

Domnick Hunter Nihon Limited  
Directors' report and accounts  
for the year ended 31 December 2000

Registered Number 2590185



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for the year ended 31 December 2000  
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# Domnick Hunter Nihon Limited

## Directors' report for the year ended 31 December 2000

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2000.

### Review of business

The Company continued to operate a branch in Japan to provide technical advisory services to the users of filtration and purification products in Japan plus after sales service.

### Results and dividends

The loss on ordinary activities after taxation for the year was £36,760 (1999 - £55,561 profit). The Directors do not propose payment of a dividend (1999 - £Nil).

### Future development of the business

The business is continuing to develop its strategy of increasing sales to third parties in the medium term.

### Directors and their interests

The directors who served during the year were:

CT Billiet  
SP Vaughan  
CJ Gill

CT Billiet and CJ Gill are directors of domnick hunter group plc, the Company's ultimate parent undertaking, and their interests in the shares of that company are disclosed in the accounts of domnick hunter group plc.

Details of the interests of SP Vaughan in the shares of the ultimate holding company, domnick hunter group plc, requiring disclosure in these accounts are as follows:

	Ordinary shares of 5p	Share options over Ordinary shares of 5p
At 1 January 2000	88,625	100,000
Purchased during the period	7,000	-
Granted during the period	-	8,000
At 31 December 2000	95,625	108,000

The options outstanding at 31 December 2000 were granted under the domnick hunter group plc 1994 Executive Share Option Scheme and the domnick hunter group plc 1997 Executive Share Option Scheme. Details of these schemes are disclosed in the accounts of domnick hunter group plc.

# Domnick Hunter Nihon Limited

## Statement of directors' responsibilities

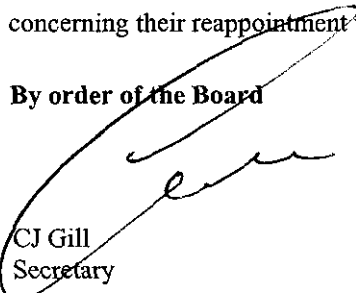
Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

The Directors confirm that appropriate accounting policies have been used and applied and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2000. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis. The Directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

## Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



CJ Gill  
Secretary

27 February 2001

# **Domnick Hunter Nihon Limited**

## **Auditors' report to the members of domnick hunter Nihon Limited**

We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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

The Directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

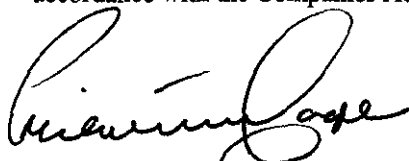
### **Basis of audit opinion**

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 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 at 31 December 2000 and of the loss of the Company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

27 February 2001

## Domnick Hunter Nihon Limited

### Profit and loss account for the year ended 31 December 2000

	Note	2000 £	1999 £
Turnover	1	439,936	431,300
Cost of sales		(450,225)	(411,096)
<b>Gross (loss) / profit</b>		<b>(10,289)</b>	20,204
Administrative expenses		(22,806)	45,518
<b>Operating (loss) / profit</b>	2	<b>(33,095)</b>	65,722
Interest payable	4	(42)	-
<b>(Loss) / profit on ordinary activities before taxation</b>		<b>(33,137)</b>	65,722
Taxation on (loss)/profit on ordinary activities	5	(3,623)	(10,161)
<b>Retained (loss withdrawn from) / profit transferred to reserves</b>	11	<b>(36,760)</b>	55,561

The Company has no recognised gains or losses other than the loss for the year, hence a statement of total recognised gains and losses has not been prepared.

Turnover and operating loss relate entirely to continuing operations.

There is no material difference between reported losses and historical cost losses.

# Domnick Hunter Nihon Limited

## Balance sheet as at 31 December 2000

	Note	2000 £	1999 £
<b>Fixed assets</b>			
Tangible assets	6	34,156	35,730
<b>Current assets</b>			
Debtors	7	314,975	285,635
Deferred tax	9	10,454	-
Cash at bank and in hand		36,579	-
		362,008	285,635
<b>Creditors: amounts falling due within one year</b>	8	(365,555)	(253,996)
<b>Net current (liabilities) / assets</b>		(3,547)	31,639
<b>Total assets less current liabilities</b>		30,609	67,369
<b>Capital and reserves</b>			
Called up equity share capital	10	2	2
Profit and loss account	11	30,607	67,367
<b>Equity shareholders' funds</b>	12	30,609	67,369

The financial statements on pages 4 to 12 were approved by the Board of Directors on 27 February 2001 and were signed on its behalf by:



CJ Gill  
Director

# **Domnick Hunter Nihon Limited**

## **Accounting policies**

### **Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

### **Depreciation**

The cost of fixed assets is depreciated over the expected useful lives of the assets as follows:

Short leasehold deposits	60 months straight line on non-refundable amounts
Office equipment	32% reducing balance

### **Operating leases**

Operating lease rentals are charged to the profit and loss account when incurred.

### **Deferred taxation**

Provision is made for deferred taxation by the liability method to the extent that there is a reasonable probability that a liability will arise in the foreseeable future.

### **Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the year end, and translation differences are dealt with in the profit and loss account.

### **Cash flow statement**

The Company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary of domnick hunter group plc and its cash flows are included within the consolidated cash flow statement of that company.



# Domnick Hunter Nihon Limited

## Notes to the financial statements for the year ended 31 December 2000

### 1 Turnover

Turnover comprises income under a service agreement between Domnick Hunter Nihon Branch Office and Domnick Hunter Limited.

### 2 Operating loss

Operating loss is stated after charging:

	2000	1999
	£	£
Depreciation on tangible fixed assets	757	7,049
Auditors' remuneration – non-audit	14,497	14,826
Operating lease rentals	36,738	40,000
Exchange losses / (gains)	21,898	(52,842)

### 3 Staff numbers and costs

The average number of persons employed by the Company during the year was as follows:

	2000	1999
	No	No
	5	5

The aggregate payroll costs of these persons were as follows:

	2000	1999
	£	£
Wages and salaries	245,077	205,541
Social security costs	21,878	19,211
Other pension costs	3,287	2,892
	270,242	227,644

# Domnick Hunter Nihon Limited

## 4 Interest payable

	2000	1999
	£	£
Interest on late payment of taxes	42	-

## 5 Taxation on loss on ordinary activities

	2000	1999
	£	£
The tax charge/(credit) for the year comprises:		
Current year at 30% (1999 – 30%)	-	24,982
Prior year at 30%	(597)	(14,821)
Deferred taxation – current year	(10,454)	-
Overseas taxation	14,674	-
	3,623	10,161

# Domnick Hunter Nihon Limited

## 6 Tangible fixed assets

	Short leasehold deposits	Office equipment	Total
	£	£	£
<b>Cost</b>			
At 1 January 2000	39,809	13,590	53,399
Disposals	-	(777)	(777)
Exchange movement	(1,259)	170	(1,089)
<b>At 31 December 2000</b>	<b>38,550</b>	<b>12,983</b>	<b>51,533</b>
<b>Depreciation</b>			
At 1 January 2000	12,837	4,832	17,669
Charge for the year	122	635	757
Transfer adjustment	(4,802)	4,802	-
Exchange movement	(706)	(343)	(1,049)
<b>At 31 December 2000</b>	<b>7,451</b>	<b>9,926</b>	<b>17,377</b>
<b>Net book amount</b>			
<b>At 31 December 2000</b>	<b>31,099</b>	<b>3,057</b>	<b>34,156</b>
At 31 December 1999	26,972	8,758	35,730

## 7 Debtors

	2000	1999
	£	£
Prepayments	8,503	9,867
UK corporation tax	597	-
Other debtors	7,913	10,769
Amounts owed by group undertakings	297,962	264,999
	<b>314,975</b>	<b>285,635</b>

# Domnick Hunter Nihon Limited

## 8 Creditors – Amounts falling due within one year

	2000	1999
	£	£
Bank overdraft	342,675	229,269
Accruals	16,895	14,564
UK corporation taxes payable	5,985	10,163
	365,555	253,996

## 9 Deferred taxation

Deferred taxation provided and unprovided for the financial statements is set out below. The amount unprovided is calculated using a tax rate of 30% (1999 - 30%).

	2000	(Asset)/Provision 1999	Amount unprovided 2000	1999
	£	£	£	£
Accelerated capital allowances	-	-	1,124	570
Losses	(10,454)	-	-	-
	(10,454)	-	1,124	570

## 10 Called up equity share capital

	2000	1999
	£	£
<b>Authorised</b>		
Ordinary shares of £1 each	100	100
<b>Allotted and fully paid</b>		
Ordinary shares of £1 each	2	2

# Domnick Hunter Nihon Limited

## 11 Profit and loss account

	£
Balance at 1 January 2000	67,367
Loss withdrawn for the financial year	(36,760)
<b>Balance at 31 December 2000</b>	<b>30,607</b>

## 12 Reconciliation of movements in equity shareholders' funds

	2000	1999
	£	£
(Loss) / profit for the financial year	(36,760)	55,561
Opening equity shareholders' funds	67,369	11,808
<b>Closing equity shareholders' funds</b>	<b>30,609</b>	<b>67,369</b>

## 13 Lease commitments

The Company has the following annual commitments in respect of non-cancellable operating leases expiring in the following years for which provision has not been made.

	Land and buildings	
	2000	1999
	£	£
Less than 1 year	35,284	-
After five years	-	40,000
	<b>35,284</b>	<b>40,000</b>

## 14 Contingent liabilities

The Company has given a cross guarantee on the obligations by a fellow subsidiary under a facilities agreement with the Group's bankers. At 2 February 2001 the liability was £4,223,000 (1999 - £1,947,000).

# **Domnick Hunter Nihon Limited**

## **15 Ultimate holding company**

The Company's parent undertaking and ultimate holding company is domnick hunter group plc, a company incorporated in Great Britain. Copies of the accounts of that company can be obtained from domnick hunter group plc, Durham Road, Birtley, DH3 2SF.

Transactions with other companies within the group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard No.8 "Related Party Disclosures". The consolidated accounts of domnick hunter group plc, in which the Company is included, are publicly available at the address noted above.

The directors of the ultimate parent undertaking have indicated that they will provide sufficient finance to enable the Company to meet its liabilities as they fall due.