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Registrar's Copy

Company No: 2739202

**ROTADYNE (UK) LIMITED**

Annual Report

Year ended 31 December 2000

**PKF**  
PANSELL HOUSE  
159 CHARLES STREET  
LEICESTER LE1 1LD



**PKF**

# **ROTADYNE (UK) LIMITED**

## **COMPANY INFORMATION**

<b>Directors</b>	G H Fill E J Nykiel
<b>Secretary</b>	G H Fill
<b>Company Number</b>	2739202
<b>Registered Office</b>	Unit 3 Linnell Way Telford Way Industrial Estate Kettering Northamptonshire NN16 8PS
<b>Auditors</b>	PKF Pannell House 159 Charles Street Leicester LE1 1LD

# **ROTADYNE (UK) LIMITED**

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**ROTADYNE (UK) LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 2000**

The directors submit their report and the financial statements for the year ended 31 December 2000.

**Results and dividends**

The loss for the year after taxation amounted to **£731,000** (1999 £995,000 loss). There are no reserves from which to pay a dividend (1999 £NIL).

**Principal activity and review of the business**

The principal activity of the company is the manufacture of rollers for the graphic arts and other industries.

Although sales and operating profits in 2000 were disappointing, RotaDyne remains committed to the roller business in the UK and Europe.

The closure of the Birmingham manufacturing facility has reduced overheads and transfer of the business to Kettering has improved its efficiency. The Ready Roller business continues to grow and should begin to contribute to the company's profitability.

**Directors**

The directors who served during the year were:

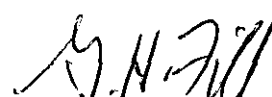
G H Fill

E J Nykiel

**Basis of preparation**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board



G H Fill  
Secretary

4 June 2001

**ROTADYNE (UK) LIMITED**  
**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 of the company 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;
- 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 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.

The directors are responsible for ensuring that the directors' report and other information included in the annual report is prepared in accordance with company law in the United Kingdom.

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ROTADYNE (UK) LIMITED**

We have audited the financial statements of RotaDyne (UK) Limited for the year ended 31 December 2000 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**


We conducted our audit in accordance with United Kingdom 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 judgments 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 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Leicester, UK  
6 June 2001

  
**PKF**  
Registered Auditors

**ROTADYNE (UK) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 2000**

	Notes	2000 £000	1999 £000
<b>TURNOVER</b>	<b>2</b>	<b>2,153</b>	<b>2,403</b>
Cost of sales		(1,246)	(1,486)
<b>GROSS PROFIT</b>		<u>907</u>	<u>917</u>
Distribution costs		(765)	(896)
Administrative expenses		(878)	(936)
<b>OPERATING LOSS</b>	<b>3</b>	<u>(736)</u>	<u>(915)</u>
Interest receivable and similar items		5	-
Interest payable	<b>4</b>	-	(80)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(731)</u>	<u>(995)</u>
<b>TAXATION</b>		-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(731)</u></u>	<u><u>(995)</u></u>

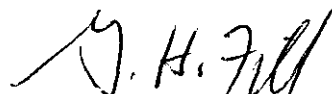
**ROTADYNE (UK) LIMITED**  
**BALANCE SHEET**  
**31 DECEMBER 2000**

	Notes	2000 £000	1999 £000
<b>FIXED ASSETS</b>			
Intangible	5	65	70
Tangible	6	472	628
		<u>537</u>	<u>698</u>
<b>CURRENT ASSETS</b>			
Stocks		475	566
Debtors	7	661	691
Cash at bank and in hand		18	28
		<u>1,154</u>	<u>1,285</u>
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(359)</u>	<u>(309)</u>
<b>NET CURRENT ASSETS</b>		<u>795</u>	<u>976</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,332</u>	<u>1,674</u>
<b>CREDITORS: amounts falling due after more than one year</b>	9	<u>(2,972)</u>	<u>(2,583)</u>
<b>NET LIABILITIES</b>		<u><u>(1,640)</u></u>	<u><u>(909)</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	350	350
Profit and loss account	11	(1,990)	(1,259)
		<u><u>(1,640)</u></u>	<u><u>(909)</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 4 June 2001

Signed on behalf of the board of directors

  
G H Fill Director



**ROTADYNE (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**1 ACCOUNTING POLICIES**

**(a) Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The ultimate holding company has indicated its intention to continue to provide financial support to enable the company to meet all its financial liabilities. The financial statements have therefore been prepared on a going concern basis.

**(b) Intangible fixed assets**

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate value of its separable net assets. It has been capitalised and is being written off in equal annual installments over its estimated economical life of twenty years.

Intellectual property rights have been capitalised and are being written off in equal annual installments over their estimated economic life of twelve years.

**(c) Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	15 years
Leasehold improvements	2 to 4 years
Plant and equipment	5 to 10 years
Computer equipment	3 years

Freehold land is not depreciated.

**(d) Finance and operating leases**

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

**(e) Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

**(f) Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**ROTADYNE (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**(g) Deferred taxation**

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

**(h) Pensions**

The company operates a defined contribution pension scheme and the pension charge in the profit and loss account represents the amounts payable by the company to the fund in respect of the year.

**(i) Cash flow statement**

The company is not required to prepare a cashflow statement, as it is a wholly owned subsidiary undertaking of another company, which produces publicly available consolidated accounts.

**2 TURNOVER**

All turnover arose within the United Kingdom.

**3 OPERATING LOSS**

The operating loss is stated after charging:

	2000 £000	1999 £000
Amortisation of intangible assets	5	4
Depreciation of tangible fixed assets:		
- owned by the company	137	95
- held under finance lease or hire purchase contracts	-	6
	<u>          </u>	<u>          </u>

No director received any emoluments (1999 - £NIL).

Reorganisation costs of £86,000 (1999 £NIL) have been charged during the year following the closure of operations at Birmingham. These costs include further depreciation of leasehold improvements £28,000 (note 6) and provisions in respect of onerous lease contracts of £33,000, which are included in creditors (1999 £NIL).

**4 INTEREST PAYABLE**

Interest payable includes £NIL (1999 -£80,000) payable to group companies.

**ROTADYNE (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**5 INTANGIBLE FIXED ASSETS**

	<b>Goodwill £000</b>	<b>Other intangible assets £000</b>	<b>Total £000</b>
<b>Cost</b>			
At 1 January 2000 and 31 December 2000	65	12	77
<b>Amortisation</b>			
At 1 January 2000	6	1	7
Charge for the year	4	1	5
At 31 December 2000	10	2	12
<b>Net book amount</b>			
At 31 December 2000	55	10	65
At 31 December 1999	59	11	70

**ROTADYNE (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**6 TANGIBLE FIXED ASSETS**

	Freehold property £000	Leasehold improvements £000	Fixtures, fittings & equipment £000	Assets in course of construction £000	Total £000
<b>Cost</b>					
At 1 January 2000	40	42	790	45	917
Additions	-	-	13	-	13
Disposals	-	-	(51)	-	(51)
Transfers	-	-	45	(45)	-
At 31 December 2000	40	42	797	-	879
<b>Depreciation</b>					
At 1 January 2000	1	5	283	-	289
Charge for year	3	37	97	-	137
On disposals	-	-	(19)	-	(19)
At 31 December 2000	4	42	361	-	407
<b>Net book amount</b>					
At 31 December 2000	36	-	436	-	472
At 31 December 1999	39	37	507	45	628

The net book amounts of fixtures, fittings and equipment above include £NIL (1999 - £61,000) in respect of assets held under finance leases or hire purchase contracts.

Leasehold improvements have been depreciated in full this year following the closure of operations at Birmingham (note 3).

**7 DEBTORS**

	2000 £000	1999 £000
Trade debtors	530	663
Amounts due from group undertakings	47	-
Other debtors	84	28
	661	691

**ROTADYNE (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**8 CREDITORS:**

**Amounts falling due within one year**

	2000 £000	1999 £000
Trade creditors	229	244
Other tax and social security	46	48
Net obligations under finance lease and hire purchase contracts	-	4
Other creditors	84	13
	<u>359</u>	<u>309</u>

**9 CREDITORS:**

**Amounts falling due after more than one year**

	2000 £000	1999 £000
Amounts owing to group undertakings	2,972	2,583
	<u>2,972</u>	<u>2,583</u>

**10 SHARE CAPITAL**

	Authorised £000	Allotted, called up and fully paid No.	£000
At 1 January 2000 and 31 December 2000 Ordinary shares of £1 each	350	350,000	350
	<u>350</u>	<u>350,000</u>	<u>350</u>

**11 RESERVES**

	£000
<b>Profit and loss account</b>	
At 1 January 2000	(1,259)
Loss for the year	(731)
At 31 December 2000	<u>(1,990)</u>

**12 OTHER COMMITMENTS**

At 31 December 2000 the company had annual commitments under operating leases as follows:

	2000 £000	1999 £000
<b>Expiry date:</b>		
Within 1 year	26	28
Between 1 and 5 years	114	85
In more than 5 years	74	92
	<u>214</u>	<u>205</u>

**ROTADYNE (UK) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2000**

**13 TRANSACTIONS WITH RELATED PARTIES**

The company has taken advantage of the exemption in paragraph 3C of FRS 8 from disclosing transactions with related parties that are part of the Rotation Dynamics Corporation.

**14 PENSION COSTS**

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund.

Contributions payable by the company to the scheme during the year amounted to £16,788 (1999 - £10,517). Unpaid contributions at the year end amounted to £4,306 (1999 - £965) which are included within creditors.

**15 GUARANTEE**

The company is party to an intercompany cross guarantee with Rotadyne Holdings Limited for the sum of £591,000 owed to ABN AMRO Bank NV.

**16 PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

The company is controlled by Rotadyne Holdings Limited, registered in England and Wales.

In the opinion of the directors the ultimate parent company is Rotation Dynamics Corporation, incorporated in America. Rotation Dynamics Corporation heads the only group in which the results of this company are consolidated. These consolidated accounts can be obtained from Rotation Dynamics Corporation, 8140 Cass Avenue, Darien, Illinois 60561, USA.