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Airflow Developments Limited

Lancaster Road

High Wycombe

Buckinghamshire

Directors' Report and Accounts

for the year ended 31st March, 1979



Report of the Directors
for the year ended 31st March, 1979

The Directors present herewith the Audited Accounts for the year ended 31st March, 1979.

PRINCIPAL ACTIVITIES

The Company has continued to manufacture Air Measuring Equipment, Fans and Domestic Ventilation Units, as in previous years.

RESULTS

The results for the year are summarised in the Profit and Loss Account as set out on Page 4. The Balance Sheet discloses the state of the Company's affairs at 31st March, 1979 which continues to be satisfactory. Goods exported during the year amounted to £525,638 (1978 £399,069).

DIVIDENDS

The Directors recommend that no dividend be paid on the ordinary shares of the Company in respect of the year ended 31st March, 1979.

FIXED ASSETS

The movements in Fixed Assets during the year are set out in note 13 to the accounts.

MARKET VALUE OF INTEREST IN LAND

In the opinion of the Directors the current open market value on an existing use basis of Leasehold Land and Buildings both in England and Germany exceeded the amount of £234,529 at which they are included in the Balance Sheet at 31st March, 1979.

DIRECTORS

The Directors of the Company during the year ended 31st March, 1979 were:

A. Connor Wilson (Chairman)
E.J. Martin
G.L. Myles
P.E. Bagley
R. Barnett
D.J. Layzell (Resigned 30.6.78)

In accordance with the Articles of Association R. Barnett, Esq. retires and being eligible offers himself for re-election.

Apart from service contracts no Director had any interest, either during or at the end of the financial year, in any contract with the Company or its subsidiaries.

AUDITORS

In accordance with Section 14(1) of the Companies Act 1976, a resolution to re-appoint the Auditors, Messrs. Keal, Platt & Co. will be proposed at the forthcoming Annual General Meeting.

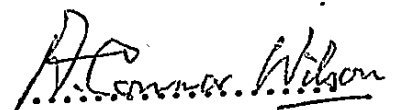
EMPLOYEES

The average number of persons employed by the Company in the U.K. during the year was 201 and their aggregate remuneration amounted to £1,170,000 (1978 £931,000).

CLOSE COMPANY PROVISIONS

As far as the Directors are aware the close company provisions of the Income and Corporation Taxes Act 1970 as amended, do not apply to the Company.

By Order of the Board



A. Connor Wilson

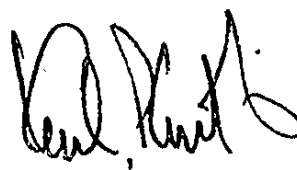
Chairman

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Report of the Auditors to the Members of
Airflow Developments Ltd

We have examined the accounts on pages 4 to 12 which have been prepared under the historical cost convention.

In our opinion the annexed Balance Sheet, Profit and Loss Account and Statement of Source and Application of Funds read in conjunction with the schedules and notes on pages 6 to 12 give a true and fair view of the state of the company's affairs at 31st March, 1979 and of its Profit for the year ended on that date and comply with the Companies Acts 1948 and 1967.



Marlow Bucks.

29th October, 1979

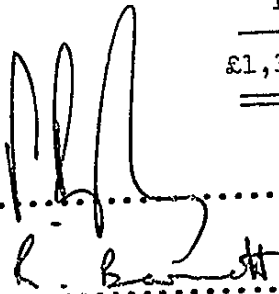
Keal, Platt & Co.
Chartered Accountants.

Trading and Profit and Loss Account
for the year ended 31st March, 1979

	<u>Note</u>	<u>1979</u>	<u>1978</u>
Turnover	(1)	4,068,719	3,066,064
Other Income	(2)	32,014	11,539
		<u>£4,100,733</u>	<u>£3,077,603</u>
Stock and Work in Progress at 1.4.78	(1)	576,104	465,202
Materials Purchased		<u>1,760,739</u>	<u>1,170,773</u>
		2,336,843	1,635,975
<u>Less: Stock and Work in Progress at 31.3.79</u>	(1)	<u>652,653</u>	<u>576,104</u>
		1,684,190	1,059,871
Directors' Salaries and Bonus	(9)	107,682	86,595
Employees' Remuneration and Benefits	(3)	1,210,090	976,806
Establishment Expenses	(4)	85,352	69,041
Selling and Distribution Expenses	(5)	397,705	379,022
Administration Expenses	(6)	119,059	92,562
Financial Expenses	(7)	36,485	21,643
Depreciation	(13)	99,136	90,194
		<u>£3,739,699</u>	<u>£2,775,734</u>
<u>PROFIT BEFORE TAXATION</u>		361,034	301,869
Taxation	(14)	186,207	139,865
<u>RETAINED PROFITS FOR THE YEAR</u>		<u>174,827</u>	<u>162,004</u>
RETAINED PROFITS FROM PREVIOUS YEARS		912,288	750,284
RETAINED PROFITS, carried forward		<u>1,087,115</u>	<u>£912,288</u>

Balance Sheet at 31st March, 1979

	<u>Note</u>	<u>1979</u>	<u>1978</u>
<u>FIXED ASSETS</u>	(13)	511,447	474,398
<u>SUBSIDIARY COMPANIES</u>	(8)	230,205	175,627
<u>CURRENT ASSETS</u>			
Stock and Work in Progress	(1)	652,653	576,104
Debtors	(12)	984,420	786,357
Cash Balances		474	63,775
		<u>£1,637,547</u>	<u>£1,426,236</u>
<u>Less: CURRENT LIABILITIES</u>			
Creditors	(11)	818,589	742,305
Bank Overdraft		35,343	-
Bank Loan		-	163,260
Taxation	(14)	202,572	52,328
		<u>£1,056,504</u>	<u>£957,893</u>
<u>NET CURRENT ASSETS</u>		<u>581,043</u>	<u>468,343</u>
		<u>£1,322,695</u>	<u>£1,118,368</u>
<u>CAPITAL EMPLOYED</u>			
Share Capital	(10)	52,380	52,380
Retained Profits		1,087,115	912,288
Deferred Taxation	(15)	183,200	153,700
		<u>£1,322,695</u>	<u>£1,118,368</u>

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 Directors

Notes forming part of the Accounts
for the year ended 31st March 1979

1. ACCOUNTING POLICIES

Turnover

Turnover is the value of goods sold and services rendered net of Value Added Tax for the year.

Stock and Work in Progress

Stock and Work in Progress are valued at the lower of cost or net realisable value in accordance with accepted practice. The Company operates a standard costing system and standard prices having proved satisfactory have been used for valuation purposes at the year end.

2. OTHER INCOME

	<u>1979</u>	<u>1978</u>
Rent Receivable	16,500	1,500
Discount Received	241	265
Bank Interest Received	9,178	9,774
Interest on Tax Repayment	6,095	-
	<u>£32,014</u>	<u>£11,539</u>

3. SALARIES AND EMPLOYEE BENEFITS

	<u>1979</u>	<u>1978</u>
Salaries and Wages	847,393	682,833
Employees' Bonus	215,078	161,781
Payments to Airflow Community Limited (under Deed of Covenant)	7,516	7,516
Pension Fund Contribution (including Life Assurance)	110,800	101,738
Training and Course Fees	3,396	3,055
Annual Dinner and Dance	3,530	2,538
Subscriptions to Sports and Social Club	543	337
Overalls and Protective Clothing	1,532	1,197
Canteen Subsidy and Wages	7,863	6,908
Ex Gratia Payments to Employees	3,217	559
Staff Refreshments	5,872	5,909
Disability Insurance	3,350	2,435
	<u>£1,210,090</u>	<u>£976,806</u>

4. ESTABLISHMENT EXPENSES

	<u>1979</u>	<u>1978</u>
Rates and Water	23,356	22,558
Light, Heat and Power	17,955	16,251
Rents Payable	1,583	811
Repairs and Maintenance	25,859	15,678
Insurance	16,599	13,743
	<hr/>	<hr/>
	£85,352	£69,041
	<hr/>	<hr/>

5. SELLING AND DISTRIBUTION EXPENSES

Travelling and Entertainment	18,343	15,252
Exhibition Expenses	40,920	20,643
Advertising and Publicity	203,007	233,873
Carriage	36,501	32,077
Royalties Payable	495	767
Export Credit Guarantee Charges	2,395	1,664
Motor Expenses	17,026	14,292
Agents Commission	74,140	58,182
Market Research	4,878	2,272
	<hr/>	<hr/>
	£397,705	£379,022
	<hr/>	<hr/>

6. ADMINISTRATION EXPENSES

Telephone and Telex	17,033	16,127
Printing, Postage and Stationery	30,342	28,966
Drawing Office Material	5,161	3,963
Laundry and Cleaning	7,266	3,089
Subscriptions	4,964	3,066
Patent Fees	1,069	1,561
Audit and Accountancy	5,755	5,775
Legal and Professional Fees	10,666	10,584
Motor Expenses	7,214	7,338
Computer Service Hire and Expenses	12,544	8,735
Sundry Expenses	17,971	10,510
Profit on Sale of Assets	(926)	(7,152)
	<hr/>	<hr/>
	£119,059	£92,562
	<hr/>	<hr/>

7. FINANCIAL EXPENSES

	<u>1979</u>		<u>1978</u>
Bank Interest and Charges	24,838		24,594
Hire Purchase Interest	1,037		1,684
Bad Debts (Specific Provision)	1,461		(5,406)
Loss on Exchange	9,149		766
	<u>£36,485</u>		<u>£21,643</u>

8. SUBSIDIARY COMPANIES

Airflow Developments (Canda) Ltd

2,010 shares of no par value (Incorporated in Canada) at cost	686		686	
Current Account	<u>38,298</u>	38,984	<u>26,806</u>	27,492

Airflow Lufttechnik GmbH

50,000 DM shares (Incorporated in West Germany) at cost	4,464		4,464	
Current Account	<u>147,053</u>	151,517	<u>115,097</u>	119,561

Stemshire Engineering Ltd

Ordinary Shares at Cost	5,000		5,000	
Loan Account	19,304		31,702	
Current Account	<u>15,400</u>	39,704	<u>(8,128)</u>	28,574
		<u>£230,205</u>		<u>£175,627</u>

These Companies are wholly owned subsidiaries.

9. DIRECTORS' EMOLUMENTS

Particulars of Emoluments of the Directors
are as follows:

	<u>1979</u>	<u>1978</u>
Chairman	<u>£19,215</u>	<u>£16,375</u>
Highest Paid Director	<u>£19,740</u>	<u>£16,375</u>
The number of Directors and their emoluments were within the ranges		
£10,001 to £12,500	NIL	2
£12,501 to £15,000	1	2
£15,001 to £17,500	2	2
£17,501 to £20,000	3	NIL

10. SHARE CAPITAL

The Ordinary Share Capital of the Company is
divisible into shares of £1 each as follows:

Authorised	£80,000	£80,000
Issued and Fully Paid	£52,380	£52,380

11. CREDITORS

Trade Accounts	617,180	598,426
Hire Purchase Commitment	-	3,633
The Airflow 1973 Pension Fund	98,249	49,900
Directors' Bonus	6,981	7,556
Employees' Bonus	96,179	82,790
	<u>£818,589</u>	<u>£742,305</u>

12. DEBTORS

Trade Accounts	965,145	761,178
Prepayments	14,435	23,403
Airflow Community Ltd. - Current Account	4,840	1,776
	<u>£984,420</u>	<u>£786,357</u>

13. FIXED ASSETS

	Cost at 1.4.78	Additions at Cost	Disposals at Cost	Cost at 31.3.79	Depreciation Year to 31.3.79	Accumulated Depreciation	Book Value 31.3.79	Book Value 31.3.78
Leasehold Factories (see note below)	196,203			196,203			196,203	196,203
Land & Factory: Germany	38,326			38,326			38,326	38,326
Plant and Machinery	210,424	60,178	5,012	265,590	43,286	135,733	129,857	116,635
Injection Moulding and Press Tools	33,125	29,284		62,409	14,064	34,280	28,129	12,909
Loose Tools	23,191	6,571		29,762	6,421	16,920	12,842	12,692
Motor Vehicles	87,692	42,685	20,292	110,085	21,636	45,178	64,907	56,298
Office Furniture, Fittings and Equipment	92,322	18,698	6,975	104,045	13,443	63,721	40,324	40,140
Canteen Equipment	3,444			3,444	286	2,585	859	1,145
	<u>£684,727</u>	<u>£157,416</u>	<u>£32,279</u>	<u>£809,864</u>	<u>£99,136</u>	<u>£298,417</u>	<u>£511,447</u>	<u>£474,398</u>

Note: The Leasehold Factories shown above are situated in Lancaster Road and Lincoln Road, High Wycombe, Buckinghamshire.

DEPRECIATION

Depreciation is calculated to write off the cost of fixed assets on a written down value basis with the exception of Loose Tools which is on a straight line basis. The principal annual rates used for this purpose which are consistent with those of the previous year are:

	Rate
Plant and Machinery	25%
Injection Moulding and Press Tools	33 1/3%
Loose Tools	33 1/3%
Motor Vehicles	25%
Office Furniture, Fixtures and Fittings	25%
Canteen Equipment	25%

14. CORPORATION TAX

The amount of tax due is made up as follows:

	<u>1979</u>	<u>1978</u>
Due 1.1.78 (Balance)	-	10,218
Due 1.1.79 (In respect of year ended 31st March 1978)	46,246	45,648
Due 1.1.80 (In respect of year ended 31st March 1979)	159,600	-
	<u>205,846</u>	<u>55,866</u>
<u>Less:</u> Overpayment for previous years	<u>(3,274)</u>	<u>(3,538)</u>
	<u>£202,572</u>	<u>£52,328</u>

The Charge in the Profit and Loss Account is made up as follows:

Corporation Tax at 52% on profits for the year	159,600	46,400
<u>Less:</u> Credit for foreign tax	-	(752)
	<u>159,600</u>	<u>45,648</u>
Transfer to Deferred Taxation	29,500	96,000
Net overprovision for tax in previous years	<u>(2,893)</u>	<u>(2,535)</u>
	<u>£186,207</u>	<u>£139,113</u>

15. DEFERRED TAXATION

Provision is made for taxation deferred by timing differences between depreciation and the corresponding allowances for tax purposes and in respect of stock relief.

Balance at 1.4.78	153,700	57,700
Provision for the year	<u>29,500</u>	<u>96,000</u>
Balance at 31.3.79	<u>£183,200</u>	<u>£153,700</u>

Statement of Source and Application of Funds

for the year ended 31st March, 1979

<u>SOURCE OF FUNDS</u>	<u>1979</u>	<u>1978</u>
Profit before Taxation	361,034	301,869
Adjustment for Depreciation not involving Movement of Funds	98,210	83,042
From Sales of Fixed Assets	22,158	21,077
Corporation Tax Received	3,537	-
	<u>484,939</u>	<u>405,988</u>
 <u>APPLICATION OF FUNDS</u>		
(a) Purchase of Fixed Assets	157,417	224,049
(b) Subsidiary Companies	54,578	30,832
(c) Corporation Tax Paid	10,000	110,066
	<u>221,995</u>	<u>364,947</u>
	262,944	41,041
(d) Increase in Working Capital		
Stocks and Work in Progress	76,549	110,902
Debtors	198,063	120,321
Creditors	(76,284)	(155,219)
Bank and Cash Balances	64,616	(34,963)
	<u>£262,944</u>	<u>£41,041</u>

Airflow Developments Limited

Lancaster Road

High Wycombe

Buckinghamshire

Group Accounts for the year ended 31st March, 1979



Report of the Directors
for the year ended 31st March, 1979

The Directors present herewith the Audited Accounts for the year ended 31st March, 1979.

PRINCIPAL ACTIVITIES

Group Companies have continued to manufacture Air Measuring Equipment, Fans and Domestic Ventilation Units, as in previous years.

RESULTS

The results for the year are summarised in the Profit and Loss Account as set out on page 4. The Balance Sheet discloses the state of the Group's affairs at 31st March, 1979, which continues to be satisfactory. Goods exported during the year amounted to £525,638. (1978, £339,069).

DIVIDENDS

The Directors recommend that no dividend be paid on the ordinary share of the Company in respect of the year ended 31st March, 1979.

FIXED ASSETS

The movements in Fixed Assets during the year are set out in note 4 to the accounts.

MARKET VALUE OF INTERESTS IN LAND

In the opinion of the Directors the current open market value on an existing use basis of Leasehold Land and Buildings both in England and Germany exceeded the amount of £234,529 at which they are included in the Balance Sheet at 31st March, 1979.

DIRECTORS

The Directors of the Company during the year ended 31st March, 1979 were:

A. Connor Wilson (Chairman)
E.J. Martin
G.L. Myles
P.E. Bagley
R. Barnett
D.J. Layzell (Resigned 30.6.78)

In accordance with the Articles of Association R. Barnett, Esq., retires by rotation and being eligible offers himself for re-election.

Apart from service contracts no Director had any interest, either during or at the end of the financial year, in any contract with the Company or its subsidiaries.

AUDITORS

In accordance with Section 14 (1) of the Companies Act 1976, a resolution to re-appoint the Auditors, Messrs. Keal, Platt & Co., will be proposed at the forthcoming Annual General Meeting.

EMPLOYEES

The average number of persons employed by the Group in the U.K. during the year as 214 and their aggregate remuneration amounted to £1,212,000 (1978, £948,000).

By Order of the Board

A. Connor Wilson

Chairman

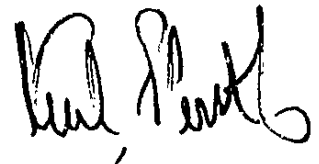
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Report of the Auditors to the Members of
Airflow Developments Limited

We have examined the accounts set out on Pages 4 to 9 which have been prepared under the historic cost convention.

In our opinion the accounts give, so far as concerns the members of Airflow Developments Limited, a true and fair view of the state of affairs at 31st March, 1979 and of the Profit for the year ended on that date and comply with the Companies Acts 1948 and 1967.

The Accounts of the overseas subsidiary companies have been audited by other firms.



Marlow, Bucks.

14th December, 1979

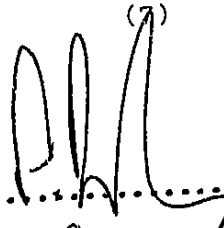
Keal, Platt & Co.
Chartered Accountants.

Consolidated Profit and Loss Account
for the year ended 31st March, 1979

	<u>Notes</u>	<u>1979</u>	<u>1978</u>
Group Turnover		<u>£4,623,521</u>	<u>£3,483,345</u>
Group Trading Profit before Charging:		574,250	405,322
Auditors' Remuneration		7,142	7,523
Bank Interest		20,553	25,382
Depreciation	(1)	117,564	107,718
Covenant - Airflow Community		<u>7,516</u>	<u>7,516</u>
		<u>152,775</u>	<u>148,139</u>
		421,475	257,183
<u>Add:</u> Bank Interest Received		<u>10,169</u>	<u>11,850</u>
Group Profit before Taxation		431,644	269,033
Taxation	(6)	<u>217,762</u>	<u>165,754</u>
Retained Profit for the year	(2)	213,882	103,279
<u>Add:</u> Retained Profits brought forward		970,540	867,019
Currency and Prior Year Adjustments	(3)	<u>(18,782)</u>	<u>242</u>
Retained Profits carried forward		<u>£1,165,640</u>	<u>£970,540</u>

Consolidated Balance Sheet at 31st March, 1979

	<u>Notes</u>	<u>1979</u>	<u>1978</u>	
<u>FIXED ASSETS</u>	(4)	553,938		520,827
<u>GOODWILL ARISING ON CONSOLIDATION</u>		10,069		10,069
<u>CURRENT ASSETS</u>				
Stock and Work in Progress (5)		811,087	702,766	
Sundry Debtors		1,155,433	903,382	
Cash Balances		11,927	93,368	
		<u>£1,978,447</u>	<u>£1,699,516</u>	
<u>Less: CURRENT LIABILITIES</u>				
Sundry Creditors		880,910	822,716	
Bank Overdrafts		37,830	-	
Bank Loan Account		-	165,929	
Taxation (6)		209,494	62,647	
		<u>£1,128,234</u>	<u>£1,051,292</u>	
		850,213		648,224
<u>NET ASSETS</u>		<u>£1,414,220</u>		<u>£1,179,120</u>
<u>Represented by:</u>				
<u>SHARE CAPITAL</u>	(8)	52,380		52,380
<u>RETAINED GROUP PROFITS</u>		1,165,640		970,540
<u>DEBENTURES</u>		-		2,500
<u>DEFERRED TAXATION</u>	(7)	196,200		153,700
		<u>£1,414,220</u>		<u>£1,179,120</u>


.....
R. Barnett
.....
Directors

Notes forming part of the Accounts
for the year ended 31st March, 1979

1. DEPRECIATION

Depreciation of the assets has been calculated as a percentage of written down value with the exception of Loose Tools which is a straight line percentage of original cost.

	<u>Rates</u>
Plant and Machinery	25%
Injection Moulding and Press Tools	33 $\frac{1}{3}$ %
Loose Tools	33 $\frac{1}{3}$ %
Motor Vehicles	25%
Office Furniture, Fixtures and Fittings	25%
Canteen Equipment	25%

These rates and the bases are consistent with the previous year. The two overseas subsidiaries provide for depreciation at rates which are not materially different from the above.

2. RETAINED PROFITS FOR THE YEAR

These include £174,827 (1978, £162,004) which have been dealt with in the accounts of the holding company.

3. CURRENCY AND PRIOR YEAR ADJUSTMENTS

	<u>1979</u>	<u>1978</u>
Currency Consolidation Gain/(Loss) - Germany	(14,670)	2,321
- Canada	(6,787)	(2,079)
Prior Year Adjustments - Germany	2,252	-
- Canada	423	-
	<u>£(18,782)</u>	<u>£242</u>

Notes forming part of the Accounts
for the year ended 31st March, 1979 (Continued)

	<u>Cost</u>	<u>Depreciation to date</u>	<u>Book Value</u>	<u>1978</u>
4. <u>FIXED ASSETS</u>				
Leasehold Factories (see note below)	196,203	-	196,203	196,203
Land and Factory Germany	38,326	-	38,326	38,326
Leasehold Improvements	1,611	774	837	1,148
Plant and Machinery	306,928	162,725	144,203	128,267
Loose Tools	49,717	30,181	19,536	22,681
Motor Vehicles	140,273	59,362	80,911	74,114
Office Furniture, Fixtures and Fittings and Equipment	120,636	75,702	44,934	46,034
Canteen Equipment	3,444	2,585	859	1,145
Injection Moulding and Press Tools	62,409	34,280	28,129	12,909
	<u>£919,547</u>	<u>£365,609</u>	<u>£553,938</u>	<u>£520,827</u>

Note

- a) The Leasehold Factories shown above are situated in Lancaster Road and Lincoln Road, High Wycombe, Bucks.
- b) No provision has been made for the liability to Capital Gains Tax which could arise if the Company's properties were to be sold and not replaced.
- c) See also Note 1.

Notes forming part of the Accounts
for the year ended 31st March, 1979 (Continued)

5. STOCK AND WORK IN PROGRESS

Stock and Work in Progress is valued at the lower of cost or net realisable value, in accordance with accepted practice. The Company operates a standard costing system, and standard prices having proved satisfactory have been used for valuation purposes at the year end.

6. CORPORATION TAX

The amount of tax due is made up as follows:

	<u>1979</u>	<u>1978</u>
Due 1.1.78 (Balance)	-	10,218
Due 1.1.79 (In respect of year ended 31st March 1978)	46,246	45,648
Due 1.1.80 (In respect of year ended 31st March 1979)	159,600	-
	<u>205,846</u>	<u>55,866</u>
<u>Less:</u> Overpayment for previous years	(3,274)	(3,538)
Overseas Tax	<u>6,922</u>	<u>10,319</u>
	<u>£209,494</u>	<u>£62,647</u>

The charge in the Profit and Loss Account is made up as follows:

Corporation Tax at 52% on profits for the year	159,600	45,648
Transfer to Deferred Taxation	42,500	96,000
Net overprovision for tax in previous years	(2,893)	(2,535)
	<u>199,207</u>	<u>139,113</u>
Foreign Tax	<u>18,555</u>	<u>26,641</u>
	<u>£217,762</u>	<u>£165,754</u>

Notes forming part of the Accounts
for the year ended 31st March, 1979 (Continued)

7. DEFERRED TAXATION

Provision is made for taxation deferred by timing differences between depreciation and the corresponding allowances for tax purposes and in respect of stock relief.

DEFERRED TAXATION ACCOUNT

	<u>"1979</u>	<u>1978</u>
Balance at 1.4.78	153,700	57,700
Provision for the year	42,500	96,000
	<hr/>	<hr/>
Balance at 31.3.79	£196,200	£153,700
	<hr/>	<hr/>

Calculations are based on a corporation tax rate of 52%

8. SHARE CAPITAL

The Ordinary Share Capital of the Company is divisible into shares of £1 each as follows:

Authorised	£80,000	£80,000
Issued	£52,380	£52,380