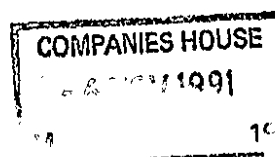


880172

ALTAIR FILTERS INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 January 1991



Registration No: 880172

ALTAIR FILTERS INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS 1991

CONTENTS

	Page
Officers and Professional Advisors	1
Directors' Report	2
Auditors' Report	3
Profit and Loss Account	4
Balance Sheet	5
Statement of Source and Application of Funds	6
Notes to the Financial Statements	7-14

ALTAIR FILTERS INTERNATIONAL LIMITED

Officers and Professional Advisors

Directors	I H Church R E Cleaver D I S Hinton))	Joint Managing Directors Chairman
Secretary	T M A Whelan		
Registered Office	Omega Park Alton Hants		
Bankers	Barclays Bank plc		
Solicitors	Turner Kenneth Brown		
Auditors	Ernst & Young Chartered Accountants Southampton		

ALTAIR FILTERS INTERNATIONAL LIMITED

DIRECTORS' REPORT
Year Ended 31 January 1991

The Directors submit their report and financial statements of the company for the year ended 31 January 1991.

1. Activities

The principal activity of the Company is that of manufacturing air filtration and noise control equipment.

2. Review of Developments

Review of the results for the year

The financial performance of the Company is fully set out in the accounts. Sales achieved were £3,635,804 with pre-tax profits of £491,306.

3. Dividends and Transfer to Reserves

The Directors recommend an interim ordinary dividend of £530,648.

4. Future Prospects

The Directors consider that the Company is in a position to continue to make substantial progress in the 1991/92 period.

5. Fixed Assets

Details of fixed assets owned during the year are stated in note 10 to the financial statements.

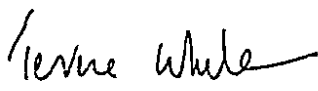
6. Directors and their Interests

The Directors are shown on page 1. Mr I H Church and Mr R E Cleaver served through the year together with Mr D I S Hinton, who was appointed November 23, 1990. None of the Directors has or has had at any time during the year any interest in the share capital of the company.

7. Auditors

A resolution to re-appoint Ernst & Young as auditors will be proposed at the Annual General Meeting.

By order of the Board

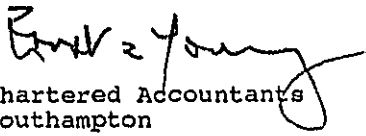

Teresa M A Whelan
Secretary

REPORT OF THE AUDITORS

TO THE MEMBERS OF ALTAIR FILTERS INTERNATIONAL LIMITED

We have audited the financial statements on pages 4 to 14 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the Company at 31 January 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Southampton

2nd May, 1991.

ALTAIR FILTERS INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT
Year Ended 31 January 1991

	Note	Year Ended 31 January 1991 £	Year Ended 31 January 1990 £
Turnover	2	3 635 804	2 692 408
Cost of sales		(1 602 088)	(904 196)
Gross profit		2 033 716	1 788 212
Distribution costs		(265 625)	(273 526)
Administrative expenses	3	1 303 591	(1 198 925)
Other operating income		<u>12 497</u>	<u>19 604</u>
Other interest receivable and similar income	4	476 997	335 365
Interest payable and similar charges	5	17 281	49 841
		(2 972)	(515)
Profit on ordinary activities before taxation	6	491 306	384 691
Tax on profit on ordinary activities	7	(36 010)	(106 084)
Profit on ordinary activities after taxation		456 255	278 607
Extraordinary items	8	(—)	<u>310 965</u>
Profit for the financial period		455 296	589 572
Dividend	9	(530 648)	(2 269 961)
Profit & Loss account brought forward		<u>297 330</u>	<u>1 977 719</u>
Profit & Loss account carried forward		<u>221 978</u>	<u>297 330</u>

ALTAIR FILTERS INTERNATIONAL LIMITED

BALANCE SHEET 31 January 1991

	Note	31 January 1991 £	31 January 1990 £
Fixed Assets			
Tangible Assets	10	1 784 890	1 724 235
Investments	11	<u>20 757</u>	<u>20 757</u>
		1 805 647	1 744 992
Current Assets			
Stocks	12	248 909	264 162
Debtors	13	1 412 317	990 671
Cash at bank and in hand		<u>155 177</u>	<u>198 375</u>
		<u>1 816 403</u>	<u>1 453 208</u>
Creditors: Amounts Falling Due Within One Year			
Trade creditors		307 893	294 180
Amounts owed to group companies	14	2 129 064	1 778 864
Other creditors including taxation and social security	15	167 632	393 829
Accruals and deferred income		<u>407 610</u>	<u>98 888</u>
		<u>3 012 199</u>	<u>2 595 761</u>
Net Current Liabilities		(1 195 796)	(1 112 553)
Total Assets Less Current Liabilities		609 851	632 439
Creditors: Amounts Falling Due After More Than One Year			
	16	23 607	-
Provisions for Liabilities and Charges	18	<u>50 963</u>	<u>47 109</u>
Capital and Reserves		<u>535 281</u>	<u>585 330</u>
Called up share capital	19	3 000	3 000
Revaluation reserve	20	310 303	285 000
Profit & Loss account		<u>221 978</u>	<u>297 330</u>
		<u>535 281</u>	<u>585 330</u>

The financial statements were approved by the Board of Directors on 2-5-91

[Signature]
[Signature]

Directors

ALTAIR FILTERS INTERNATIONAL LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS Year ended 31 January 1991

	Year Ended 31 January 1991 £	Year Ended 31 January 1990 £
Source of Funds		
Profit on ordinary activities before taxation	491 306	384 691
Adjustments for items not involving the movement of funds:		
Group Debts write off	57 813	-
Depreciation	56 167	37 888
Loss/(Profit) on sale of fixed assets	(172)	1 563
Total generated from operations	<u>605 114</u>	<u>424 142</u>
Funds from other Sources		
Proceeds on disposal of investments	-	357 554
Proceeds on sale of tangible fixed assets	<u>263</u>	<u>23 186</u>
	<u>605 377</u>	<u>804 882</u>
Application of Funds		
Purchase of tangible fixed assets	116 913	38 892
Tax paid	259 254	-
Dividend paid	<u>-</u>	<u>1 113 764</u>
	<u>376 167</u>	<u>1 152 656</u>
Increase/(Decrease) in Working Capital	<u>229 210</u>	<u>(347 774)</u>
Arising from Investments in		
Stocks	(15 253)	116 891
Debtors	697 781	(115 094)
Creditors	(395 162)	11 401
Group balances	<u>(14 958)</u>	<u>(543 169)</u>
	272 408	(529 971)
Net Liquid funds	<u>(43 198)</u>	<u>182 197</u>
	<u>229 210</u>	<u>(347 774)</u>

ALTAIR FILTERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1991

1. Accounting Policies

(a) Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable statements of standard Accounting practice.

(b) Tangible fixed assets

Depreciation is provided in equal instalments over the estimated useful life of the assets and is calculated on the cost of the assets.

The following rates are used:

Plant and Machinery	15%
Tools and Electrical Equipment	20%
Equipment	10%
Vehicles	25%

Freehold property is maintained, as a matter of company policy, by a programme of repair and refurbishment such that the residual value of the property is at least equal to the book value. Having regard to this, it is in the opinion of the Directors that depreciation on the property as required by the Companies Act 1985 and Statement of Standard Accounting Practice 12, would not be material.

(c) Deferred Taxation

Provision is made for deferred taxation on the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that the tax will be payable. Advance corporation tax, which is expected to be recoverable in the future, is deducted from the deferred tax balance.

(d) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

(e) Research and Development

Research and development expenditure is written off as incurred

(f) Foreign Currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of the exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

ALTAIR FILTERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1991

(g) Leasing and Hire Purchase Commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rental paid under operating leases are charged to income on a straight line basis over the term of the lease.

(h) Pensions

The Company operates a defined contribution pensions scheme. Contributions are charged to the Profit & Loss account as they become payable in accordance with the rules of the scheme.

2. Turnover

Turnover represents sales by the Company to outside customers and fellow group companies excluding Value Added Tax.

The turnover and pre tax profit is attributable to one activity, the manufacture of air filtration and acoustic equipment

	1991 £	1990 £
With third parties	3 493 107	2 389 063
Within the group	<u>142 697</u>	<u>303 344</u>
	<u>3 635 804</u>	<u>2 692 408</u>
Geographical analysis of turnover:	1991 £	1990 £
United Kingdom	1 917 138	1 086 324
Other European Countries	1 265 413	1 053 832
Rest of World	<u>453 253</u>	<u>552 252</u>
	<u>3 635 804</u>	<u>2 692 408</u>

ALTAIR FILTERS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENT 53 weeks ended 31 January 1991

3. Information regarding Directors and Employees

	1991 £	1990 £
Directors' emoluments		
Fees		
Other emoluments	<u>162 622</u>	<u>135 672</u>
Remuneration of the Chairman	<u>12 000</u>	<u>-</u>
Remuneration of the highest paid Director	<u>71 465</u>	<u>65 293</u>

Scale of other Directors' remuneration:	No.	No.
£55,001 - £60,000	-	1
£65,001 - £70,000	1	-

Employee costs during the year:	1991 £	1990 £
Wages and salaries	531 817	426 741
Social security costs	56 111	46 559
Other pension costs	<u>35 074</u>	<u>26 882</u>

Average number of persons employed:	No.	No.
Production	9	9
Sales and distribution	5	4
Administration	<u>20</u>	<u>15</u>
	<u>34</u>	<u>28</u>

4. Other interest receivable and similar income

	1991 £	1990 £
Bank deposit interest	8 445	7 849
Group interest	<u>8 836</u>	<u>41 992</u>
	<u>17 281</u>	<u>49 841</u>

5. Interest payable and similar charges

	1991 £	1990 £
Hire purchase interest	<u>2 972</u>	<u>515</u>

ALTAIR FILTERS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENT 53 weeks ended 31 January 1991

6. Profit on ordinary activities before taxation

	1991 £	1990 £
Profit on ordinary activities before taxation is after charging:		
Depreciation of owned assets	47 249	37 888
Depreciation of assets held under finance lease	8 919	-
Auditors' remuneration	8 000	8 000
Operating lease rentals - cars	72 698	33 064
Research and development	25 858	29 829

7. Tax on profit on ordinary activities

	1991 £	1990 £
Corporation tax at 25% (1990 35%)	12 500	125 175
Deferred taxation	<u>14 270</u>	<u>21 231</u>
	26 770	147 206
Under/(over) provisions for prior periods corporation tax	9 240	-
Deferred taxation	<u>-</u>	<u>(41 122)</u>
	<u>36 010</u>	<u>106 084</u>

The corporation tax for the year has been reduced by the availability of group losses.

8. Extraordinary items

	1991 £	1990 £
Recovery of investment and amounts owed by wholly owned subsidiary Altair Australia Pty Ltd presently in liquidation	-	8 086
Profit on sale of Altair Norge	<u>-</u>	<u>302 879</u>
	<u>-</u>	<u>310 965</u>

9. Dividends

	1991 £	1990 £
Interim - paid	-	1 113 764
- proposed	<u>530 648</u>	<u>1 156 197</u>
	<u>530 648</u>	<u>2 269 961</u>

ALTAIR FILTERS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENT 53 weeks ended 31 January 1991

10 Tangible Fixed Assets

	Freehold Land and buildings	Plant and machinery etc.	Motor vehicles	Fixtures, fittings, and equipment	Total
	£	£	£	£	£
Cost or valuation at 31 Jan 1990	1 550 000	163 408	28 692	158 968	1 901 068
Transfer of heading	-	(31)	-	31	-
Additions	-	31 329	-	85 584	116 913
Disposals	-	-	-	(381)	(381)
At 31 Jan 1991	1 550 000	194 706	28 692	244 202	2 017 600
Depreciation at 31 Jan 1990	-	129 525	11 459	35 849	176 833
Transfer of heading	-	(12 092)	-	12 092	-
Charge for the year	-	17 747	7 173	31 247	56 167
Disposals	-	-	-	(290)	(290)
At 31 Jan 1991	-	135 180	18 632	78 898	232 710
Net book value at 31 Jan 1991	<u>1 550 000</u>	<u>59 526</u>	<u>10 060</u>	<u>165 304</u>	<u>1 784 890</u>
Net book value at 31 Jan 1990	<u>1 550 000</u>	<u>33 883</u>	<u>17 233</u>	<u>123 119</u>	<u>1 724 235</u>

Included within amounts for fixtures and fittings and equipment are assets held under finance leases with a cost of £58,589 and a net book value of £49,470

The freehold land and buildings were valued at their open market value for existing use in January 1990 by Chesteron & Co., Chartered Surveyors. If they had not been revalued, freehold land and buildings would have been carried in the balance sheet at:-

Historical cost at Jan 1990 and Jan 1991	£ 1 265 000
Cumulative depreciation based on cost at 31 Jan 1991	Nil

ALTAIR FILTERS INTERNATIONAL LTD

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1991

11. Investments held as Fixed Assets

	£
In subsidiaries:	20 757
Cost at 31 January 1990	-
Sold during the period	
	<u>20 757</u>
Balance at 31 January 1991	

Name of Company	Country of Incorporation	Holding Ordinary	Proportion Held 100%
Zellinger & Zollenberg (dormant company)	UK		

12. Stocks

	1991 £	1990 £
Raw materials and consumables	166 665	142 457
Work in progress	78 840	120 576
Finished goods and goods for resale	<u>3 404</u>	<u>1 129</u>
	<u>248 909</u>	<u>264 162</u>

13. Debtors

	1991 £	1990 £
Trade Debtors	1 076 315	414 529
Amounts owed by holding company	117 376	299 665
Amounts owed by fellow subsidiaries	-	93 846
Other debtors	120 000	158 090
Prepayments and accrued income	<u>98 626</u>	<u>24 541</u>
	<u>1 412 317</u>	<u>990 671</u>

14. Amounts owed to Group Companies

	1991 £	1990 £
Due to holding company	61 551	42 000
Due to fellow subsidiaries	<u>2 067 513</u>	<u>1 736 864</u>
	<u>2 129 064</u>	<u>1 778 864</u>

15. Other Creditors including Taxation

	1991 £	1990 £
Corporation tax	114 961	364 975
Other tax and social security	33 660	19 834
Obligations under finance leases and hire purchase contracts	19 011	-
Other creditors	<u>-</u>	<u>9 020</u>
	<u>167 632</u>	<u>393 829</u>

ALTAIR FILTERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1991

16. Creditors: Amounts Falling Due After More Than One Year

	1991 £	1990 £
Obligations under finance leases and hire purchase contracts	<u>23 607</u>	<u>-</u>

All amounts payable are due within two to five years.

17. Pension Scheme

The Company operates a defined contribution pension scheme for its directors and senior employees. The assets of the scheme are held separately from those of the Company in an independently administered fund.

18. Provisions for Liabilities and Charges

	1991 £ Provided	£ Unprovided	1990 £ Provided	£ Unprovided
Capital allowances in advance of depreciation	60 466	-	47 109	-
Potential Capital Gains	-	50 000	-	243 000
Other timing differences	<u>913</u>	<u>-</u>	<u>-</u>	<u>-</u>
	61 379	50 000	47 109	243 000
ACT Recoverable	<u>(10 416)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>50 963</u>	<u>50 000</u>	<u>47 109</u>	<u>243 000</u>

19. Called Up Share Capital

	1991 £	1990 £
Authorised, allotted and fully paid:		
1,000 ordinary shares of £1 each	1 000	1 000
2,000 deferred shares of £1 each	<u>2 000</u>	<u>2 000</u>
	<u>3 000</u>	<u>3 000</u>

20. Revaluation Reserve

	1991 £
At 31 January 1990	285 000
Transfer on adjustment to book cost of freehold land and buildings	<u>25 303</u>
At 31 January 1991	<u>310 303</u>

ALTAIR FILTERS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS 53 weeks ended 31 January 1991

21. Financial Commitments

The annual commitment under non-cancellable operating leases was as follows:

	Motor Vehicles	
	1991 £	1990 £
Leases expiry		
Within one year	23 078	6 600
Within two to five years	<u>41 546</u>	<u>58 120</u>
	<u>64 624</u>	<u>64 720</u>

22. Contingent Liabilities

The Company, together with certain other group companies, is party to multilateral guarantees given in respect of the bank overdrafts of the participating companies. As at 31 January 1990, the total of the overdrafts guaranteed by the Company under this agreement amounted to £500,000 (1990 - £500,000).

The Company has entered into contract guarantees and performance bonds totalling £520,000.

23. Ultimate Holding Company

The Ultimate Holding Company is Appfire Ltd which is incorporated in Great Britain. Copies of the Group Accounts are available to the public at Omega Park, Alton, Hants.