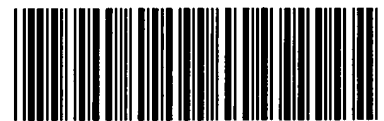


Company Registration No. 01163485 (England and Wales)

MONODRAUGHT LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
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MONODRAUGHT LIMITED

COMPANY INFORMATION

Directors	J Jensen	(Resigned 1 August 2016)
	S Hagelskjaer	
	A McCubbin	
	M Kann-Rasmussen	(Appointed 1 August 2016)
Secretary	H S Secretarial Limited	
Company number	01163485	
Registered office	Halifax House Cressex Business Park High Wycombe Bucks United Kingdom HP12 3SE	
Auditor	Ernst & Young LLP Apex Plaza Forbury Road Reading Berkshire United Kingdom RG1 1YE	
Business address	Halifax House Cressex Business Park High Wycombe Bucks United Kingdom HP12 3SE	

MONODRAUGHT LIMITED

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MONODRAUGHT LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and financial statements for the year ended 31 December 2016.

Principal activities

The principal activity of the company continued to be that of design, development, sales and installation of natural daylight, natural ventilation and natural cooling products and solutions.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Jensen	(Resigned 1 August 2016)
S Hagelskjaer	
A McCubbin	
M Kann-Rasmussen	(Appointed 1 August 2016)

Dividends

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Post reporting date events

A dividend amounting to £412,000 was proposed and paid in February 2017.

No other significant post balance sheet events have taken place.

Future developments

The directors aim to continue the policies which have led to the company's market leadership and expect future growth.

Auditors

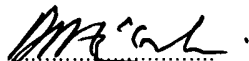
In accordance with section 385 of the Companies Act 2006, a resolution proposing that Ernst & Young LLP be reappointed as auditors of the company will be put at the Annual General Meeting.

Statement of disclosure to auditors

So far as the directors at the date of approving this report are aware, there is no relevant audit information being information needed by the auditors in connection with preparing its report, of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

On behalf of the board



A McCubbin

Director

15/03/17

Date

MONODRAUGHT LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards (including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland') 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

MONODRAUGHT LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 £	£	2015 £	£
Fixed assets					
Intangible assets			68,976		65,983
Tangible assets	5		207,260		227,335
Current assets					
Stocks		843,583		886,402	
Debtors	6	2,200,032		2,227,532	
Cash at bank and in hand		163,770		36,103	
		<u>3,207,385</u>		<u>3,150,037</u>	
Creditors: amounts falling due within one year	7	<u>(1,126,548)</u>		<u>(1,517,875)</u>	
Net current assets			<u>2,080,837</u>		<u>1,632,162</u>
Total assets less current liabilities			<u>2,357,073</u>		<u>1,925,480</u>
Provisions for liabilities	8		<u>(102,866)</u>		<u>(82,600)</u>
Net assets			<u>2,254,207</u>		<u>1,842,880</u>
Capital and reserves					
Called up share capital	10		3,000		3,000
Profit and loss reserves			<u>2,251,207</u>		<u>1,839,880</u>
Total equity			<u>2,254,207</u>		<u>1,842,880</u>

The financial statements and reports have been delivered in accordance with the special provisions applicable to companies subject to the small companies regime within Part 15 of the companies Act 2006. In accordance with section 444 of the Companies Act 2006 all of the members of the company have consented to the preparation of abridged financial statements pursuant to paragraph 1A of Schedule 1 to the Small Companies and Groups (Accounts and Directors' Report) Regulations (S.I. 2008/409)(b).

The directors of the company have elected not to include a copy of the income statement within the financial statements.

These financial statements have been prepared and delivered in accordance with the special provisions applicable to companies subject to the small companies' regime within Part 15 of the Companies Act 2006.

The financial statements were approved by the board of directors and authorised for issue on 15 March 2017 and are signed on its behalf by:



A McCubbin
Director

Company Registration No. 01163485

MONODRAUGHT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital £	Profit and loss reserves £	Total £
Balance at 1 January 2015	3,000	1,738,733	1,741,733
Year ended 31 December 2015:			
Profit and total comprehensive income for the year	-	101,147	101,147
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	3,000	1,839,880	1,842,880
Year ended 31 December 2016:			
Profit and total comprehensive income for the year	-	411,327	411,327
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2016	<u>3,000</u>	<u>2,251,207</u>	<u>2,254,207</u>

MONODRAUGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

The financial statements of Monodraught Limited (the "company") were authorised for issue by the Board of Directors on 15 March 2017. The balance sheet has been signed on the board's behalf by A McCubbin.

Monodraught Limited is a private company limited by shares incorporated in England and Wales. The registered office is Halifax House, Cressex Business Park, High Wycombe, Bucks, United Kingdom, HP12 3SE.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The individual accounts of Monodraught Limited have also adopted the following disclosure exemptions:

- the requirement to present a statement of cash flows and related notes
- financial instrument disclosures, including:
 - categories of financial instruments,
 - items of income, expenses, gains or losses relating to financial instruments, and
 - exposure to and management of financial risks.

1.2 Going concern

The financial statements have been prepared on a going concern basis. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

1.3 Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Revenue is recognised on despatch of goods when the amount of revenue can be measured reliably, and when it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue arising from manufacture and installation of products is recognised based on the stage of project completion and in proportion to costs incurred. Upon successful installation and testing of the manufactured system on site, final income is recognised.

MONODRAUGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Interest income

Revenue is recognised as interest accrues using the effective interest rate.

1.4 Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

1.5 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised on a straight line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. The useful economic lives of intangible assets are as follows:

Software	3 years
Product certifications	5 years

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Plant and machinery	20% per annum on a straight line basis.
Fixtures, fittings & equipment	15% - 33% per annum on a straight line basis.
Motor vehicles	25% per annum on a straight line basis.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the statement of comprehensive income.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

MONODRAUGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Stocks

Stocks are valued at the lower of cost and net realisable value. Costs include all costs incurred in bringing each product to its present location and condition. Cost comprises of direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stock is valued using FIFO method.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.10 Financial instruments

Classification of financial assets

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial asset and is determined at the time of recognition.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at fair value which is normally the transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

MONODRAUGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities are initially measured at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Other financial liabilities classified as fair value through profit or loss is measured at fair value.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of financial liabilities

Financial liabilities are derecognised when and only when, the company's obligations are discharged, cancelled, or they expire.

MONODRAUGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.11 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.12 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes except that the recognition of deferred tax assets is limited to the extent that the company anticipates to make sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

The deferred tax balance is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

1.13 Provisions

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.15 Defined Contribution Plan

Contributions payable to the defined contribution retirement benefit scheme for the period is recognised as:

- a liability; after deducting any amount already paid
- an expense as the amount falls due

MONODRAUGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to the profit and loss account on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

1.18 Foreign exchange

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.

2 Auditor's remuneration

	2016	2015
Fees payable to the company's auditor and associates:	£	£
For audit services		
Audit of the company's financial statements	16,625	15,600
	<u> </u>	<u> </u>

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was 66 (2015 - 61).

MONODRAUGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

4 Intangible fixed assets

	Product certifications and software development £
Cost	
At 1 January 2016	183,370
Additions	38,173
At 31 December 2016	221,543
Amortisation and impairment	
At 1 January 2016	117,387
Amortisation charged for the year	35,180
At 31 December 2016	152,567
Carrying amount	
At 31 December 2016	68,976
At 31 December 2015	65,983

Amortisation of intangible fixed assets is included in administrative expenses.

5 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2016	505,832	762,717	15,292	1,283,841
Additions	8,875	54,504	-	63,379
At 31 December 2016	514,707	817,221	15,292	1,347,220
Depreciation and impairment				
At 1 January 2016	335,277	705,937	15,292	1,056,506
Depreciation charged in the year	57,663	25,791	-	83,454
At 31 December 2016	392,940	731,728	15,292	1,139,960
Carrying amount				
At 31 December 2016	121,767	85,493	-	207,260
At 31 December 2015	170,555	56,780	-	227,335

MONODRAUGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2016

6 Debtors

	2016 £	2015 £
Amounts falling due within one year:		
Trade debtors	1,601,766	1,665,969
Corporation tax recoverable	-	41,483
Prepayments and accrued income	136,495	118,291
Other debtors	444,008	377,110
	<u>2,182,269</u>	<u>2,202,853</u>
Amounts falling due after more than one year:		
Deferred tax asset	<u>17,763</u>	<u>24,679</u>
Total debtors	<u>2,200,032</u>	<u>2,227,532</u>

Trade debtors disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

7 Creditors: amounts falling due within one year

	2016 £	2015 £
Bank loans and overdrafts	-	209,408
Trade creditors	592,745	962,792
Corporation tax	39,047	-
Other taxation and social security	196,307	172,509
Accruals and deferred income	298,449	173,166
	<u>1,126,548</u>	<u>1,517,875</u>

8 Provisions for liabilities

	2016 £	2015 £
Other provisions	<u>102,866</u>	<u>82,600</u>
Movements on provisions:		
		£
At 1 January 2016		82,600
Increase in provision		20,266
At 31 December 2016		<u>102,866</u>

MONODRAUGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Provisions for liabilities

(Continued)

Other provisions are represented by a warranty provision of £72,866 (2015: £52,600) and a dilapidation provision of £30,000 (2015: £30,000). The closing warranty provision of £72,866 is after provision utilisation in the year of £24,990 and a current year charge of £45,256. The warranty provision is expected to be utilised within four years. The dilapidation provision is expected to be utilised within five years.

9 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Assets 2016 £	Assets 2015 £
Balances:		
Decelerated capital allowances (note 6)	17,763	24,679

10 Called up share capital

	2016 £	2015 £
Ordinary share capital Issued and fully paid 3,000 Ordinary shares of £1 each	3,000	3,000

The company has one class of ordinary shares which carry voting rights, rights to dividend distributions and rights on a company wind up.

11 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2016 £	2015 £
Within one year	267,643	186,435
Between two and five years	507,182	667,154
	774,825	853,589

MONODRAUGHT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified with no emphasis of matter paragraph.

The auditor was Ernst & Young LLP and the person who signed the auditor's report as senior statutory auditor was Fraser Bull

13 Related party transactions

Transactions with related parties

The company is a wholly owned subsidiary of VKR Holding A/S, the consolidated financials of which are publically available. Accordingly, the company has taken advantage of the exemption in Section 33 from disclosing transactions with other group companies of the VKR Holding group.

14 Controlling Party

The immediate and ultimate parent undertaking of Monodraught Limited is VKR Holding A/S, a company incorporated in Denmark.

Consolidated accounts are produced by VKR Holding A/S and copies are available to the public from the company's registered office at Breeltevej 18, DK-2970 Hoersholm, Denmark or their website address, www.vkr-holding.com.

15 Financial risk management

Foreign exchange transactional currency exposure

The company is exposed to currency exchange risk, due to a proportion of its payables and operating expenses being denominated in non-Sterling currencies. The net exposure of each currency is closely monitored and managed by management.

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows.

Interest rate risk

The company borrows from its bankers using overdrafts whose tenure depends on the nature of the asset and management's views of the future direction of interest rates.

Customer credit exposure

The company may offer credit terms to its customers which allow payment of the debt after delivery of the goods and services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. The risk is mitigated by strong credit control, client acceptance procedures and close management of on-going customer relationships.