

AEROVAC SYSTEMS (KEIGHLEY) LIMITED  
ABBREVIATED ACCOUNTS  
YEAR ENDED 31ST OCTOBER 1996

CLARK WHITEHILL JOSOLYNE  
CHARTERED ACCOUNTANTS  
HOLLY HOUSE  
SPRING GARDENS LANE  
KEIGHLEY  
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AEROVAC SYSTEMS (KEIGHLEY) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1996

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# AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31st October 1996.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The directors consider that the state of the company's affairs is satisfactory and is as shown in the attached accounts.

### RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £665,168. It is recommended that this amount be dealt with as follows:

	<u>£</u>
Interim dividend paid	4,500
Final dividend proposed	9,000
Transferred to reserves	651,668
	<u>665,168</u>

### DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

	<u>Ordinary shares of £1 each</u>	
	<u>31st October 1996</u>	<u>1st November 1995</u>
Mr H.T. Gibson	-	-
Mrs J. Gibson	-	-

Mrs J. Gibson retires by rotation and, being eligible, 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 GIFTS

During the year the company gave amounts for charitable purposes totalling £485 (1995 £642).

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

DIRECTORS' REPORT

AUDITORS

In accordance with Section 385 of the Companies Act 1985 a resolution proposing the reappointment of Clark Whitehill Josolyne as auditors to the company will be put to the members at the annual general meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

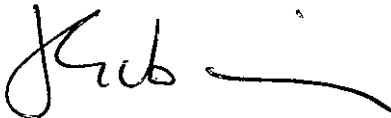
The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors as stated in their report.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for that period. In preparing those accounts 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 accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume 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 accounts 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 or other irregularities.

By order of the board



Mrs. J. Gibson  
Secretary

Date: 8th May 1997

AUDITORS' REPORT TO THE DIRECTORS OF

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 14 together with the full accounts of Aerovac Systems (Keighley) Limited for the year ended 31st October 1996.

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on the balance sheet and that the abbreviated accounts have been properly prepared from the full accounts. In reporting to you, the Companies Act 1985 requires us to reproduce our report to the members on those full accounts. The full text of that report, which was signed on 8th May 1997, was as follows:

"We have audited the accounts on pages 4 to 14 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 the information in the accounts.

Unqualified opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st October 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

Opinion on the abbreviated accounts

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section B of Part III of Schedule 8 to that Act in respect of the year ended 31st October 1996 and the abbreviated accounts on pages 4 to 14 have been properly prepared in accordance with that Schedule.

  
CLARK WHITEHILL JOSOLYNE

Keighley  
Date: 8th May 1997

Chartered Accountants and  
Registered Auditor

AEROVAC SYSTEMS (KEIGHLEY) LIMITED  
ABBREVIATED PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31ST OCTOBER 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
GROSS PROFIT		1,370,718	975,883
DISTRIBUTION COSTS		34,843	18,502
ADMINISTRATIVE EXPENSES		<u>395,489</u>	<u>417,863</u>
		430,332	436,365
OPERATING PROFIT		<u>940,386</u>	<u>539,518</u>
INTEREST RECEIVABLE AND SIMILAR INCOME	2	195,253	126,406
INTEREST PAYABLE	3	<u>178,039</u>	<u>160,034</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	957,600	505,890
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	<u>292,432</u>	<u>142,132</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		665,168	363,758
DIVIDENDS	7	<u>13,500</u>	<u>4,500</u>
RETAINED PROFIT FOR THE YEAR	15	<u><u>651,668</u></u>	<u><u>359,258</u></u>

The Profit and Loss Account contains all the gains and losses recognised in the current and preceding year.

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

ABBREVIATED BALANCE SHEET AT 31ST OCTOBER 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
<b>FIXED ASSETS</b>			
Tangible assets	8	443,434	399,699
Investments	9	7,677	7,677
		<u>451,111</u>	<u>407,376</u>
<b>CURRENT ASSETS</b>			
Stocks	10	929,092	858,246
Debtors	11	2,548,845	2,434,401
Cash at bank and in hand		730,099	428,050
		<u>4,208,036</u>	<u>3,720,697</u>
<b>CURRENT LIABILITIES</b>			
Creditors - amounts falling due within one year	12	3,192,069	3,327,004
		<u>3,192,069</u>	<u>3,327,004</u>
<b>NET CURRENT ASSETS</b>		<u>1,015,967</u>	<u>393,693</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,467,078</u>	<u>801,069</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	13	75,473	61,132
		<u>1,391,605</u>	<u>739,937</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	1,000	1,000
Profit and loss account	15	1,390,605	738,937
<b>SHAREHOLDERS' FUNDS</b>	15	<u>1,391,605</u>	<u>739,937</u>

Advantage has been taken of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 on the grounds that the company is a medium company.

These accounts were approved by the board of directors on 8th May 1997 and signed on its behalf by:-

Mr. H.T. Gibson

Mrs. J. Gibson

Directors

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

ABBREVIATED CASH FLOW STATEMENT

YEAR ENDED 31ST OCTOBER 1996

	<u>Notes</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Net cash inflow from operating activities	16(a)	526,569	276,397
Returns on investments and servicing of finance			
Interest received	63,326	39,493	
Interest paid	(178,039)	(160,034)	
Dividends received	131,927	86,913	
Dividends paid	(4,500)	(4,500)	
Net cash inflow (outflow) from returns on investments and servicing of finance		12,714	(125,041)
Taxation			
Corporation tax paid		(166,879)	(11,335)
Investing activities			
Payments to acquire tangible fixed assets	(108,101)	(31,669)	
Receipts from sales of tangible fixed assets	9,800	9,425	
Net cash (outflow) from investing activities		(98,301)	(22,244)
Net cash inflow before and after financing		274,103	117,777
Increase in cash and cash equivalents	16(c)	274,103	117,777



AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1996

1. ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention adopting the following principal accounting policies:

a) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives by annual instalments on the reducing balance at the following rates:

Freehold land and buildings	2%
Plant and machinery	15%
Fixtures and fittings	15%
Motor vehicles	25%
Office equipment	15% - 25%

Depreciation is provided on freehold land as well as buildings because the appropriate analysis of cost is not available. The directors do not believe that the depreciation of freehold land is sufficiently material to justify the expense that would be incurred in analysing freehold land and buildings into their separate components.

b) Stocks and work-in-progress

Stocks and work-in-progress are valued consistently at the lower of cost and net realisable value. Cost of work-in-progress comprises the direct cost of materials and labour together with a relevant proportion of overheads.

c) Deferred taxation

Deferred taxation has been provided by the liability method in respect of timing differences except where no liability is expected to arise in the foreseeable future.

d) 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.

e) Pension costs

The company operates a money purchase scheme for the directors and certain staff. Contributions are charged against revenue in the period in which they are made.

AEROVAC SYSTEMS (KEIGHLEY) LIMITED  
NOTES TO THE ABBREVIATED ACCOUNTS  
YEAR ENDED 31ST OCTOBER 1996

	<u>1996</u> £	<u>1995</u> £
2. INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest	27,311	12,238
Other interest - from group undertaking	28,848	20,077
- other	7,167	7,178
Dividend received from group undertaking	131,927	86,913
	<u>195,253</u>	<u>126,406</u>
3. INTEREST PAYABLE		
Interest payable on bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	<u>178,039</u>	<u>160,034</u>
4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
This is stated after charging:		
Auditors' remuneration	6,000	5,500
Depreciation	47,217	38,482
Loss (profit) on sale of tangible fixed assets	7,349	(1,345)
Management charge paid to holding company	425,000	760,000
Exchange losses (gains)	<u>32,634</u>	<u>(54,956)</u>
5. DIRECTORS AND EMPLOYEES		
The average weekly number of persons employed by the company during the year was:		
Category	Number	Number
Production	16	15
Administration	11	10
	<u>27</u>	<u>25</u>

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1996

	<u>1996</u> £	<u>1995</u> £
DIRECTORS AND EMPLOYEES (CONTINUED)		
Staff costs for all employees, including executive directors, were:		
Wages and salaries	335,163	289,012
Social security costs	24,718	21,390
Other pension costs	1,116	1,488
	<u>360,997</u>	<u>311,890</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£ <u>1996</u>	£	£ <u>1995</u>	£
Based on profit for the year				
Corporation tax at 33% (1994 25%)				
- current year	324,007		166,428	
- tax credit re overseas underlying tax	<u>(46,816)</u>		<u>(31,190)</u>	
		277,191		135,238
Transfer to deferred taxation		<u>15,241</u>		<u>6,894</u>
		<u>292,432</u>		<u>142,132</u>

	<u>1996</u> £	<u>1995</u> £
7. DIVIDENDS		
Paid £4.50 per Ordinary £1 share (1995 £4.50 per Ordinary £1 share)	4,500	4,500
Proposed £9.00 per ordinary £1 share (1995 £nil)	9,000	-
	<u>13,500</u>	<u>4,500</u>

# AEROVAC SYSTEMS (KEIGHLEY) LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1996

### 8. TANGIBLE ASSETS

	<u>Freehold land and buildings</u> £	<u>Plant and machinery</u> £	<u>Fixtures and fittings</u> £	<u>Motor vehicles</u> £	<u>Office equip- ment</u> £	<u>Total</u> £
Cost						
1st November 1995	279,504	134,026	54,402	73,987	47,293	598,212
Additions	8,330	45,585	270	18,713	35,203	108,101
Disposals	-	(7,210)	-	(24,798)	-	(32,008)
31st October 1996	<u>287,834</u>	<u>172,401</u>	<u>54,672</u>	<u>67,902</u>	<u>82,496</u>	<u>665,305</u>
Depreciation						
1st November 1995	33,331	66,300	36,917	33,404	19,561	189,513
Charge for the year	5,090	15,313	2,663	11,336	12,815	47,217
Disposals	-	(4,011)	-	(10,848)	-	(14,859)
31st October 1996	<u>38,421</u>	<u>77,602</u>	<u>39,580</u>	<u>33,892</u>	<u>32,376</u>	<u>221,871</u>
Net book value						
31st October 1996	<u>249,413</u>	<u>94,799</u>	<u>15,092</u>	<u>34,010</u>	<u>50,120</u>	<u>443,434</u>
31st October 1995	<u>246,173</u>	<u>67,726</u>	<u>17,485</u>	<u>40,583</u>	<u>27,732</u>	<u>399,699</u>

### 9. FIXED ASSET INVESTMENT

Investment in subsidiary undertaking:

Cost and net book value:

At 1st November 1995 and 31st October 1996

£

7,677

The investment consists of 760 ordinary shares of FF100 each, representing a holding of 76% of the issued share capital of Aerovac Systems France SARL a company incorporated in France. The company's principal activity is the distribution and manufacture of vacuum tools and the principal country in which it operates is France.

The aggregate amount of capital and reserves of the undertaking, as at 31st October 1996 was £233,772, and the undertaking made a profit after taxation of £168,009 for the year ended 31st October 1996.

Consolidated accounts, including the company and its subsidiary undertaking, 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.

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1996

9. FIXED ASSET INVESTMENT (CONTINUED)

In the opinion of the directors the aggregate value of the assets of the company consisting of shares in, and amounts owing from, the subsidiary undertaking is not less than the aggregate of the amounts at which those assets are stated in the company's balance sheet.

	<u>1996</u> £	<u>1995</u> £
10. STOCKS		
Raw materials	924,092	853,746
Work-in-progress	5,000	4,500
	<u>929,092</u>	<u>858,246</u>

11. DEBTORS

Trade debtors	1,150,616	1,123,941
Amounts owed by group undertakings	1,107,653	1,029,050
Other debtors	184,495	178,116
Prepayments	53,579	58,985
Value added tax	52,502	44,309
	<u>2,548,845</u>	<u>2,434,401</u>

Other debtors include an amount of £128,000 (1995 £128,000) advanced as a loan to an employee of the company. This amount falls due after more than one year.

	<u>1996</u> £	<u>1995</u> £
12. CREDITORS		
Amounts falling due within one year		
Bank overdraft	95,043	67,097
Trade creditors	501,178	300,045
Corporation tax	245,966	134,754
Amounts owed to holding company	489,513	670,000
Directors' loan accounts	1,556,272	1,564,642
Other creditors	239,080	561,808
Other taxes and social security costs	5,720	7,370
Accruals	50,297	21,288
Proposed dividends	9,000	-
	<u>3,192,069</u>	<u>3,327,004</u>

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1996

13. DEFERRED TAXATION

The full potential liability to deferred taxation and the amount provided in the accounts is as follows:

	<u>1996</u>	<u>Full</u>	<u>1995</u>	<u>Full</u>
	<u>Amounts</u>	<u>potential</u>	<u>Amounts</u>	<u>potential</u>
	<u>provided</u>	<u>liability</u>	<u>provided</u>	<u>liability</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Accelerated capital allowances	33,415	33,415	31,814	31,814
Other timing differences	42,958	42,958	29,318	29,318
ACT	(900)	(900)	-	-
	<u>75,473</u>	<u>75,473</u>	<u>61,132</u>	<u>61,132</u>

The movement on the company's provision for deferred taxation is as follows:-

	<u>£</u>
1st November 1995	61,132
Transfer from profit and loss account	15,241
ACT on dividends payable	(900)
31st October 1996	<u>75,473</u>

14. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each:

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Authorised	10,000	10,000
Allotted, called up and fully paid	<u>1,000</u>	<u>1,000</u>

15. SHAREHOLDERS' FUNDS

	<u>Called up</u>	<u>Profit and</u>	<u>Total</u>
	<u>Share</u>	<u>Loss Account</u>	<u>£</u>
	<u>Capital</u>	<u>£</u>	<u>£</u>
	<u>£</u>	<u>£</u>	<u>£</u>
1st November 1994	1,000	379,679	380,679
Retained profit	-	359,258	359,258
31st October 1995	1,000	738,937	739,937
Retained profit	-	651,668	651,668
31st October 1996	<u>1,000</u>	<u>1,390,605</u>	<u>1,391,605</u>

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1996

16. NOTES TO THE CASH FLOW STATEMENT

- (a) Reconciliation of operating profit to net cash inflow from operating activities

	<u>1996</u> £	<u>1995</u> £
Operating profit	940,386	539,518
Depreciation charges	47,217	38,482
Loss (profit) on sale of tangible fixed assets	7,349	(1,345)
Increase in stock	(70,846)	(157,433)
Increase in debtors	(114,444)	(792,085)
(Decrease) increase in creditors	(283,093)	562,347
Net cash inflow from operating activities	<u>526,569</u>	<u>189,484</u>

- (b) Analysis of changes in cash and cash equivalents during the year

Balance as at 1st November	360,953	243,176
Net cash inflow	274,103	117,777
Balance as at 31st October	<u>635,056</u>	<u>360,953</u>

- (c) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	<u>1996</u> £	Change in year £	<u>1995</u> £	Change in year £
Cash at bank and in hand	730,099	302,049	428,050	119,414
Bank overdraft	(95,043)	(27,946)	(67,097)	(1,637)
	<u>635,056</u>	<u>274,103</u>	<u>360,953</u>	<u>117,777</u>

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1996

17. CONTINGENT LIABILITIES

There is a specific counter indemnity in respect of a guarantee to H.M. Customs & Excise for deferment of value added tax amounting to £50,000 (1995: £50,000).

The company also had forward foreign exchange contracts totalling approximately £465,000 (1995: £344,000) at the balance sheet date. No material loss is expected to arise in connection with these contracts.

18. PENSION COMMITMENTS

The company is a participating employer in a self administered pension scheme for the directors and certain employees. The scheme is a money purchase scheme and the total pension cost charge for the year was £1,116 (1995: £1,488). There were no outstanding or prepaid contributions at 31st October 1996.

19. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Launchfirm Limited, a company registered in England and Wales.