

Aerovac Systems Limited
(formerly Aerovac Systems (Keighley) Limited)

**Directors' report and financial
statements**

Registered number 1472714

31 March 2000



Contents

Directors' report	3
Statement of directors' responsibilities	5
Report of the auditors to the members of Aerovac Systems Limited	6
Profit and loss account	7
Balance sheet	8
Statement of total recognised gains and losses	9
Notes	10

Directors' report

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

Change of name

On 23 September 1999, the company changed its name from Aerovac Systems (Keighley) Limited to Aerovac Systems Limited.

Principal activities

The principal activities of the company are the manufacture of vacuum tools and distribution of a range of consumable materials used within the composite bonding industry.

Results and dividends

The results and dividends for the period are shown in the profit and loss account on page 5.

Directors

The directors who held office during the period, as recorded in the register of directors' interests, were as follows:

CJ Snowdon (Chairman)
K Arter
F Baumann
RJK Beaumont
LA Bell
MC Cooke
RH Gibson (resigned 28 September 1999)

None of the directors has any interest in the shares of Aerovac Systems Limited. The interests of Clive Snowdon and John Beaumont in the shares of the ultimate holding company, UMECO plc, are disclosed in the consolidated accounts of the company. The other directors hold options under the UMECO plc Savings Related Share Option (SAYE) scheme and their interests are detailed below:

	<u>Interest at end of year</u>	<u>Interest at beginning of year</u>
	<u>SAYE options</u>	<u>SAYE options</u>
K Arter	789	-
LA Bell	789	-
MC Cooke	1,973	-

Changes in fixed assets

The movements in fixed assets are set out in notes 9 and 10 to the financial statements.

Charitable donations

During the period the company made charitable donations totalling £30 (1999: £30).

Directors' report *(continued)*

Year 2000

The issues identified by the Company's assessment of its systems in preparation for the year 2000 were successfully addressed. No disruption to the Company occurred as a result of the year 2000 date change.

As expected, no material additional costs were incurred in connection with the year 2000 issue.

Euro

The Company transacts business in a variety of foreign currencies. No additional issues or costs have arisen following the adoption of the Euro by certain European countries.

Auditors

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

By order of the board

Steven J. Bowers

SJ Bowers
Secretary

Concorde House
24 Warwick New Road
Leamington Spa
Warwickshire
CV32 5JG

19 December 2000

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 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;
- 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.

KPMG Audit Plc

100 Temple Street
Bristol
BS1 6AG
United Kingdom

**Report of the auditors to the members of Aerovac Systems Limited
(formerly Aerovac Systems (Keighley) Limited)**

We have audited the financial statements on pages 7 to 19.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

KPMG Audit Plc
Chartered Accountants
Registered Auditor

9 January 2001

Profit and loss account
for the year ended 31 March 2000


	<i>Note</i>	Year ended 31 March 2000	Five months ended 31 March 1999
		£	£
Turnover	2	8,713,494	3,334,725
Cost of sales		(5,987,000)	(2,572,170)
Gross profit		<u>2,726,494</u>	<u>762,555</u>
Net operating expenses			
Administrative expenses		(1,362,201)	(534,855)
Operating profit	3	<u>1,364,293</u>	227,700
Investment income	5	124,294	20,590
Interest payable and similar charges	6	(7,927)	(5,732)
Profit on ordinary activities before taxation		<u>1,480,660</u>	242,558
Tax on profit on ordinary activities	7	(405,946)	(110,216)
Profit on ordinary activities after taxation		<u>1,074,714</u>	132,342
Dividends payable	8	(650,000)	-
Retained profit for the period	18	<u><u>424,714</u></u>	<u><u>132,342</u></u>

The results shown in the profit and loss account derive wholly from continuing operations.

Balance sheet
at 31 March 2000

	<i>Note</i>	31 March 2000		31 March 1999	
		£	£	£	£
Fixed assets					
Tangible assets	9		1,377,935		175,198
Investments	10		92,550		92,550
			<hr/>		<hr/>
			1,470,485		267,748
Current assets					
Stocks	11	759,514		972,882	
Debtors	12	3,145,691		3,452,930	
Cash at bank and in hand		433,382		567,258	
		<hr/>		<hr/>	
		4,338,587		4,993,070	
Creditors: amounts falling due within one year	13	(2,764,113)		(2,640,574)	
		<hr/>		<hr/>	
Net current assets			1,574,474		2,352,496
			<hr/>		<hr/>
Total assets less current liabilities			3,044,959		2,620,244
Provisions for liabilities and charges	14		(16,819)		(16,819)
			<hr/>		<hr/>
Net assets			3,028,140		2,603,425
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	17	1,000		1,000	
Profit and loss account	18	3,027,140		2,602,425	
		<hr/>		<hr/>	
Equity shareholders' funds			3,028,140		2,603,425
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 19 December 2000 and were signed on its behalf by:



CJ Snowdon
Director

Statement of total recognised gains and losses
for the year ended 31 March 2000

	Year ended 31 March 2000	Five months ended 31 March 1999
	£	£
Profit for the financial year	424,714	132,342
Total recognised gains and losses relating to the year	424,714	132,342
Prior year adjustment	-	(47,621)
Total gains and losses recognised since last annual report	424,714	84,721

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 standard 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.

Under FRS1 (revised) the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own consolidated financial statements.

As the company is a wholly owned subsidiary of UMECO plc, it has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

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.

Intangible fixed assets

The difference between the fair values of consideration given and net assets acquired is capitalised in the financial statements as goodwill. Such goodwill is amortised on a straight line basis over the estimated useful life of each acquisition.

Tangible fixed assets

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

Freehold buildings	-	2%
Motor vehicles	-	25%
Plant and machinery	-	15%-25%

No depreciation is provided on freehold land.

Prior to acquisition by UMECO plc, fixed assets had previously been depreciated using the reducing balance method.

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.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the profit for the period and takes into account 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

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

Foreign currencies

Transactions in foreign currencies are recorded using 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. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account as incurred.

2 Turnover

	Year ended 31 March 2000 £	Five months ended 31 March 1999 £
Geographically		
United Kingdom	5,132,298	2,009,112
Europe	3,160,746	1,144,281
Other	420,450	181,332
	<hr/> 8,713,494 <hr/>	<hr/> 3,334,725 <hr/>

Notes (continued)

3 Operating profit

	Year ended 31 March 2000 £	Five months ended 31 March 1999 £
Operating profit is stated after crediting:		
Profit on sale of assets	7,582	-
and after charging		
Staff costs (note 4)	799,354	314,543
Auditors' remuneration	12,000	12,000
Depreciation of tangible fixed assets (note 9)		
Owned assets	95,611	70,864
Exchange loss	56,850	43,342

4 Directors and employees

	Year ended 31 March 2000 £	Five months ended 31 March 1999 £
Staff costs including directors' emoluments		
Wages and salaries	726,030	282,840
Social security costs	62,659	30,699
Pension costs	10,665	1,004
	799,354	314,543

Average monthly number employed including executive directors:

	Number	Number
Production staff	20	19
Administration staff	17	17
	37	36

Remuneration of directors

	£	£
Salary, bonus and benefits in kind	218,593	13,351
Pension contributions	8,367	612
	226,960	13,963

Retirement benefits accrued to three (1999: three) directors under defined contribution pension schemes.

Notes (continued)

Highest paid director

	Year ended 31 March 2000 £	Five months ended 31 March 1999 £
Salary, bonus and benefits in kind	72,247	30,103
Pension contributions	6,250	2,604
	<u>78,497</u>	<u>32,707</u>

Defined contribution 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 £10,665 (1999: £1,004).

5 Investment income

	Year ended 31 March 2000 £	Five months ended 31 March 1999 £
Bank interest	15,782	7,655
Other interest - from group undertaking	2,998	12,935
Dividend receivable from group undertaking	105,514	-
	<u>124,294</u>	<u>20,590</u>

6 Interest payable

	Year ended 31 March 2000 £	Five months ended 31 March 1999 £
Amounts payable on bank loans and overdrafts	7,927	107
Amounts payable on other loans	-	5,625
	<u>7,927</u>	<u>5,732</u>

Notes (continued)

7 Taxation

	Year ended 31 March 2000 £	Five months ended 31 March 1999 £
Corporation tax on profit on ordinary activities at 30% (1999: 31%)	407,040	104,813
Adjustment relating to prior years	(1,094)	5,403
	<u>405,946</u>	<u>110,216</u>

8 Dividends

	Year ended 31 March 2000 £	Five months ended 31 March 1999 £
Equity - Ordinary		
Paid during period: £650 (1999: £Nil) per £1 share	650,000	-
	<u>650,000</u>	<u>-</u>

9 Tangible fixed assets

	Freehold land and buildings £	Motor vehicles £	Plant and machinery £	Total £
Cost				
At 1 April 1999	-	122,709	384,062	506,771
Additions	1,070,466	28,985	202,815	1,302,266
Disposals	-	(21,166)	-	(21,166)
	<u>1,070,466</u>	<u>130,528</u>	<u>586,877</u>	<u>1,787,871</u>
At 31 March 2000	1,070,466	130,528	586,877	1,787,871
Depreciation				
At 1 April 1999	-	62,341	269,232	331,573
Disposals	-	(17,248)	-	(17,248)
Charge for period	7,387	34,142	54,082	95,611
	<u>7,387</u>	<u>79,235</u>	<u>323,314</u>	<u>409,936</u>
At 31 March 2000	7,387	79,235	323,314	409,936
Net book value				
At 31 March 2000	<u>1,063,079</u>	<u>51,293</u>	<u>263,563</u>	<u>1,377,935</u>
At 31 March 1999	-	60,368	114,830	175,198

Notes (continued)

10 Fixed asset investments

	Investments other than loans £
<i>Cost</i>	
At 1 April 1999 and 31 March 2000	92,550
<i>Net book value</i>	
At 31 March 2000	92,550
At 31 March 1999	92,550

The companies in which the company's interest at the period end is more than 20% are as follows:

	Country of incorporation	Description of shares held	Proportion of nominal value of issued shares held by company
<i>Subsidiary undertakings</i>			
Aerovac Systemes France SARL	France	Ordinary	76%
Fluorovac Limited	England and Wales	Ordinary	100%

The principal activities of Aerovac Systemes France SARL are the manufacture of vacuum tools and distribution of a range of consumable materials used within the composite bonding industry. Fluorovac Limited is a non-trading dormant company.

The aggregate amount of capital and reserves as at 31 March 2000, and the profit after taxation of the undertakings for the year ended 31 March 2000 was as follows:

	Capital and reserves £	Profit after taxation £
Aerovac Systemes France SARL	429,595	407,412
Fluorovac Limited	84,873	-

Notes (continued)

11 Stocks

	2000 £	1999 £
Finished goods and goods for resale	<u>759,514</u>	<u>972,882</u>

12 Debtors

	2000 £	1999 £
Amounts falling due within one year		
Trade debtors	1,819,326	1,740,330
Amounts owed by group undertakings	1,219,263	1,585,598
Other debtors	58,662	48,270
Prepayments and accrued income	48,440	78,732
	<u>3,145,691</u>	<u>3,452,930</u>

13 Creditors: amounts falling due within one year

	2000 £	1999 £
Trade creditors	1,066,777	831,337
Amounts owed to group undertakings	1,218,697	1,222,675
Corporation tax	264,590	386,471
Other taxation and social security	2,126	117,400
Other creditors	14,590	3,285
Accruals and deferred income	197,333	79,406
	<u>2,764,113</u>	<u>2,640,574</u>

Notes (continued)

14 Provisions for liabilities and charges

	1999 £	Profit and loss account £	Other movements £	2000 £
Deferred taxation	16,819	-	-	16,819

15 Deferred taxation

	2000 Amount unprovided £	Amount provided £	1999 Amount unprovided £	Amount provided £
Corporation tax deferred as a result of capital allowances being in excess of depreciation	-	16,819	-	16,819

Deferred taxation is based on a corporation tax rate of 30% (1999: 31%).

16 Reconciliation of movement in shareholders' funds

	2000 £	1999 £
Opening shareholders' funds - as previously stated	2,603,425	2,518,704
Prior year adjustment	-	(47,621)
Opening shareholders' funds - as restated	2,603,425	2,471,083
Profit for the financial period	424,714	132,342
Closing shareholders' funds	3,028,140	2,603,425

Notes (continued)

17 Called up share capital

	2000		1999	
	Number of shares	£	Number of shares	£
<i>Authorised</i>				
Ordinary shares of £1 each	10,000	10,000	10,000	10,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

18 Profit and loss account

	£
At 1 April 1999	2,602,425
Retained profit for the period	424,714
	<u> </u>
At 31 March 2000	3,027,140
	<u> </u>

Notes (continued)

19 Parent company

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

The results of the company are included in the consolidated accounts of UMECO plc which are available to the public and may be obtained from UMECO plc, Concorde House, 24 Warwick New Road, Leamington Spa, Warwickshire, CV32 5JG. No other group accounts include the results of the company.

20 Financial commitments

At 31 March the company has annual commitments under non-cancellable operating leases as follows:

	2000	1999
	Land and buildings	Land and buildings
	£	£
On leases expiring:		
In the next year	-	38,225
	<u> </u>	<u> </u>

21 Contingent liabilities

Under group banking facilities, the Company is jointly and severally liable for bank borrowings due by other group companies. At 31 March 2000 this contingent liability amounted to £15,681,564 (1999 : £Nil).