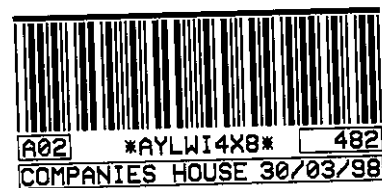


**AEROVAC SYSTEMS (KEIGHLEY) LIMITED**

**ABBREVIATED FINANCIAL STATEMENTS**

**31ST OCTOBER 1997**

**Registered number: 1472714**



**HORWATH CLARK WHITEHILL**

**CHARTERED ACCOUNTANTS**

**Keighley**

**AEROVAC SYSTEMS (KEIGHLEY) LIMITED**

**ABBREVIATED FINANCIAL STATEMENTS**

**for the year ended 31st October 1997**

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**AEROVAC SYSTEMS (KEIGHLEY) LIMITED****COMPANY INFORMATION****31st October 1997**

<b>Company number</b>	<del>1</del> 1472714
<b>Chairman</b>	Mr. H. T. Gibson
<b>Other Directors</b>	Mrs. J. Gibson
<b>Secretary</b>	Mr R.H. Gibson
<b>Registered office</b>	Bradford Road Sandbeds Keighley BD20 5LN
<b>Auditors</b>	Horwath Clark Whitehill Chartered Accountants Holly House Spring Gardens Lane Keighley BD20 6LE

**AEROVAC SYSTEMS (KEIGHLEY) LIMITED****DIRECTORS' REPORT****31st October 1997**

The directors present their report and the abbreviated financial statements for the year ended 31st October 1997

**Principal activity**

The principal activity of the company is that of distribution and manufacture of vacuum tools

**Business review**

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £1,752,379.

On 31st October 1997 the company acquired the trade, assets and liabilities of its subsidiary undertaking, Fluorovac Limited.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5. An ordinary dividend amounting to £5,000 is proposed.

**Fixed assets**

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 10.

**Directors**

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	<b>31st October 1997</b>	<b>1st November 1996</b>
	<b>Ordinary shares</b>	<b>Ordinary shares</b>
Mr. H. T. Gibson	-	-
Mrs. J. Gibson	-	-

In accordance with the Articles of Association, Mrs J. Gibson retires by rotation and offers herself for re-election.

The interests of the directors in the shares of the holding company, Launchfirm Limited, are shown in the directors' report of that company.

**Charitable and political donations**

Payments of a charitable nature made during the year amounted to £560.


**Auditors**

On 1st January 1998 the auditors changed the name under which they practice to Horwath Clark Whitehill and have signed their report in their new name.

Horwath Clark Whitehill have agreed to offer themselves for re-appointment as auditors of the company.

Bradford Road  
Sandbeds  
Keighley  
BD20 5LN

On behalf of the board

  
Mr R.H. Gibson  
Secretary

19th March 1998

**AEROVAC SYSTEMS (KEIGHLEY) LIMITED****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The purpose of this statement is to distinguish the directors' responsibilities for the financial statements from those of the auditors as stated in their report.

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 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.

**AEROVAC SYSTEMS (KEIGHLEY) LIMITED****Auditors' report to  
Aerovac Systems (Keighley) Limited  
under section 247B to the Companies Act 1985**

We have examined the abbreviated financial statements set out on pages 5 to 17, together with the financial statements of the company for the year ended 31st October 1997 prepared under section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

**Unqualified Opinion**

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 5 to 17 are properly prepared in accordance with those provisions.

Keighley

*19<sup>th</sup> March 1998*

**Horwath Clark Whitehill**  
Registered Auditors  
Chartered Accountants

**AEROVAC SYSTEMS (KEIGHLEY) LIMITED**  
**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
for the year ended 31st October 1997

	Note	1997 £	1996 £
<b>Gross profit</b>		<b>1,185,526</b>	<b>1,370,718</b>
Distribution costs		(62,732)	(34,843)
Administrative expenses		(490,792)	(395,489)
<b>Operating profit</b>	<b>2</b>	<b>632,002</b>	<b>940,386</b>
Exceptional items	6	(130,572)	-
<b>Profit on ordinary activities before interest</b>		<b>501,430</b>	<b>940,386</b>
Investment income	4	134,718	195,253
Interest payable	5	(156,783)	(178,039)
<b>Profit on ordinary activities before taxation</b>		<b>479,365</b>	<b>957,600</b>
Taxation	7	(113,591)	(292,432)
<b>Profit on ordinary activities after taxation</b>		<b>365,774</b>	<b>665,168</b>
Dividends	8	(5,000)	(13,500)
<b>Retained profit for the year</b>	<b>19</b>	<b>360,774</b>	<b>651,668</b>

Movements in reserves are shown in note 19.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1997 or 1996 other than the profit for the year.

## AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## ABBREVIATED BALANCE SHEET

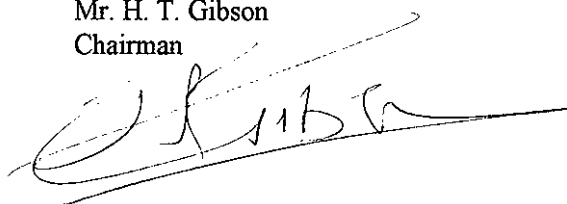
at 31st October 1997

	Note	1997 £	1996 £
<b>Fixed assets</b>			
Intangible assets	9	50,127	-
Tangible assets	10	482,086	443,434
Investments	11	92,550	7,677
		<u>624,763</u>	<u>451,111</u>
<b>Current assets</b>			
Stocks	12	893,266	929,092
Debtors	13	2,648,686	2,548,845
Cash at bank and in hand		416,914	730,099
		<u>3,958,866</u>	<u>4,208,036</u>
<b>Creditors: amounts falling due within one year</b>	14	<u>(2,774,786)</u>	<u>(3,192,069)</u>
<b>Net current assets</b>		<u>1,184,080</u>	<u>1,015,967</u>
<b>Total assets less current liabilities</b>		<u>1,808,843</u>	<u>1,467,078</u>
<b>Provision for liabilities and charges</b>	15	<u>(56,464)</u>	<u>(75,473)</u>
		<u>1,752,379</u>	<u>1,391,605</u>
<b>Capital and reserves</b>			
Called up share capital	18	1,000	1,000
Profit and loss account	19	1,751,379	1,390,605
<b>Total shareholders' funds</b>	17	<u>1,752,379</u>	<u>1,391,605</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated financial statements on pages 5 to 17 were approved by the board of directors on 19th March 1998 and signed on its behalf by:

Mr. H. T. Gibson  
Chairman





## AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## CASH FLOW STATEMENT

for the year ended 31st October 1997

	Note	1997 £	1996 £
<b>Net cash inflow from operating activities</b>	23	211,325	526,569
<b>Returns on investments and servicing of finance</b>			
Interest received		55,933	63,326
Interest paid		(156,783)	(178,039)
Dividends received		78,785	131,927
		<u>(22,065)</u>	<u>17,214</u>
<b>Taxation</b>			
Corporation tax paid		(232,123)	(166,879)
<b>Capital expenditure and financial investment</b>			
Purchase of intangible fixed assets		(50,127)	-
Purchase of tangible fixed assets		(131,052)	(108,101)
Purchase of fixed asset investments		(84,873)	-
Sale of tangible fixed assets		27,620	9,800
		<u>(238,432)</u>	<u>(98,301)</u>
		(281,295)	278,603
Equity dividends paid		(9,000)	(4,500)
		<u>(290,295)</u>	<u>274,103</u>
<b>(Decrease)/increase in cash</b>		<u>(290,295)</u>	<u>274,103</u>

# AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1997

### 1 Accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Consolidated accounts, including the company and its subsidiary undertakings, have not been prepared as the company is itself a subsidiary of another company incorporated in Great Britain and as such is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare such accounts. The accounts as presented represent the information of the company as an individual undertaking only.

#### Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

#### Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Land and freehold buildings	2%
Office equipment	15-25%
Plant and machinery	15%
Motor vehicles	25%
Fixtures and fittings	15%
Goodwill	5%

#### Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

#### Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

#### Pensions

##### Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences arising in the ordinary course of business are included in trading profit. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date.

## AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1997

## 1 Accounting policies (continued)

**Goodwill**

In accordance with Financial Reporting Standard no. 10 "Goodwill and intangible assets", purchased goodwill is capitalised and amortised on a straight line basis over its estimated useful life. The directors currently consider the useful economic life of the goodwill purchased from Fluorovac Limited to be 20 years, as this is the period over which the company expects to derive benefit. No amortisation has been charged for the current year, as the purchase took place at the year end.

## 2 Operating profit

	1997 £	1996 £
Operating profit is stated after charging		
Staff costs (note 4)	420,062	360,997
Auditors' remuneration	6,000	6,000
Loss on sale of assets	1,418	7,349
Depreciation of tangible fixed assets (note 11)		
Owned assets	<u>63,362</u>	<u>47,217</u>

## AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1997

## 3 Directors and employees

	1997	1996
Staff costs including directors' emoluments	£	£
Wages and salaries	386,270	335,163
Social security costs	31,515	24,718
Pension costs	2,277	1,116
	<u>420,062</u>	<u>360,997</u>
Average monthly number employed including executive directors:	Number	Number
Production staff	17	16
Administration staff	13	11
	<u>30</u>	<u>27</u>

None of the directors received any remuneration during the year ended 31st October 1997.

## Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £2,277 (1996 £1,116). No contributions were outstanding at 31st October 1997 or 31st October 1996.

## 4 Investment income

	1997	1996
	£	£
Bank interest	22,887	27,311
Other interest - from group undertaking	25,094	28,848
- other	7,952	7,167
Dividend received from group undertaking	78,785	131,927
	<u>134,718</u>	<u>195,253</u>

## 5 Interest payable

	1997	1996
	£	£
Interest payable on other loans	156,783	178,039
	<u>156,783</u>	<u>178,039</u>

## AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1997

## 6 Exceptional items

	1997 £	1996 £
Exchange loss on loan to group undertaking	<u>130,572</u>	<u>-</u>

## 7 Taxation

	1997 £	1996 £
Corporation tax on profit on ordinary activities at 31.83% (1996 33%)	197,451	324,007
Double taxation relief	(67,295)	(46,816)
Deferred taxation	<u>(19,409)</u>	<u>15,241</u>
	110,747	292,432
Under provision in earlier years	<u>2,844</u>	<u>-</u>
	<u>113,591</u>	<u>292,432</u>

## 8 Dividends

	1997 £	1996 £
Interim dividend paid at £nil per share	-	4,500
Final proposed dividend at £5 per share	<u>5,000</u>	<u>9,000</u>
	<u>5,000</u>	<u>13,500</u>

## 9 Intangible fixed assets

	Goodwill £
<b>Cost</b>	
1st November 1996	-
Additions	<u>50,127</u>
31st October 1997	<u>50,127</u>
<b>Net book amount</b>	
31st October 1997	<u>50,127</u>

## AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1997

## 10 Tangible fixed assets

<b>Cost</b>	<b>Motor Vehicles £</b>	<b>Plant and Machinery £</b>	<b>Freehold Land and Buildings £</b>	<b>Total £</b>
1st November 1996	67,902	309,569	287,835	665,306
Additions	93,904	31,388	5,760	131,052
Disposals	(53,663)	-	-	(53,663)
31st October 1997	<u>108,143</u>	<u>340,957</u>	<u>293,595</u>	<u>742,695</u>
<b>Depreciation</b>				
1st November 1996	33,892	149,558	38,421	221,871
Charge for year	24,720	33,538	5,103	63,361
Disposals	(24,625)	-	-	(24,625)
31st October 1997	<u>33,987</u>	<u>183,096</u>	<u>43,524</u>	<u>260,607</u>
<b>Net book amount</b>				
31st October 1997	<u>74,155</u>	<u>157,861</u>	<u>250,070</u>	<u>482,086</u>
1st November 1996	<u>34,010</u>	<u>160,011</u>	<u>249,413</u>	<u>443,434</u>

## AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1997

## 11 Fixed asset investments

	Investment in subsidiary undertakings £
<b>Cost</b>	
1st November 1996	7,677
Additions	84,873
31st October 1997	<u>92,550</u>
<b>Net book amount</b>	
31st October 1997	<u>92,550</u>
1st November 1996	<u>7,677</u>

On 27th October 1997 the entire share capital of Fluorovac Limited was acquired and on 31st October 1997 the trade, assets and liabilities were transferred to Aerovac Systems (Keighley) Limited and Fluorovac Limited ceased trading.

Interest in group undertakings:

Name of undertaking	Country of registration	Description of shares held	Proportion of nominal value of issued shares held by company
Aerovac Systems France SARL	France	Ordinary	76%
Fluorovac Limited	England and Wales	Ordinary	100%

The principal activities of the above undertakings are the manufacture and distribution of vacuum tools.

The aggregate amount of capital and reserves as at 31st October 1997, and the profit after taxation of the undertakings for the year ended 31st October 1997 was as follows:

	Capital and reserves	Profit after taxation
	£	£
Aerovac Systems France SARL	147,690	94,106
Fluorovac Limited	84,873	58,283

## AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1997

## 12 Stocks

	1997 £	1996 £
Work in progress	4,000	5,000
Raw materials	889,266	924,092
	<u>893,266</u>	<u>929,092</u>

## 13 Debtors

	1997 £	1996 £
<b>Amounts falling due within one year</b>		
Trade debtors	1,423,242	1,150,616
Amounts owed by group undertakings	981,866	1,107,653
Other debtors	136,906	236,997
Prepayments and accrued income	106,672	53,579
	<u>2,648,686</u>	<u>2,548,845</u>

Other debtors include an amount of £128,000 (1996 £128,000) advanced as a loan to an employee of the company. This amount falls due after more than one year.

## 14 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank overdrafts	72,153	95,043
Trade creditors	430,280	501,178
Amounts owed to group undertakings	654,603	489,513
Corporation tax	146,443	245,966
Other taxation and social security	34,720	5,720
Dividend	5,000	9,000
Other creditors	223,440	239,080
Accruals and deferred income	117,781	50,297
Directors' loan accounts	1,090,366	1,556,272
	<u>2,774,786</u>	<u>3,192,069</u>

## 15 Provision for liabilities and charges

	1996 £	Profit and loss account £	Other movements £	1997 £
Deferred taxation (notes 8 and 18)	75,473	(19,409)	400	56,464



## AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1997

## 16 Deferred taxation

	1997		1996	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by				
Capital allowances in excess	32,541	32,541	33,415	33,415
Other timing differences	24,423	24,423	42,958	42,958
	<u>56,964</u>	<u>56,964</u>	<u>76,373</u>	<u>76,373</u>
Advance corporation tax	(500)	(500)	(900)	(900)
	<u>56,464</u>	<u>56,464</u>	<u>75,473</u>	<u>75,473</u>

The potential liability and provision are based on a corporation tax rate of 31% (1996 33%).

## 17 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	365,774	665,168
Dividends	<u>(5,000)</u>	<u>(13,500)</u>
Net addition to shareholders' funds	360,774	651,668
Opening shareholders' funds	<u>1,391,605</u>	<u>739,937</u>
Closing shareholders' funds	<u>1,752,379</u>	<u>1,391,605</u>

## 18 Called up share capital

	1997		1996	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

## AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1997

## 19 Profit and loss account

	1997 £
1st November 1996	1,390,605
Retained profit for the year	360,774
31st October 1997	<u>1,751,379</u>

## 20 Ultimate parent undertaking

The company's ultimate holding company is Launchfirm Limited, a company registered in England and Wales. Ultimate control of the company rests with Mr H.T. Gibson and Mrs J. Gibson.

## 21 Related parties

During the year, Aerovac Systems (Keighley) Limited provided goods and services to Fluorovac Limited amounting to £175,223 (1996: £151,791) and to Aerovac Systems France SARL amounting to £1,074,069 (1996: £1,134,622). Launchfirm Limited provided management services to Aerovac Systems (Keighley) Limited amounting to £700,000 (1996: £425,000). The amounts outstanding at the balance sheet date are disclosed under debtors and creditors as amounts owed by or to group undertakings.

## 22 Notes to the cash flow statement

Reconciliation of operating profit  
to operating cash flows

	1997 £	1997 £
Operating profit	632,002	940,386
Depreciation charges	63,362	47,217
Loss on sale of fixed assets	1,418	7,349
Decrease/(increase) in stocks	35,826	(70,846)
Increase in debtors	(99,843)	(114,444)
Decrease in creditors	(290,870)	(283,093)
Exceptional item	(130,572)	-
Net cash inflow from operating activities	<u>211,325</u>	<u>526,569</u>

## AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## NOTES ON ABBREVIATED FINANCIAL STATEMENTS

31st October 1997

## 22 Notes to the cash flow statement (continued)

## Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash at bank and in hand	730,099	(313,185)	416,914
Overdrafts	(95,043)	22,890	(72,153)
<b>Total</b>	<b>635,056</b>	<b>(290,295)</b>	<b>344,761</b>

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

	1997 £	1996 £
(Decrease)/increase in cash in the year	(290,295)	274,103
Change in net debt resulting from cash flows	(290,295)	274,103
Net debt at 1st November 1996	635,056	360,953
Net debt at 31st October 1997	344,761	635,056