating charge over the assets of the company.

COMTREX SYSTEMS CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

8 Creditors: amounts falling due after more than one year	2001 £	2000 £
Bank loans	160,680	152,182
Net obligations under hire purchase contracts	7,952	1,750
	<u>168,632</u>	<u>153,932</u>
Analysis of loans		
Not wholly repayable within five years by instalments	168,734	174,579
Included in current liabilities	(8,054)	(22,397)
	<u>160,680</u>	<u>152,182</u>
Loan maturity analysis		
In more than one year but not more than two years	21,106	20,500
In more than two years but not more than five years	54,406	61,500
In more than five years	85,168	70,182
	<u></u>	<u></u>
Net obligations under hire purchase contracts		
Repayable within one year	7,072	4,197
Repayable between one and five years	8,689	2,053
	<u>15,761</u>	<u>6,250</u>
Finance charges and interest allocated to future accounting periods	(1,909)	(922)
	<u>13,852</u>	<u>5,328</u>
Included in liabilities falling due within one year	(5,900)	(3,578)
	<u>7,952</u>	<u>1,750</u>

The bank loans are secured (see note 7).

Subsequent to the year end, the bank loan was replaced by a new secured loan repayable in instalments to February 2017 with interest payable at 2% over the base rate of National Westminster Bank plc.

COMTREX SYSTEMS CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

9 Provisions for liabilities and charges

	Deferred taxation £
Balance at 1 April 2000	6,309
Profit and loss account	5,378
	<hr/>
Balance at 31 March 2001	11,687
	<hr/>

Deferred tax is fully provided at 20% and relates to accelerated capital allowances.

10 Share capital

	2001 £	2000 £
Authorised		
10,000 Ordinary shares of £1 each of £ 1 each	10,000	10,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
6,000 Ordinary shares of £1 each of £ 1 each	6,000	6,000
	<hr/>	<hr/>

11 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2000	286,644
Retained profit for the year	23,207
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Balance at 31 March 2001	309,851
	<hr/>

12 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the financial year	23,207	80,308
Opening shareholders' funds	292,644	212,336
	<hr/>	<hr/>
Closing shareholders' funds	315,851	292,644
	<hr/>	<hr/>

COMTREX SYSTEMS CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

13 Financial commitments

At 31 March 2001 the company had annual commitments under non-cancellable operating leases as follows:

	2001 £	2000 £
Expiry date:		
Within one year	17,875	19,689
Between two and five years	62,606	41,700
	<u>80,481</u>	<u>61,389</u>

14 Control

The company is wholly owned by Comtrex Systems Corporation, a company incorporated in the United States of America and quoted on the Nasdaq Stock Market. The parent company is this company's ultimate controlling party.

15 Related party transactions

During the year under review, the company purchased goods and services from its parent company (see above note) at open market value of £786,097 (2000 £837,041). The amount due to the parent company at the year end, is disclosed in the notes above.