

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1995

CLARK WHITEHILL JOSOLYNE
CHARTERED ACCOUNTANTS
HOLLY HOUSE
SPRING GARDENS LANE
KEIGHLEY
BD20 6LE



AEROVAC SYSTEMS (KEIGHLEY) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1995

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AEROVAC SYSTEMS (KEIGHLEY) LIMITED

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31st October 1995.

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 £363,758. It is recommended that this amount be dealt with as follows:

	£
Interim dividend paid	4,500
Transferred to reserves	359,258
	<hr/>
	363,758
	<hr/>

DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

	<u>Ordinary shares of £1 each</u>	
	<u>31st October 1995</u>	<u>1st November 1994</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.

FIXED ASSETS

The movements in fixed assets during the year are set out in notes 8 and 9 to the accounts on pages 10 and 11.

CLOSE COMPANY

The company is a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

CHARITABLE GIFTS

During the year the company gave amounts for charitable purposes totalling £642 (1994 £696).

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

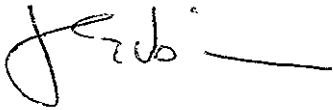
The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors as stated in their report.

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: 29th February 1996

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 1995.

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 4th March 1996, 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 1995 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 1995 and the abbreviated accounts on pages 4 to 14 have been properly prepared in accordance with that Schedule.


CLARK WHITEHILL JOSOLYNE

Keighley
Date: 4th March 1996

Chartered Accountants and
Registered Auditor

AEROVAC SYSTEMS (KEIGHLEY) LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST OCTOBER 1995

	<u>Notes</u>	<u>1995</u> £	<u>1994</u> £
GROSS PROFIT		975,883	653,740
DISTRIBUTION COSTS	18,502		15,172
ADMINISTRATIVE EXPENSES	473,001		489,252
		<u>491,503</u>	<u>504,424</u>
OPERATING PROFIT		484,380	149,316
INTEREST RECEIVABLE AND SIMILAR INCOME	2	181,544	86,648
INTEREST PAYABLE	3	160,034	155,379
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>505,890</u>	<u>80,585</u>
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	<u>142,132</u>	<u>14,096</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		363,758	66,489
DIVIDENDS	7	<u>4,500</u>	<u>3,750</u>
RETAINED PROFIT FOR THE YEAR	15	<u>359,258</u>	<u>62,739</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 1995

	Notes	1995 £	1994 £
FIXED ASSETS			
Tangible assets	8	399,699	414,592
Investments	9	7,677	7,677
		<u>407,376</u>	<u>422,269</u>
CURRENT ASSETS			
Stocks	10	858,246	700,813
Debtors	11	2,434,401	1,642,316
Cash at bank and in hand		428,050	308,636
		<u>3,720,697</u>	<u>2,651,765</u>
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	12	3,327,004	2,639,117
		<u>3,327,004</u>	<u>2,639,117</u>
NET CURRENT ASSETS		393,693	12,648
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>801,069</u>	<u>434,917</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	61,132	54,238
		<u>739,937</u>	<u>380,679</u>
CAPITAL AND RESERVES			
Called up share capital	14	1,000	1,000
Profit and loss account	15	738,937	379,679
		<u>739,937</u>	<u>380,679</u>
SHAREHOLDERS' FUNDS		<u>739,937</u>	<u>380,679</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 29th February 1996 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 1995

	<u>Notes</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Net cash inflow from operating activities	16(a)	276,397	143,413
Returns on investments and servicing of finance			
Interest received	39,493	15,171	
Interest paid	(160,034)	(155,379)	
Dividends paid	(4,500)	(3,750)	
Net cash outflow from returns on investments and servicing of finance		(125,041)	(143,958)
Taxation			
Corporation tax (paid) received		(11,335)	2,101
Investing activities			
Payments to acquire tangible fixed assets	(31,669)	(20,946)	
Receipts from sales of tangible fixed assets	9,425	17,362	
Net cash (outflow) from investing activities		(22,244)	(3,584)
Net cash inflow (outflow) before and after financing		117,777	(2,028)
Increase (decrease) in cash and cash equivalents	16(c)	117,777	(2,028)

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1995

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%

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 1995

	<u>1995</u> £	<u>1994</u> £
2. INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest	12,238	8,319
Other interest - from group undertaking	20,077	2,254
- other	7,178	4,598
Dividend received from group undertaking	86,913	71,477
Exchange gain on group undertaking	55,138	-
	<u>181,544</u>	<u>86,648</u>
3. INTEREST PAYABLE		
Interest payable on bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	<u>160,034</u>	<u>155,379</u>
4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
This is stated after charging:		
Directors' emoluments (Note 5)	-	620
Auditors' remuneration	5,500	5,000
Depreciation	38,482	41,675
(Profit) loss on sale of tangible fixed assets	(1,345)	7
Management charge paid to holding company	760,000	703,000
Exchange (gains) losses	<u>(54,956)</u>	<u>10,539</u>
5. DIRECTORS AND EMPLOYEES		
The average weekly number of persons employed by the company during the year was:		
Category	Number	Number
Production	15	14
Administration	10	10
	<u>25</u>	<u>24</u>

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1995

	<u>1995</u> £	<u>1994</u> £
DIRECTORS AND EMPLOYEES (CONTINUED)		
Staff costs for all employees, including executive directors, were:		
Wages and salaries	289,012	272,888
Social security costs	21,390	22,044
Other pension costs	1,488	1,349
	<u>311,890</u>	<u>296,281</u>

The emoluments paid to the directors (including pension contributions) were as follows:

Directors' emoluments	-	620
	<u> </u>	<u> </u>

The emoluments of the chairman and highest paid director (excluding pension contributions):

-	310
<u> </u>	<u> </u>

The emoluments of the other director (excluding pension contributions) was in the following band:

	<u>Number</u>	<u>Number</u>
£0 to £5,000	1	1
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	£ <u>1995</u>	£	£ <u>1994</u>	£
Based on profit for the year				
Corporation tax at 33% (1994 25%)				
- current year	166,428		28,485	
- tax credit re overseas underlying tax	(31,190)		(17,199)	
	<u> </u>		<u> </u>	
		135,238		11,286
Transfer to deferred taxation		6,894		2,810
		<u> </u>		<u> </u>
		142,132		14,096
		<u> </u>		<u> </u>

7. DIVIDENDS

	<u>1995</u> £	<u>1994</u> £
Paid £4.50 per Ordinary £1 share (1994 £3.75 per Ordinary £1 share)	<u>4,500</u>	<u>3,750</u>

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1995

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 1994	279,504	130,109	52,504	75,350	34,440	571,907
Additions	-	3,917	1,898	13,001	12,853	31,669
Disposals	-	-	-	(14,364)	-	(14,364)
31st October 1995	<u>279,504</u>	<u>134,026</u>	<u>54,402</u>	<u>73,987</u>	<u>47,293</u>	<u>589,212</u>
Depreciation						
1st November 1994	28,307	54,349	33,832	26,160	14,667	157,315
Charge for the year	5,024	11,951	3,085	13,528	4,894	38,482
Disposals	-	-	-	(6,284)	-	(6,284)
31st October 1995	<u>33,331</u>	<u>66,300</u>	<u>36,917</u>	<u>33,404</u>	<u>19,561</u>	<u>189,513</u>
Net book value						
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>
31st October 1994	<u>251,197</u>	<u>75,760</u>	<u>18,672</u>	<u>49,190</u>	<u>19,773</u>	<u>414,592</u>

9. FIXED ASSET INVESTMENT

Investment in subsidiary undertaking:

Cost and net book value:

At 1st November 1994 and 31st October 1995

£

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 1995 was £67,920, and the undertaking made a profit after taxation of £114,360 for the year ended 31st October 1995.

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 1995

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>1995</u> £	<u>1994</u> £
10. STOCKS		
Raw materials	853,746	696,813
Work-in-progress	4,500	4,000
	<u>858,246</u>	<u>700,813</u>
11. DEBTORS		
Trade debtors	1,123,941	815,871
Amounts owed by group undertakings	1,029,050	604,066
Other debtors	178,116	169,135
Prepayments	58,985	53,244
Value added tax	44,309	-
	<u>2,434,401</u>	<u>1,642,316</u>

Other debtors include an amount of £128,000 (1994 £128,000) advanced as a loan to an employee of the company. This amount falls due after more than one year.

	<u>1995</u> £	<u>1994</u> £
12. CREDITORS		
Amounts falling due within one year		
Bank overdraft	67,097	65,460
Trade creditors	300,045	378,539
Corporation tax	134,754	10,851
Amounts owed to holding company	670,000	451,345
Directors' loan accounts	1,564,642	1,526,936
Other creditors	561,808	163,151
Other taxes and social security costs	7,370	28,015
Accruals	21,288	14,820
	<u>3,327,004</u>	<u>2,639,117</u>

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1995

13. DEFERRED TAXATION

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

	<u>1995</u>	Full	<u>1994</u>	Full
	Amounts	potential	Amounts	potential
	provided	liability	provided	liability
	£	£	£	£
Accelerated capital allowances	31,814	31,814	29,935	29,935
Other timing differences	29,318	29,318	24,303	24,303
	<u>61,132</u>	<u>61,132</u>	<u>54,238</u>	<u>54,238</u>

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

	£
1st November 1994	54,238
Transfer from profit and loss account	6,894
31st October 1995	<u>61,132</u>

14. CALLED UP SHARE CAPITAL

Ordinary shares of £1 each:

	<u>1995</u>	<u>1994</u>
	£	£
Authorised	10,000	10,000
Allotted, called up and fully paid	<u>1,000</u>	<u>1,000</u>

15. SHAREHOLDERS' FUNDS

	Called up	Profit and	Total
	Share	Loss Account	£
	Capital	£	£
	£	£	£
1st November 1993	1,000	316,940	317,940
Retained profit	-	62,739	62,739
31st October 1994	1,000	379,679	380,679
Retained profit	-	359,258	359,258
31st October 1995	<u>1,000</u>	<u>738,937</u>	<u>739,937</u>

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1995

16. NOTES TO THE CASH FLOW STATEMENT

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

	<u>1995</u> £	<u>1994</u> £
Operating profit	484,380	149,316
Depreciation charges	38,482	41,675
(Profit) loss on sale of tangible fixed assets	(1,345)	7
Increase in stock	(157,433)	(185,850)
Increase (decrease) in debtors	(650,034)	(283,951)
Increase in creditors	562,347	422,216
Net cash inflow from operating activities	<u>276,397</u>	<u>143,413</u>

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

Balance as at 1st November	243,176	245,204
Net cash inflow (outflow)	117,777	(2,028)
Balance as at 31st October	<u>360,953</u>	<u>243,176</u>

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

	<u>1995</u> £	<u>Change in year</u> £	<u>1994</u> £	<u>Change in year</u> £
Cash at bank and in hand	428,050	119,414	308,636	27,921
Bank overdraft	(67,097)	(1,637)	(65,460)	(29,949)
	<u>360,953</u>	<u>117,777</u>	<u>243,176</u>	<u>(2,028)</u>

- (d) Analysis of changes in finance during the year.

	<u>1995</u> £	<u>1994</u> £
Balance as at 1st November	1,000	1,000
Cash inflow from financing	-	-
Balance as at 31st October	<u>1,000</u>	<u>1,000</u>

AEROVAC SYSTEMS (KEIGHLEY) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31ST OCTOBER 1995

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 (1994: £50,000).

The company also had forward foreign exchange contracts totalling approximately £344,000 (1994: £610,000) 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 £1,488 (1994: £1,349). There were no outstanding or prepaid contributions at 31st October 1995.

19. ULTIMATE HOLDING COMPANY

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