

# Douglas Equipment Limited

Company Registration No. 697744 (England and Wales)

## Directors' report and financial statements

For the year ended 31 March 2005



Clifton Down House, Beaufort Buildings, Clifton Down,  
Clifton, Bristol, BS8 4AN  
Tel. 0117 973 4481 Fax. 0117 974 5203

# DOUGLAS EQUIPMENT LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	L A Brewis D F Weil
<b>Secretary</b>	R S Towill
<b>Company number</b>	697744
<b>Registered office</b>	Douglas House Village Road Arle Cheltenham GL51 0AB
<b>Auditors</b>	Mazars LLP Clifton Down House Beaufort Buildings Clifton Down Clifton Bristol BS8 4AN
<b>Bankers</b>	HSBC Bank plc 109 Bath Road Cheltenham Gloucestershire GL53 7RA
<b>Solicitors</b>	BPE St James's House Cheltenham GL50 3PR

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# DOUGLAS EQUIPMENT LIMITED

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# DOUGLAS EQUIPMENT LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2005

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The directors present their report and financial statements for the year ended 31 March 2005.

### Principal activities and review of the business

The principal activity of the company continued to be the design, manufacture and servicing of airport ground support equipment and handling vehicles.

The business manufactures a wide range of aircraft ground support equipment, which is sold to airport authorities, airlines and defence forces throughout the world. It is the world's leading supplier of towbarless aircraft towing tractors and enjoys a strong reputation for technical excellence.

The directors are satisfied with the results for the year and are confident that they will experience continued growth in the future.

### Results and dividends

The results for the year are set out on page 4.

### Research and development

The company is committed to research and development activities. The primary aim of these activities is to ensure that the product that is produced is continually improved thus enabling new products to enter the market.

### Directors

The following directors have held office since 1 April 2004:

L A Brewis  
D F Weil

### Directors' interests

There are no directors' interests requiring disclosure under the Companies Act 1985.

	Ordinary shares of £ 1 each	
	31 March 2005	1 April 2004
L A Brewis	-	-
D F Weil	-	-

### Auditors

During the year our auditors Mazars, transferred their business to a limited liability partnership, Mazars LLP, incorporated under the Limited Liabilities Partnerships Act 2000. A resolution to appoint Mazars LLP as auditors to the company was proposed at the Annual General Meeting.

# DOUGLAS EQUIPMENT LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

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### 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 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.

On behalf of the board



L.A. Brewis

Director

27/3/05

# DOUGLAS EQUIPMENT LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DOUGLAS EQUIPMENT LIMITED

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We have audited the financial statements of Douglas Equipment Limited on pages 4 to 14 for the year ended 31 March 2005. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 misstatement 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 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.

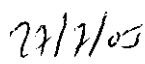
### Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mazars LLP

Chartered Accountants  
and Registered Auditors

  
.....  
Clifton Down House  
Beaufort Buildings  
Clifton Down  
Clifton  
Bristol, BS8 4AN

# DOUGLAS EQUIPMENT LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	2005 £	2004 £
Turnover	2	14,499,976	11,404,559
Cost of sales		(11,935,671)	(9,472,682)
<b>Gross profit</b>		2,564,305	1,931,877
Administrative expenses		(2,076,411)	(1,659,550)
Other operating income		8,094	(20,864)
<b>Operating profit</b>	3	495,988	251,463
Other interest receivable and similar income		4,428	3,912
Interest payable and similar charges	4	(17)	(111)
<b>Profit on ordinary activities before taxation</b>		500,399	255,264
Tax on profit on ordinary activities	5	415	-
<b>Profit on ordinary activities after taxation</b>	13	500,814	255,264

The profit and loss account has been prepared on the basis that all operations are continuing operations.

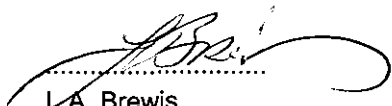
There are no recognised gains and losses other than those passing through the profit and loss account.

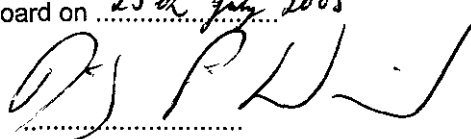
# DOUGLAS EQUIPMENT LIMITED

## BALANCE SHEET AS AT 31 MARCH 2005

	Notes	2005 £	£	2004 £	£
<b>Fixed assets</b>					
Tangible assets	6		1,646,734		1,577,717
<b>Current assets</b>					
Stocks	7	3,345,213		3,880,915	
Debtors	8	2,046,006		1,396,748	
Cash at bank and in hand		504,066		367,040	
		<u>5,895,285</u>		<u>5,644,703</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,346,491)</u>		<u>(2,373,020)</u>	
<b>Net current assets</b>			<u>3,548,794</u>		<u>3,271,683</u>
<b>Total assets less current liabilities</b>			<u>5,195,528</u>		<u>4,849,400</u>
<b>Creditors: amounts falling due after more than one year</b>	10		<u>(1,798,630)</u>		<u>(1,953,316)</u>
			<u>3,396,898</u>		<u>2,896,084</u>
<b>Capital and reserves</b>					
Called up share capital	12	16,162,000		16,162,000	
Share premium account	13	11,200		11,200	
Profit and loss account	13	<u>(12,776,302)</u>		<u>(13,277,116)</u>	
<b>Shareholders' funds - equity interests</b>	14		<u>3,396,898</u>		<u>2,896,084</u>

The financial statements were approved by the Board on 25th July 2005

  
L A Brewis  
Director

  
D F Weil  
Director



# DOUGLAS EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this is based on the continued support of its ultimate parent company, Aquarius Group Limited.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group.

#### 1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

#### 1.3 Turnover

Turnover represents amounts receivable for the provision of goods and services net of VAT and trade discounts to customers.

#### 1.4 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

#### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2.5% per annum
Land and buildings Leasehold	33.3% per annum
Plant and machinery	10-33.3% per annum

#### 1.6 Leasing

Assets held under hire purchase are capitalised as tangible assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Costs include materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred to completion and disposal.

Provision is made for obsolete, slow moving or defective items where appropriate.

# DOUGLAS EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

### 1 Accounting policies

(continued)

#### 1.8 Long term contracts

Amounts recoverable on long term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are included in creditors as payments on account.

#### 1.9 Pensions

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

#### 1.10 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

#### 1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

### 2 Turnover

#### Geographical market

	Turnover	
	2005	2004
	£	£
United Kingdom	7,070,098	4,941,715
Rest of Europe	1,301,448	769,704
Rest of the World	6,128,430	5,693,140
	<u>14,499,976</u>	<u>11,404,559</u>

# DOUGLAS EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

3 Operating profit	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	148,126	184,747
Loss on disposal of tangible assets	149	-
Loss on foreign exchange transactions	-	20,864
Research and development	300,743	26,038
Operating lease rentals		
- Plant and machinery	19,264	24,756
- Other assets	35,993	23,306
Auditors' remuneration	17,042	16,294
Remuneration of auditors for non-audit work	-	6,750
and after crediting:		
Profit on disposal of tangible assets	-	(1,379)
Profit on foreign exchange transactions	(8,094)	-
	<hr/>	<hr/>
4 Interest payable	2005	2004
	£	£
On bank loans and overdrafts	17	111
	<hr/>	<hr/>

# DOUGLAS EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

5	Taxation	2005 £	2004 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	(415)	-
	<b>Current tax charge</b>	<u>(415)</u>	<u>-</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>500,399</u>	<u>255,264</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004: 30.00%)	<u>150,120</u>	<u>76,579</u>
	Effects of:		
	Tax losses utilised	(150,120)	(76,579)
	Adjustments to previous periods	<u>(415)</u>	<u>-</u>
		<u>(150,535)</u>	<u>(76,579)</u>
	<b>Current tax charge</b>	<u>(415)</u>	<u>-</u>

The company has estimated losses of £ 2,000,000 (2004: £ 2,500,000) available for carry forward against future trading profits.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value. Such tax would only become payable if the property were sold without it being possible to claim rollover relief. At present, it is not envisaged that any tax will become payable in the foreseeable future.

The company has estimated carried forward tax losses of £2,000,000, this will give a deferred tax asset of £600,000.

The company does not currently claim capital allowances on assets, and will not do so until they commence the payment of corporation tax.

# DOUGLAS EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

### 6 Tangible fixed assets

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Total £
<b>Cost</b>				
At 1 April 2004	2,059,574	68,250	1,717,711	3,845,535
Additions	-	-	217,842	217,842
Disposals	-	-	(219,739)	(219,739)
At 31 March 2005	2,059,574	68,250	1,715,814	3,843,638
<b>Depreciation</b>				
At 1 April 2004	684,851	68,250	1,514,717	2,267,818
On disposals	-	-	(219,040)	(219,040)
Charge for the year	25,608	-	122,518	148,126
At 31 March 2005	710,459	68,250	1,418,195	2,196,904
<b>Net book value</b>				
At 31 March 2005	1,349,115	-	297,619	1,646,734
At 31 March 2004	1,374,723	-	202,994	1,577,717

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £
<b>Net book values</b>	
At 31 March 2005	13,420
<b>Depreciation charge for the year</b>	
31 March 2005	1,230

### 7 Stocks and work in progress

	2005 £	2004 £
Raw materials and consumables	1,371,613	1,337,814
Work in progress	1,897,739	2,281,463
Finished goods and goods for resale	75,861	261,638
	3,345,213	3,880,915

# DOUGLAS EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

8 Debtors	2005 £	2004 £
Trade debtors	1,875,875	1,193,529
Other debtors	1,830	59,503
Prepayments and accrued income	168,301	143,716
	<u>2,046,006</u>	<u>1,396,748</u>
9 Creditors: amounts falling due within one year	2005 £	2004 £
Payments received on account	50,200	40,339
Net obligations under hire purchase contracts	6,034	-
Trade creditors	1,352,488	1,297,347
Taxes and social security costs	142,931	71,025
Other creditors	158,970	157,608
Accruals and deferred income	635,868	806,701
	<u>2,346,491</u>	<u>2,373,020</u>

# DOUGLAS EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

10 Creditors: amounts falling due after more than one year	2005 £	2004 £
Other loans	1,794,104	1,953,316
Net obligations under hire purchase contracts	4,526	-
	<u>1,798,630</u>	<u>1,953,316</u>

### Analysis of loans

Not wholly repayable within five years by instalments:

Other loans	1,794,104	1,953,316
Wholly repayable within five years	150,000	150,000

	1,944,104	2,103,316
Included in current liabilities	(150,000)	(150,000)

	<u>1,794,104</u>	<u>1,953,316</u>
Instalments not due within five years	<u>1,794,104</u>	<u>1,953,316</u>

### Loan maturity analysis

In more than five years	<u>1,794,104</u>	<u>1,953,316</u>
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The other loans represents monies owed to Trinity Douglas Limited of £1,603,316 and Aquarius Group Limited of £340,788 of which £150,000 was repaid post year end. There are currently no repayment terms in place for the remainder.

### Net obligations under hire purchase contracts

Repayable within one year	6,034	-
Repayable between one and five years	4,526	-
	<u>10,560</u>	<u>-</u>
Included in liabilities falling due within one year	(6,034)	-
	<u>4,526</u>	<u>-</u>

## 11 Pension costs

### Defined contribution

	2005 £	2004 £
Contributions payable by the company for the year	<u>74,489</u>	<u>74,594</u>

# DOUGLAS EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

<b>12 Share capital</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
16,162,000 Ordinary shares of £1 each	16,162,000	16,162,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
16,162,000 Ordinary shares of £1 each	16,162,000	16,162,000
	<u>          </u>	<u>          </u>
<b>13 Statement of movements on reserves</b>		
	<b>Share premium account</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
Balance at 1 April 2004	11,200	(13,277,116)
Retained profit for the year	-	500,814
	<u>          </u>	<u>          </u>
Balance at 31 March 2005	11,200	(12,776,302)
	<u>          </u>	<u>          </u>
<b>14 Reconciliation of movements in shareholders' funds</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	500,814	255,264
Opening shareholders' funds	2,896,084	2,640,820
	<u>          </u>	<u>          </u>
Closing shareholders' funds	3,396,898	2,896,084
	<u>          </u>	<u>          </u>

### 15 Financial commitments

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>			<b>Other</b>
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Expiry date:				
Within one year	-	-	12,530	26,997
Between two and five years	70,000	70,000	981	7,945
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	70,000	70,000	13,511	34,942
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>



# DOUGLAS EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2005

16 Directors' emoluments	2005 £	2004 £
Emoluments for qualifying services	24,000	24,000

### 17 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Sales and marketing	16	12
Production and engineering	102	90
Administration	7	7
	125	109

#### Employment costs

	£	£
Wages and salaries	2,662,711	2,024,778
Social security costs	268,754	251,745
Other pension costs	74,489	74,594
	3,005,954	2,351,117

### 18 Control

The company is a wholly owned subsidiary undertaking of Trinity Douglas Limited, a company incorporated in England and Wales, whose ultimate parent and controlling undertaking is Aquarius Group Limited, a company incorporated in Jersey. The results of the company will be consolidated into the accounts of Aquarius Group Limited. These accounts are available to the public.

### 19 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.