

*30/12/00*

**DISA Airmaster Ltd**  
**(formerly known as Airmaster Engineering Limited)**

**Directors' report and financial  
statements**

**Registered Number 562216**

**31 December 2000**



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## Contents

Directors' report	1
Statement of directors' responsibilities	2
Auditors' report to the members of DISA Airmaster Ltd (formerly known as Airmaster Engineering Limited)	3
Profit and loss account	4
Note of historical cost profits and losses	5
- Balance sheet	6
Cash flow statement	7
- Notes	8

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

### Principal activities

The principal activity of the company is the contracting and marketing of dust extraction equipment.

### Business review

The restructuring of the business in 1999 continued to impact upon the operation of the business during the year. The stabilisation and growth of the business has been a priority and has resulted in an increase of 18% in turnover, sales outside the group have increased by 27% in the year. The continued growth and increased throughput is the major objective to establish the business as the largest UK supplier of dust and fume extraction systems.

On 29 January 2001 the company changed its name to DISA Airmaster Ltd.

### Proposed dividend and transfer to reserves

The loss for the year after taxation amounted to £170,382 (1999: £1,145,601) which will be transferred to reserves.

The directors do not recommend a dividend.

### Directors and directors' interests

The directors who held office during the year were as follows:

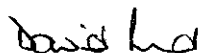
ASB Lauritsen  
SJ Hoffmeyer  
A Dommerby Kristensen

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company or other group companies.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**D Proud**  
Secretary

Limewood Approach  
Seacroft  
LEEDS  
LS14 1NG

5 February 2001

## Statement of 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



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Neville Street  
Leeds  
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## **Auditors' report to the members of DISA Airmaster Ltd (formerly known as Airmaster Engineering Limited)**

We have audited the financial statements on pages 4 to 17.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements 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.

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. 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.


### **Basis of audit 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 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
KPMG

*Chartered Accountants  
Registered Auditors*

5 February 2001

## Profit and loss account

*for the year ended 31 December 2000*

	<i>Note</i>	2000 £	1999 £
<b>Turnover</b>	2	5,384,114	4,555,829
Other operating income		101,167	114,715
		<hr/>	<hr/>
		5,485,281	4,670,544
Operating costs	3	(5,896,438)	(5,570,710)
		<hr/>	<hr/>
<b>Operating loss</b>		(411,157)	(900,166)
Exceptional items	7	-	(139,054)
Profit on disposal of fixed assets		302,304	-
Interest payable and similar charges	8	(61,529)	(130,553)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(170,382)	(1,169,773)
Tax on loss on ordinary activities	9	-	24,172
		<hr/>	<hr/>
<b>Deficit transferred to reserves</b>	18	(170,382)	(1,145,601)
		<hr/>	<hr/>

A statement of movements on reserves is given in note 18.

There are no recognised gains or losses other than the result for the year.

All the turnover and operating profit for the year relates to continuing operations.

## Note of historical cost profits and losses

*for the year ended 31 December 2000*

	2000 £	1999 £
<b>Reported loss on ordinary activities before taxation</b>	<b>(170,382)</b>	<b>(1,169,773)</b>
Realisation of property revaluation gains of previous years	<b>69,064</b>	-
Difference between a historical cost depreciation charge and actual depreciation charge calculated on the revalued amount	-	1,854
<b>Historical cost loss on ordinary activities before taxation</b>	<b>(101,318)</b>	<b>(1,167,919)</b>
<b>Historical cost (loss) for the year retained after taxation and dividends</b>	<b>(101,318)</b>	<b>(1,143,747)</b>

## Balance sheet

at 31 December 2000

	Note	2000	1999
		£	£
<b>Fixed assets</b>			
Tangible assets	10	477,052	670,972
Investments	11	71,969	71,969
		<u>549,021</u>	<u>742,941</u>
<b>Current assets</b>			
Stocks	12	197,737	336,719
Debtors	13	3,625,156	2,276,566
Cash at bank and in hand		7,178	78,541
		<u>3,830,071</u>	<u>2,691,826</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(4,283,604)</u>	<u>(3,170,840)</u>
<b>Net current liabilities</b>		<u>(453,533)</u>	<u>(479,014)</u>
<b>Total assets less current liabilities</b>		<u>95,488</u>	<u>263,927</u>
<b>Creditors: amounts falling due after more than one year</b>	15	<u>(71,969)</u>	<u>(71,969)</u>
<b>Provisions for liabilities and charges</b>	16	<u>(38,149)</u>	<u>(36,206)</u>
<b>Net assets</b>		<u>(14,630)</u>	<u>155,752</u>
<b>Capital and reserves</b>			
Called up equity share capital	17	1,167,640	1,167,640
Share premium account		59,946	59,946
Revaluation reserve	18	-	69,064
Profit and loss account	18	(1,242,216)	(1,140,898)
<b>Shareholders' funds - equity</b>	19	<u>(14,630)</u>	<u>155,752</u>

These financial statements were approved by the board of directors on 5 February 2001 and were signed on its behalf by:

ASB Lauritsen  
Director





## Cash flow statement

for the year ended 31 December 2000

	Note	2000 £	1999 £
Net cash (outflow) from operating activities		(127,540)	(447,257)
Returns on investments and servicing of finance	22	(69,305)	(125,691)
Taxation	22	-	(35,698)
Capital expenditure	22	410,567	164,400
Financing	22	-	860,946
		<u>213,722</u>	<u>416,700</u>
Increase in cash		<u>213,722</u>	<u>416,700</u>

## Reconciliation of operating profit to net cash (outflow) from operating activities

	2000 £	1999 £
Operating (loss)	(411,157)	(900,166)
Depreciation charges	85,657	165,871
Profit on disposal of tangible fixed assets	-	(60,549)
Decrease in stocks	138,982	269,520
(Increase) in debtors	(1,348,590)	(649,223)
Increase in creditors	1,405,625	730,498
Increase/(decrease) in warranty provision	1,943	(3,208)
	<u>(127,540)</u>	<u>(447,257)</u>
Net cash (outflow) from operating activities	<u>(127,540)</u>	<u>(447,257)</u>

## Reconciliation of net cash flow to movement in net debt

	Note	2000 £	2000 £
Increase in cash	23	213,722	416,700
Net debt at beginning of year		(1,419,360)	(1,836,060)
		<u>(1,205,638)</u>	<u>(1,419,360)</u>
Net debt at end of year		<u>(1,205,638)</u>	<u>(1,419,360)</u>

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of leasehold property.

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group.

#### ***Fixed assets and depreciation***

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Long leasehold property	-	2%
Plant, equipment, fixtures and fittings	-	15 - 25%
Motor vehicles	-	25%

#### ***Foreign currencies***

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. The resulting gains or losses are included in the profit and loss account.

#### ***Leases***

Rentals in respect of leases are charged to the profit and loss account on a straight line basis over the life of the lease.

#### ***Pension costs***

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

#### ***Research and development expenditure***

Expenditure on research and development is written off against profits in the year in which it is incurred.

## Notes (continued)

### Accounting policies (continued)

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of manufacturing fixed and variable overheads. The allocation of manufacturing overheads has regard to normal production.

#### Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses which are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

#### Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

## 2 Analysis of turnover

	2000 £	1999 £
<i>By geographical market</i>		
United Kingdom	5,200,027	4,064,547
Rest of Europe	140,019	66,679
Rest of world	44,068	424,603
	<hr/> 5,384,114 <hr/>	<hr/> 4,555,829 <hr/>

## Notes (continued)

### 3 Operating costs

	2000 £	1999 £
Decrease in stocks of finished goods and work in progress	138,982	269,520
Raw materials and consumables	3,987,034	2,827,464
Staff costs:		
Wages and salaries	1,029,181	1,142,666
Social security costs	103,141	121,103
Other pension costs	16,168	21,565
Depreciation of tangible fixed assets	85,657	165,871
Other operating charges	536,275	1,022,521
	<u>5,896,438</u>	<u>5,570,710</u>

### 4 Operating profit

	2000 £	1999 £
<i>Operating profit is stated</i>		
<i>after charging</i>		
Auditors' remuneration		
Audit	15,000	15,000
Other services	2,900	2,900
Hire of plant and machinery	5,666	18,615
Research and development expenditure	40,949	39,499
<i>after crediting</i>		
Rents receivable from property and machinery	-	4,000
Exchange gain	14,158	12,226
	<u>14,158</u>	<u>12,226</u>

### 5 Remuneration of directors

	2000 £	1999 £
Director's emoluments:		
Remuneration as executives	-	78,403
Company contributions to money purchase pension schemes	-	4,331
	<u>-</u>	<u>82,734</u>

No directors (1999: one) are accruing benefits under a money purchase pension scheme.

## Notes (continued)

### 6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2000	1999
Production	8	25
Selling	25	21
Development	1	1
Administration	6	8
	<u>40</u>	<u>55</u>

### 7 Exceptional items

	2000	1999
	£	£
Exceptional items	-	139,054

The exceptional items are redundancy and related employee costs reduced by the profit on sale of plant and machinery and proceeds on sale of intellectual property.

All arise as a result of the re-organisation of the business during the previous year.

### 8 Interest payable and similar charges

	2000	1999
	£	£
On bank loans and overdrafts	<u>61,529</u>	<u>130,553</u>

### 9 Taxation

	2000	1999
	£	£
UK corporation tax charge at 30 % (1999 : 30%) on the loss for the year on ordinary activities	-	-
Adjustments relating to an earlier year: Corporation tax	-	24,172
	<u>-</u>	<u>24,172</u>

The company has approximately £1,963,000 (1999: £1,469,000) of tax losses available to carry forward against future trading profits. Approximately £500,000 of the tax losses are subject to certain restrictions. Capital allowances have been disclaimed in the current and prior period. These will be available to reduce taxable profits of future periods.

## Notes (continued)

### 10 Tangible fixed assets

	Long leasehold property	Plant, equipment fixtures and fittings	Motor vehicles	Total
	£	£	£	£
<b>Cost or valuation</b>				
At beginning of year	676,726	1,070,371	327,786	2,074,883
Additions	-	96,273	97,407	193,680
Disposals	(387,998)	(388,070)	(107,765)	(883,833)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	288,728	778,574	317,428	1,384,730
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At beginning of year	169,352	931,085	303,474	1,403,911
Charge for year	11,717	42,249	31,691	85,657
On disposals	(98,340)	(375,785)	(107,765)	(581,890)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	82,729	597,549	227,400	907,678
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2000	<u>205,999</u>	<u>181,025</u>	<u>90,028</u>	<u>477,052</u>
At 31 December 1999	<u>507,374</u>	<u>139,286</u>	<u>24,312</u>	<u>670,972</u>

Particulars relating to revalued assets, being the long leasehold property which was revalued in 1987, are given below:

	2000 £	1999 £
Historical cost of revalued assets	-	286,559
Aggregate depreciation based on historical cost	-	(73,073)
	<hr/>	<hr/>
Historical cost net book value	-	213,486
	<hr/>	<hr/>

## Notes (continued)

### 11 Investments

	Shares in subsidiary undertaking £
At 1 January 2000 and 31 December 2000	71,969

Subsidiary undertakings	Principal activity	Class of share	Percentage of shares held
Nordfab DPE Limited	Dormant	Ordinary	100%
Dust Plan Environmental Limited	Dormant	Ordinary	100%

### 12 Stocks

	2000 £	£	1999 £	£
Raw materials and semi-products		146,041		331,553
Work in progress	89,672		112,137	
Less payments on account	(37,976)		(106,971)	
	<u>51,696</u>		<u>5,166</u>	
		<u>197,737</u>		<u>336,719</u>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

### 13 Debtors

	2000 £	1999 £
<i>Amounts falling due within one year</i>		
Trade debtors	2,463,157	1,274,163
Amounts owed by group undertakings	838,749	760,034
Prepayments and accrued income	18,527	22,317
Other debtors	304,723	220,052
	<u>3,625,156</u>	<u>2,276,566</u>
<i>The amounts owed by group undertakings comprise</i>		
Parent and fellow subsidiary undertakings	<u>838,749</u>	<u>760,034</u>

**Notes (continued)**

**14 Creditors: amounts falling due within one year**

	2000	1999
	£	£
Bank loans and overdrafts	1,212,816	1,497,901
Trade creditors	352,713	312,679
Amounts owed to group undertakings	1,851,050	881,592
Other creditors including taxation and social security:		
Corporation tax		
Other taxes and social security	259,565	109,646
Other creditors	5,693	12,786
	<hr/>	<hr/>
	265,258	122,432
Accruals and deferred income	601,767	356,236
	<hr/>	<hr/>
	4,283,604	3,170,840
	<hr/>	<hr/>
<i>The amounts owed to group undertakings comprise</i>		
Parent and fellow subsidiary undertakings	1,851,050	881,592
	<hr/>	<hr/>

**15 Creditors: amounts falling due after more than one year**

	2000	1999
	£	£
Amounts owed to subsidiary undertaking	71,969	71,969
	<hr/>	<hr/>

**16 Provisions for liabilities and charges**

	Warranty provision £
At beginning of year	36,206
Released during the year	1,943
	<hr/>
At end of year	38,149
	<hr/>

The provision relates to warranty work that may be required to be completed under the terms of contracts completed at the year end.



## Notes (continued)

### 17 Called up equity share capital

	2000 £	1998 £
<i>Authorised</i>		
Ordinary shares of £1 each	2,676,043	2,676,043
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	1,167,640	1,167,640
	<u>          </u>	<u>          </u>

On 20 December 1999, the company issued £1,000,000 new share capital to the parent company, Dansk Industri Syndikat A/S in order to provide additional working capital. The company also created an additional £2,500,000 of authorised share capital.

### 18 Reserves

	Revaluation reserve £	Profit and loss account £
At beginning of year	69,064	(1,140,898)
Transfer to profit and loss account	(69,064)	69,064
Retained loss for the year	-	(170,382)
	<u>          </u>	<u>          </u>
At end of year	-	(1,242,216)
	<u>          </u>	<u>          </u>

### 19 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Loss for the financial year	(170,382)	(1,145,601)
Issue of share capital (note 17)	-	1,000,000
	<u>          </u>	<u>          </u>
Opening shareholders' funds	(170,382) 155,752	(145,601) 301,353
	<u>          </u>	<u>          </u>
Closing shareholders' funds	(14,630)	155,752
	<u>          </u>	<u>          </u>

## Notes (continued)

### 20 Commitments

Capital commitments at the end of the financial year for which no provision has been made.

	2000 £	1999 £
Contracted	-	14,700

The company has provided guarantees to its bankers in respect of deposits received from customers which amount to £81,906 (1999 : £69,627).

The directors do not consider that the guarantees will fall due for payment.

### 21 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund. Contributions amounting to £3,528 (1999 : £7,489) were payable to the fund at the year end and are included in creditors.

### 22 Cash flow statement

	£	2000 £	£	1999 £
<b>Returns on investment and servicing of finance</b>				
Interest paid		(69,305)		(125,691)
<b>Taxation</b>				
Taxation paid		-		(35,698)
<b>Capital expenditure</b>				
Purchase of tangible fixed assets	(193,680)		(71,971)	
Sale of tangible fixed assets	604,247		236,371	
		410,567		164,400
<b>Financing</b>				
Issue of share capital		-		1,000,000
Exceptional items		-		(139,054)
		-		860,946

**Notes (continued)**

**23 Analysis of changes in net debt during the year**

	At 1 January 2000	Cash flow	At 31 December 2000
	£	£	£
Cash at bank and in hand	78,541	(71,363)	7,178
Bank overdraft	(997,901)	285,085	(712,816)
	<hr/>	<hr/>	<hr/>
	(919,360)	213,722	(705,638)
Debt due within one year	(500,000)	-	(500,000)
	<hr/>	<hr/>	<hr/>
<b>Total</b>	(1,419,360)	213,722	(1,205,638)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**24 Ultimate parent company and parent undertaking of larger group of which the company is a member**

The company is a subsidiary undertaking of Dansk Industri Syndikat A/S, a company incorporated in Denmark.

The smallest and largest group in which the results of the company are consolidated is that headed by Dansk Industri Syndikat A/S. The consolidated financial statements of this group are not available to the public.