

**BUSHBURY HOLDINGS LIMITED**

**Report and Financial Statements**

**31 December 1999**

**Deloitte & Touche  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN**



**REPORT AND FINANCIAL STATEMENTS 1999**

| <b>CONTENTS</b>                                      | <b>Page</b> |
|--|-------------|
| <b>Officers and professional advisers</b>            | <b>1</b>    |
| <b>Directors' report</b>                             | <b>2</b>    |
| <b>Statement of directors' responsibilities</b>      | <b>4</b>    |
| <b>Auditors' report</b>                              | <b>5</b>    |
| <b>Consolidated profit and loss account</b>          | <b>6</b>    |
| <b>Consolidated balance sheet</b>                    | <b>7</b>    |
| <b>Balance sheet</b>                                 | <b>8</b>    |
| <b>Consolidated cash flow statement</b>              | <b>9</b>    |
| <b>Notes to the consolidated cash flow statement</b> | <b>10</b>   |
| <b>Notes to the accounts</b>                         | <b>12</b>   |

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M B Hughes (Chairman)  
B F Tinklin  
R Nicholls

**SECRETARY**

R Nicholls

**REGISTERED OFFICE**

PO Box 232  
Shaw Road  
Bushbury  
Wolverhampton  
WV10 9LA

**BANKERS**

HSBC Bank PLC  
36 Bennetts Hill  
Birmingham  
B2 5RJ

Allied Irish Bank  
Stillorgan  
Co Dublin  
Ireland

**SOLICITORS**

Martineau Johnson  
St Philips House  
St Philips Place  
Birmingham  
B3 2PP

A & L Goodbody  
Earlsfort House  
Earlsfort Terrace  
Dublin  
Ireland

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN

**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1999.

**RESULTS**

The profit for the year on ordinary activities before taxation amounted to £8,071 (1998 - £173,277). The directors do not propose a dividend for the year (1998 - £Nil) and the retained profit for the year of £3,898 (1998 - £120,689) has been transferred to reserves.

**ACTIVITY**

Bushbury Holdings Limited is principally engaged in the provision of management consultancy services and is the parent company of the following subsidiaries:

- Eastfield Engineering Limited - engaged in the manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames
- Epstone Limited - invests in freehold property
- M.C. Air Filtration Limited - manufactures high efficiency air filters and associated equipment.
- Walkair Limited - distributes air conditioning and filtration products, is involved in the construction of clean rooms and controlled environments and provides installation, commissioning and maintenance services.

**REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The group's operating performance suffered from very difficult trading conditions in the first half of the year. However, the second half showed a considerable improvement resulting in the recovery of first half losses. Whilst our markets remain very competitive, order books at 31 December are considerably higher than at the start of the year and the directors anticipate, subject to unforeseen circumstances, an improved trading performance in 2000.

**DIRECTORS**

The directors during the year, together with the interests of the directors at the end of the year, as defined by the Companies Act 1985, in the shares of the Company were as follows:

|                       | At 31 December<br>1999 | At 31 December<br>1998 |
|-----------------------|------------------------|------------------------|
| M B Hughes (Chairman) | 56,400                 | 56,400                 |
| B F Tinklin           | 34,400                 | 34,400                 |
| R Nicholls            | 6,700                  | 6,700                  |

The directors had no interest in the shares of other group companies.

Messrs M B Hughes, B F Tinklin and R Nicholls served throughout the year.

**YEAR 2000**

The directors considered the impact of the Year 2000 on its systems and operations and took all appropriate action, to the best of their knowledge and belief, to ensure that there was no significant disruption to the business. The cost of carrying out any modification work in relation to the above was not considered material.

**DIRECTORS' REPORT**

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



R Nicholls

Secretary

Registered Office:

PO Box 232  
Shaw Road  
Bushbury  
Wolverhampton  
WV10 9LA

**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 the group as at the end of the financial year and of the profit or loss of the group 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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.



## **AUDITORS' REPORT TO THE MEMBERS OF**

### **BUSHBURY HOLDINGS LIMITED**

We have audited the financial statements on pages 6 to 21 which have been prepared under the accounting policies set out on page 12 and 13.

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

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 circumstances of the company and the group, 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 affairs of the company and the group as at 31 December 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche*

Chartered Accountants and Registered Auditors

*2 May 2000*

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1999**

|   | Note | 1999<br>£   | 1998<br>£   |
|---|------|-------------|-------------|
| <b>TURNOVER</b>   | 2    | 5,509,493   | 6,551,604   |
| Cost of sales   |      | (4,468,720) | (5,373,517) |
|   |      | 1,040,773   | 1,178,087   |
| Distribution expenses   |      | (412,369)   | (444,407)   |
| Administration expenses (including<br>exceptional item of £21,089 – see note 4) |      | (598,041)   | (542,892)   |
| <b>OPERATING PROFIT</b>   | 5    | 30,363      | 190,788     |
| Interest receivable   | 6    | 1,695       | 7,637       |
| Interest payable  | 7    | (23,987)    | (25,148)    |
| <b>PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b>                        |      | 8,071       | 173,277     |
| Tax on profit on ordinary activities  | 8    | (4,173)     | (52,588)    |
| <b>PROFIT FOR THE FINANCIAL YEAR</b>  | 19   | 3,898       | 120,689     |

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 December 1999**

|  | 1999<br>£ | 1998<br>£ |
|--|-----------|-----------|
| Statement of total recognised gains and losses                       |           |           |
| Profit for the financial year  | 3,898     | 120,689   |
| Currency translation differences on foreign currency net investments | (17,025)  | 8,266     |
| <b>Total recognised gains and losses relating to the year</b>        | (13,127)  | 128,955   |

All activities derive from continuing operations.

There is no material difference between the historical cost profit and the profit stated in the profit and loss account.




**CONSOLIDATED BALANCE SHEET**  
**31 December 1999**

|  | Note | £                  | 1999<br>£        | £                | 1998<br>£        |
|--|------|--------------------|------------------|------------------|------------------|
| <b>FIXED ASSETS</b>  |      |                    |                  |                  |                  |
| Tangible assets  | 10   |                    | 754,415          |                  | 804,297          |
| <b>CURRENT ASSETS</b>  |      |                    |                  |                  |                  |
| Stocks   | 12   | 725,614            |                  | 632,020          |                  |
| Debtors  | 13   | 1,378,554          |                  | 967,789          |                  |
| Cash at bank and in hand                                       |      | 2,350              |                  | 168,446          |                  |
|  |      |                    | <u>2,106,518</u> | <u>1,768,255</u> |                  |
| <b>CREDITORS: amounts falling due within one year</b>          | 14   | <u>(1,239,969)</u> |                  | <u>(918,421)</u> |                  |
| <b>NET CURRENT ASSETS</b>                                      |      |                    | <u>866,549</u>   |                  | <u>849,834</u>   |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |      |                    | 1,620,964        |                  | 1,654,131        |
| <b>CREDITORS: amounts falling due after more than one year</b> | 15   |                    | <u>(69,620)</u>  |                  | <u>(89,660)</u>  |
| <b>TOTAL NET ASSETS</b>  |      |                    | <u>1,551,344</u> |                  | <u>1,564,471</u> |
| <b>CAPITAL AND RESERVES</b>                                    |      |                    |                  |                  |                  |
| Called up share capital  | 18   |                    | 100,000          |                  | 100,000          |
| Capital redemption reserve                                     | 19   |                    | 50,000           |                  | 50,000           |
| Revaluation reserve  | 19   |                    | 12,306           |                  | 12,526           |
| Foreign exchange reserve                                       | 19   |                    | (47,882)         |                  | (30,857)         |
| Profit and loss account  | 19   |                    | 1,436,920        |                  | 1,432,802        |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                              | 20   |                    | <u>1,551,344</u> |                  | <u>1,564,471</u> |

These financial statements were approved by the Board of Directors on 7th April 2000

Signed on behalf of the Board of Directors



M B Hughes



B F Tinklin

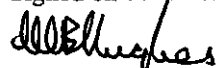
Directors

BALANCE SHEET  
31 December 1999

|   | Note | £             | 1999<br>£      | £              | 1998<br>£      |
|---|------|---------------|----------------|----------------|----------------|
| <b>FIXED ASSETS</b>                                   |      |               |                |                |                |
| Tangible assets                                       | 10   |               | 1,023          |                | 6,261          |
| Investments   | 11   |               | 420,021        |                | 268,180        |
|   |      |               | <u>421,044</u> |                | <u>274,441</u> |
| <b>CURRENT ASSETS</b>                                 |      |               |                |                |                |
| Debtors   | 13   | 84,210        |                | 265,287        |                |
| Cash at bank and in hand                              |      | 102           |                | 30             |                |
|   |      | <u>84,312</u> |                | <u>265,317</u> |                |
| <b>CREDITORS: amounts falling due within one year</b> | 14   | (76,922)      |                | (155,970)      |                |
| <b>NET CURRENT ASSETS</b>                             |      |               | <u>7,390</u>   |                | <u>109,347</u> |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      |               | <u>428,434</u> |                | <u>383,788</u> |
| <b>CAPITAL AND RESERVES</b>                           |      |               |                |                |                |
| Called up share capital                               | 18   |               | 100,000        |                | 100,000        |
| Capital redemption reserve                            | 19   |               | 50,000         |                | 50,000         |
| Profit and loss account                               | 19   |               | 278,434        |                | 233,788        |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                     |      |               | <u>428,434</u> |                | <u>383,788</u> |

These financial statements were approved by the Board of Directors on 7th April 2000

Signed on behalf of the Board of Directors



M B Hughes



B F Tinklin

Directors

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 1999**

|   | Note | 1999<br>£        | 1998<br>£     |
|---|------|------------------|---------------|
| Cash flow from operating activities                                   | (i)  | (132,124)        | 381,786       |
| Returns on investments and servicing of finance                       | (ii) | (22,292)         | (17,511)      |
| Taxation  |      | (49,861)         | (113,125)     |
| Capital expenditure and financial investment                          | (ii) | (85,880)         | (143,709)     |
| Cash (outflow)/inflow before use of liquid resources<br>and financing |      | (290,157)        | 107,441       |
| Financing   | (ii) | (170,040)        | (21,478)      |
| (Decrease)/increase in cash in the year                               |      | <u>(460,197)</u> | <u>85,963</u> |

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|   |       |                  |                  |
|---|-------|------------------|------------------|
| Reconciliation of net cash flow to movement in net debt | (iii) | 1999<br>£        | 1998<br>£        |
| (Decrease)/increase in cash in the year                 |       | (460,197)        | 85,963           |
| Cash outflow from decrease in debt and lease financing  |       | 170,040          | 21,478           |
| Change in net funds resulting from cash flows           |       | (290,157)        | 107,441          |
| Net (debt)/funds at 1 January 1999                      |       | <u>(91,254)</u>  | <u>(198,695)</u> |
| Net debt at 31 December 1999                            |       | <u>(381,411)</u> | <u>(91,254)</u>  |

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 1999**

**(i) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS**

|  | 1999<br>£        | 1998<br>£      |
|--|------------------|----------------|
| Operating profit   | 30,363           | 190,788        |
| Depreciation   | 128,186          | 148,428        |
| Decrease/(increase) in stocks                              | (93,594)         | 336,496        |
| Decrease/(increase) in debtors                             | (409,291)        | 436,593        |
| (Decrease)/increase in creditors                           | 212,212          | (730,519)      |
| <b>Net cash (outflow)/inflow from operating activities</b> | <b>(132,124)</b> | <b>381,786</b> |

**(ii) ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED  
IN THE CASH FLOW STATEMENT**

|   | 1999<br>£        | 1998<br>£        |
|---|------------------|------------------|
| <b>Returns on investments and servicing of finance</b>                          |                  |                  |
| Interest received   | 1,695            | 7,637            |
| Interest paid   | (23,987)         | (24,987)         |
| Interest element of finance lease rental payments                               | -                | (161)            |
| <b>Net cash outflow for returns on investments and servicing<br/>of finance</b> | <b>(22,292)</b>  | <b>(17,511)</b>  |
| <b>Capital expenditure and financial investment</b>                             |                  |                  |
| Purchase of tangible fixed assets   | (96,632)         | (157,749)        |
| Sale of tangible fixed assets   | 10,752           | 14,040           |
| <b>Net cash outflow for capital expenditure and<br/>financial investment</b>    | <b>(85,880)</b>  | <b>(143,709)</b> |
| <b>Financing</b>  |                  |                  |
| Repayment of other loan   | (150,000)        | -                |
| Repayment of bank loan  | (20,040)         | (20,040)         |
| Capital element of finance lease rental payments                                | -                | (1,438)          |
| <b>Net cash outflow from financing</b>  | <b>(170,040)</b> | <b>(21,478)</b>  |

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 1999**

**(iii) MOVEMENT IN NET DEBT**

|                          | At<br>1 Jan<br>1999<br>£ | Cash<br>flow<br>£ | At<br>31 Dec<br>1999<br>£ |
|--------------------------|--------------------------|-------------------|---------------------------|
| Cash in hand and at bank | 168,446                  | (166,096)         | 2,350                     |
| Bank overdrafts          | -                        | (294,101)         | (294,101)                 |
|                          |                          | (460,197)         |                           |
| Bank loan                | (109,700)                | 20,040            | (89,660)                  |
| Other loan               | (150,000)                | 150,000           | -                         |
|                          |                          | 170,040           |                           |
|                          | <u>(91,254)</u>          | <u>(290,157)</u>  | <u>(381,411)</u>          |

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1999****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Consolidation**

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

**Acquisitions**

On the acquisition of a business fair values are attributed to the net tangible assets. Where the costs of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill. This has been written off directly to reserves in the year of acquisition. For all years after (and including) 31 December 1998, this goodwill will be capitalised and amortised over the life of the business acquired.

**Exchange rates**

Balances denominated in foreign currencies have been translated into sterling at the rates ruling on 31 December 1999. Realised exchange differences in the course of trading have been taken to the profit and loss account.

**Depreciation on fixed assets**

Depreciation is provided on a straight line basis, to write off the assets concerned over their estimated useful lives, at the following annual rates:

|                                    |                    |
|------------------------------------|--------------------|
| Freehold land                      | Nil                |
| Freehold buildings                 | 2.5%               |
| Short leasehold land and buildings | Over life of lease |
| Plant and equipment                | 10% - 50%          |

**Stocks**

Stocks, including work-in-progress, are valued at the lower of cost and net realisable value. Cost represents materials, direct labour and an appropriate proportion of overheads.

**Leased assets**

Where fixed assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance leases. The rentals payable are apportioned between interest, which is charged to profit and loss account, and capital, which reduces the outstanding obligation.

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

**Investments**

Investments held as fixed assets are stated at cost less any provisions against a permanent diminution in value.

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

## NOTES TO THE ACCOUNTS

Year ended 31 December 1999

## 1. ACCOUNTING POLICIES (continued)

## Pension costs

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

## 2. ANALYSES OF TURNOVER

|   | 1999<br>£        | 1998<br>£        |
|---|------------------|------------------|
| <b>Geographical analyses by location</b>                |                  |                  |
| United Kingdom  | 3,324,063        | 3,632,818        |
| Republic of Ireland                                     | 2,185,430        | 2,918,786        |
|   | <u>5,509,493</u> | <u>6,551,604</u> |
| <b>Geographical analyses of turnover by destination</b> |                  |                  |
| United Kingdom  | 3,285,274        | 3,669,588        |
| Other European countries                                | 2,219,998        | 2,654,715        |
| Rest of world   | 4,221            | 227,301          |
|   | <u>5,509,493</u> | <u>6,551,604</u> |

## 3. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES

|  | 1999<br>£      | 1998<br>£      |
|--|----------------|----------------|
| <b>Directors' emoluments</b>   |                |                |
| Other remuneration   | 170,426        | 163,825        |
| Pension contributions  | 43,872         | 41,781         |
|  | <u>214,298</u> | <u>205,606</u> |
|  | <b>No</b>      | <b>No</b>      |
| Number of directors who are members of defined benefit pension schemes | <u>3</u>       | <u>3</u>       |

## NOTES TO THE ACCOUNTS

Year ended 31 December 1999

## 3. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES (continued)

|   | 1999<br>No       | 1998<br>No       |
|---|------------------|------------------|
| Average number of persons employed                |                  |                  |
| Production staff                                  | 73               | 83               |
| Sales and distribution staff                      | 11               | 11               |
| Administrative staff                              | 8                | 7                |
|   | <u>92</u>        | <u>101</u>       |
|   | £                | £                |
| Staff costs during the year (including directors) |                  |                  |
| Wages and salaries                                | 1,511,393        | 1,715,67         |
| Social security costs                             | 140,293          | 160,806          |
| Other pension costs                               | 140,174          | 151,277          |
|   | <u>1,791,860</u> | <u>2,027,762</u> |

## 4. EXCEPTIONAL ITEM

|  | 1999<br>£     | 1998<br>£ |
|--|---------------|-----------|
| Realised exchange loss on inter company loan account | <u>21,089</u> | <u>-</u>  |

## 5. OPERATING PROFIT

| The operating profit is arrived at after taking into account the following items: | 1999<br>£ | 1998<br>£ |
|---|-----------|-----------|
| Depreciation  |           |           |
| Assets owned  | 122,808   | 143,511   |
| Assets held under finance leases  | 5,378     | 4,917     |
| Rentals under operating leases  |           |           |
| Hire of plant and equipment   | 12,108    | 17,256    |
| Other operating leases  | 64,729    | 67,808    |
| Auditors' remuneration  |           |           |
| Audit services  | 18,283    | 19,471    |
| Non audit services  | 3,906     | 5,640     |
|   | <u></u>   | <u></u>   |

## 6. INTEREST RECEIVABLE

|                           | 1999<br>£    | 1998<br>£    |
|---------------------------|--------------|--------------|
| Bank interest receivable  | -            | 7,500        |
| Other interest            | 487          | 137          |
| Corporation tax repayment | 1,208        | -            |
|                           | <u>1,695</u> | <u>7,637</u> |



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1999**

**7. INTEREST PAYABLE**

|   | 1999<br>£     | 1998<br>£     |
|---|---------------|---------------|
| Bank loans, overdrafts and other loans<br>repayable within five years | 23,987        | 24,987        |
| Finance lease charges   | -             | 161           |
|   | <u>23,987</u> | <u>25,148</u> |

**8. TAX ON PROFIT ON ORDINARY ACTIVITIES**

|  | 1999<br>£    | 1998<br>£     |
|--|--------------|---------------|
| Tax charge on profit for the year          |              |               |
| UK corporation tax at 30% (1998 – 31%)     | (1,464)      | 5,940         |
| Republic of Ireland corporation tax at 25% | 10,328       | 48,602        |
| Adjustment in respect of previous year     | (4,691)      | (1,954)       |
|  | <u>4,173</u> | <u>52,588</u> |

**9. PROFIT FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF  
 BUSHBURY HOLDINGS LIMITED**

|  | 1999<br>£     | 1998<br>£     |
|--|---------------|---------------|
| Profits dealt with in the accounts of the parent company | <u>44,646</u> | <u>57,523</u> |

The Company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company alone is not provided.

# NOTES TO THE ACCOUNTS Year ended 31 December 1999

## 10. TANGIBLE FIXED ASSETS

| The Group                                | Freehold<br>land and<br>buildings<br>£ | Short<br>leasehold<br>land and<br>buildings<br>£ | Plant and<br>machinery<br>£ | Total<br>£ |
|--|--|--|-----------------------------|------------|
| <b>Cost or valuation</b>                 |  |  |                             |            |
| At 1 January 1999                        | 400,000                                | 211,322  | 1,229,880                   | 1,841,202  |
| Foreign exchange translation differences | -                                      | -  | (14,126)                    | (14,126)   |
| Additions                                | -                                      | -  | 96,632                      | 96,632     |
| Disposals                                | -                                      | (4,811)  | (67,427)                    | (72,238)   |
| At 31 December 1999                      | 400,000                                | 296,511  | 1,244,959                   | 1,851,470  |
| <b>Accumulated depreciation</b>          |  |  |                             |            |
| At 1 January 1999                        | 15,000                                 | 160,781  | 861,124                     | 1,036,905  |
| Foreign exchange translation differences | -                                      | -  | (6,550)                     | (6,550)    |
| Charge for year                          | 5,000                                  | 7,134  | 116,052                     | 128,186    |
| Disposals                                | -                                      | (4,811)  | (56,675)                    | (61,486)   |
| At 31 December 1999                      | 20,000                                 | 163,104  | 913,951                     | 1,097,055  |
| <b>Net book value</b>                    |  |  |                             |            |
| At 31 December 1999                      | 380,000                                | 43,407   | 331,008                     | 754,415    |
| At 31 December 1998                      | 385,000                                | 50,541   | 368,756                     | 804,297    |

Comparable amounts determined according to the historical cost convention:

|                          |         |
|--------------------------|---------|
|                          | £       |
| Cost                     | 406,826 |
| Accumulated depreciation | 43,528  |
| <b>Net book value</b>    |         |
| At 31 December 1999      | 363,298 |
| At 31 December 1998      | 368,078 |

The value of freehold land not depreciated is £200,000.

The freehold land and buildings were valued as at 31 December 1995 by Messrs Walter and Randall, Chartered Surveyors. In their opinion the open market value for the existing use at that time was £400,000.

The net book value of the group's fixed assets includes £3,946 (1998 - £9,324) in respect of assets held under finance leases.

# NOTES TO THE ACCOUNTS

## Year ended 31 December 1999

### 10. TANGIBLE FIXED ASSETS (continued)

| The Company                     | Plant and machinery<br>£ |
|---------------------------------|--------------------------|
| <b>Cost</b>                     |                          |
| At 1 January 1999               | 20,962                   |
| Additions                       | 1,187                    |
| Disposals                       | (2,162)                  |
| At 31 December 1999             | 19,987                   |
| <b>Accumulated depreciation</b> |                          |
| At 1 January 1999               | 14,701                   |
| Charge for year                 | 6,425                    |
| Disposals                       | (2,162)                  |
| At 31 December 1999             | 18,964                   |
| <b>Net book value</b>           |                          |
| At 31 December 1999             | 1,023                    |
| At 31 December 1998             | 6,261                    |

### 11. INVESTMENTS HELD AS FIXED ASSETS

| Shares in subsidiary companies               | £       |
|--|---------|
| <b>At cost</b>                               |         |
| At 1 January 1999                            | 268,180 |
| Increase in share capital of Walkair Limited | 151,841 |
| At 31 December 1999                          | 420,021 |

| Name                          | Principal activity  | Proportion of ordinary shares held |
|-------------------------------|---|------------------------------------|
| Eastfield Engineering Limited | Manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames   | 100%                               |
| M.C. Air Filtration Limited   | Manufacture of high efficiency air filters and associated equipment   | 100%                               |
| Epstone Limited               | Investment in freehold property   | 100%                               |
| Walkair Limited               | Distribution of air conditioning and filtration products, the construction of clean rooms and controlled environments and the provision of installation, commissioning and maintenance services | 100%                               |

All of the companies except Walkair Limited were incorporated and registered in England and Wales. Walkair Limited is incorporated and registered in the Republic of Ireland.

NOTES TO THE ACCOUNTS  
Year ended 31 December 1999

## 12. STOCKS

|                              | Group          |                |
|------------------------------|----------------|----------------|
|                              | 1999           | 1998           |
|                              | £              | £              |
| Raw materials and components | 417,463        | 389,037        |
| Work in progress             | 122,837        | 99,640         |
| Finished goods               | 185,314        | 143,343        |
|                              | <u>725,614</u> | <u>632,020</u> |

## 13. DEBTORS

|                                      | Group            |                | Company       |                |
|--------------------------------------|------------------|----------------|---------------|----------------|
|                                      | 1999             | 1998           | 1999          | 1998           |
|                                      | £                | £              | £             | £              |
| Trade debtors                        | 1,339,784        | 926,555        | -             | -              |
| Amount due from subsidiary companies | -                | -              | 83,535        | 265,287        |
| Corporation tax                      | 1,464            | -              | -             | -              |
| Other debtors                        | 543              | 471            | -             | -              |
| Prepayments and accrued income       | 36,763           | 40,763         | 675           | -              |
|                                      | <u>1,378,554</u> | <u>967,789</u> | <u>84,210</u> | <u>265,287</u> |

## 14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

|   | Group            |                | Company       |                |
|---|------------------|----------------|---------------|----------------|
|   | 1999             | 1998           | 1999          | 1998           |
|   | £                | £              | £             | £              |
| Bank overdraft (note 16)                          | 294,101          | -              | 4,381         | 75,381         |
| Bank loan (note 16)                               | 20,040           | 20,040         | -             | -              |
| Other loan (note 16)                              | -                | 150,000        | -             | -              |
| Trade creditors                                   | 621,205          | 360,546        | 8,636         | 183            |
| Amount due to subsidiaries                        | -                | -              | 44,646        | 44,847         |
| Payroll and other taxes including social security | 201,362          | 189,416        | 12,599        | 25,541         |
| Other creditors                                   | 20,824           | 18,762         | -             | 3,474          |
| Accruals and deferred income                      | 82,437           | 179,657        | 6,660         | 6,544          |
|   | <u>1,239,969</u> | <u>918,421</u> | <u>76,922</u> | <u>155,970</u> |

# NOTES TO THE ACCOUNTS

## Year ended 31 December 1999

### 15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

|                     | Group  |        | Company |      |
|---------------------|--------|--------|---------|------|
|                     | 1999   | 1998   | 1999    | 1998 |
|                     | £      | £      | £       | £    |
| Bank loan (note 16) | 69,620 | 89,660 | -       | -    |

### 16. BORROWINGS

|                              | Group   |         | Company |        |
|------------------------------|---------|---------|---------|--------|
|                              | 1999    | 1998    | 1999    | 1998   |
|                              | £       | £       | £       | £      |
| Bank overdraft               | 294,101 | -       | 4,381   | 75,381 |
| Bank loans                   | 89,660  | 109,700 | -       | -      |
| Other loan                   | -       | 150,000 | -       | -      |
|                              | 383,761 | 259,700 | 4,381   | 75,381 |
| Due within one year          | 314,141 | 170,040 | 4,381   | 75,381 |
| Due after more than one year | 69,620  | 89,660  | -       | -      |
|                              | 383,761 | 259,700 | 4,381   | 75,381 |

#### Analysis of loan repayments:

|   |         |         |       |        |
|---|---------|---------|-------|--------|
| Bank overdraft                                      |         |         |       |        |
| In one year or less or on demand                    | 294,101 | -       | 4,381 | 75,381 |
| Bank loans  |         |         |       |        |
| In one year or less or on demand                    | 20,040  | 20,040  | -     | -      |
| In more than one year but not more than two years   | 20,040  | 20,040  | -     | -      |
| In more than two years but not more than five years | 49,580  | 60,120  | -     | -      |
| After five years                                    | -       | 9,500   | -     | -      |
| Other loan  |         |         |       |        |
| In one year or less or on demand                    | -       | 150,000 | -     | -      |
|   | 383,761 | 259,700 | 4,381 | 75,381 |

The bank loan and other loan are secured by fixed and floating charges over the group's property and other assets and are subject to interest rates of between base rate and base rate plus 2.75%. The other loan was due to the Bushbury Holdings Pension Plan.

The company is party to a multilateral guarantee securing the bank overdraft and borrowings of other group companies, together with a guarantee in respect of a subsidiary company's overdraft. Its maximum potential liability in relation to these guarantees at 31 December 1999 was £379,380 (1998 - £Nil).

# NOTES TO THE ACCOUNTS

## Year ended 31 December 1999

### 17. PROVISIONS FOR LIABILITIES AND CHARGES

The potential amounts of deferred taxation not provided in the accounts are:

|                                | 1999<br>£      | 1998<br>£      |
|--------------------------------|----------------|----------------|
| Accelerated capital allowances | (1,922)        | (1,347)        |
| Other timing differences       | -              | -              |
| Total potential liability      | <u>(1,922)</u> | <u>(1,347)</u> |

### 18. CALLED UP SHARE CAPITAL

|                            | 1999<br>£      | 1998<br>£      |
|----------------------------|----------------|----------------|
| Authorised:                |                |                |
| Ordinary shares of £1 each | <u>160,000</u> | <u>160,000</u> |
| Allotted and fully paid:   |                |                |
| Ordinary shares of £1 each | <u>100,000</u> | <u>100,000</u> |

### 19. RESERVES

|  | Capital<br>redemption<br>reserve<br>£ | Revaluation<br>reserve<br>£ | Foreign<br>exchange<br>reserve<br>£ | Profit<br>and loss<br>account<br>£ |
|--|---------------------------------------|-----------------------------|-------------------------------------|------------------------------------|
| <b>The Group</b>   |                                       |                             |                                     |                                    |
| Balance at 1 January 1999  | 50,000                                | 12,526                      | (30,857)                            | 1,432,802                          |
| Retained profit for the year   | -                                     | -                           | -                                   | 3,898                              |
| Foreign exchange translation differences                                       | -                                     | -                           | (17,025)                            | -                                  |
| Transfer of amount equivalent to additional<br>depreciation on revalued assets | -                                     | (220)                       | -                                   | 220                                |
| Balance at 31 December 1999  | <u>50,000</u>                         | <u>12,306</u>               | <u>(47,882)</u>                     | <u>1,436,920</u>                   |
| <b>The Company</b>   |                                       |                             |                                     |                                    |
| Balance at 1 January 1999  | 50,000                                | -                           | -                                   | 233,788                            |
| Retained profit for the year   | -                                     | -                           | -                                   | 44,646                             |
| Balance at 31 December 1999  | <u>50,000</u>                         | <u>-</u>                    | <u>-</u>                            | <u>278,434</u>                     |

In accordance with FRS 10, the cumulative amount of goodwill eliminated against reserves prior to 31 December 1998 is £20,862.

## NOTES TO THE ACCOUNTS

Year ended 31 December 1999

## 20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

|  | 1999<br>£ | 1998<br>£ |
|--|-----------|-----------|
| Profit for the financial year                          | 3,898     | 120,689   |
| Other recognised gains and losses relating to the year | (17,025)  | 8,266     |
| Net (reduction in)/addition to shareholders' funds     | (13,127)  | 128,955   |
| Opening shareholders' funds                            | 1,564,471 | 1,435,516 |
| Closing shareholders' funds                            | 1,551,344 | 1,564,471 |

## 21. FINANCIAL COMMITMENTS

## Operating lease commitments

At 31 December 1999, the group was committed to making the following payments during the next year in respect of operating leases:

|  | Land and buildings |           |
|--|--------------------|-----------|
|  | 1999<br>£          | 1998<br>£ |
| In respect of commitments that expire: |                    |           |
| After five years                       | 64,729             | 67,808    |

## Capital commitments

The group has contracts for capital expenditure on hand amounting to £Nil (1998 - £Nil).

The company had capital commitments at 31 December 1999 of £Nil (1998 - £Nil).

## 22. PENSION COSTS

The group operates a defined benefit pension scheme, the assets of which are held separately from those of the group. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary, the most recent valuation being at 6 April 1996.

The pension charge for the year was £140,174 (1998 - £151,277).

The most recent actuarial valuation showed that, at 6 April 1996, the scheme had a past service shortfall of £56,000 which was cleared by a payment included in the pension charge for 1996. The market value of the scheme's assets at that date was £2,157,000. The actuarial valuation was carried out on the basis of the projected unit costing method and the assumptions used comprised an assumed rate of investment return of 9% per annum and a rate of increase of pensionable earnings of 7%.

## 23. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 "Related Party Disclosures" not to disclose transactions with other wholly owned companies in the group.