

AIR PLANTS DUST EXTRACTION LIMITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 SEPTEMBER 1999**



THOMAS MAY & CO

CHARTERED ACCOUNTANTS

AIR PLANTS DUST EXTRACTION LIMITED

COMPANY INFORMATION

| | |
|--------------------------|--------------------------------------------------------------------------|
| Directors | P C Fletcher C.J. Smith J G Smith J T Wilkinson |
| Secretary | J T Wilkinson |
| Company number | 3292598 |
| Registered office | 295 Aylestone Road Leicester LE2 7PB |
| Auditors | Thomas May & Co Allen House Newarke Street Leicester LE1 5SG |
| Business address | 295 Aylestone Road Leicester LE2 7PB |
| Bankers | National Westminster Bank plc 1 Granby Street Leicester LE1 9GT |

AIR PLANTS DUST EXTRACTION LIMITED

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AIR PLANTS DUST EXTRACTION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 1999

The directors present their report and financial statements for the year ended 30 September 1999.

Principal activities and review of the business

The principal activity of the company continued to be that of air movement and general fabrication engineers.

Profit for the year was satisfactory. Orders received during the current period are in line with expectations.

Results and dividends

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

Directors

The following directors have held office since 1 October 1998:

P C Fletcher
C.J. Smith
J G Smith
J T Wilkinson

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

| | Ordinary shares of £ 1 each | |
|---------------|-----------------------------|----------------|
| | 30 September 1999 | 1 October 1998 |
| P C Fletcher | - | - |
| C.J. Smith | - | - |
| J G Smith | - | - |
| J T Wilkinson | - | - |

Mr P C. Fletcher, Mr J. G. Smith and Mr J. T. Wilkinson are also directors of the ultimate parent company and their interests in that company were disclosed in the financial statements of that company.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Thomas May & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

AIR PLANTS DUST EXTRACTION LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 1999

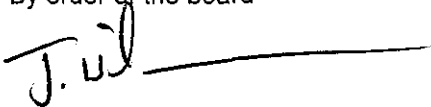
Directors' responsibilities

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.

By order of the board



J T Wilkinson

Director

13 July 2000

AIR PLANTS DUST EXTRACTION LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF AIR PLANTS DUST EXTRACTION LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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

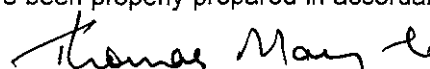
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Allen House
Newarke Street
Leicester LE1 5SG



Thomas May & Co

Chartered Accountants
Registered Auditors

13 July 2000

AIR PLANTS DUST EXTRACTION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1999

| | | 1999 | 1998 |
|-----------------------------------------------------|-------|-------------|-------------|
| | Notes | £ | £ |
| Turnover | 2 | 4,079,122 | 4,432,172 |
| Cost of sales | | (2,529,035) | (2,952,093) |
| Gross profit | | 1,550,087 | 1,480,079 |
| Administrative expenses | | (1,473,620) | (1,389,229) |
| Profit on ordinary activities before taxation | 3 | 76,467 | 90,850 |
| Tax on profit on ordinary activities | 4 | (64,167) | (131,748) |
| Profit/(loss) on ordinary activities after taxation | 12 | 12,300 | (40,898) |

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.

AIR PLANTS DUST EXTRACTION LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 1999

| | Notes | 1999 £ | £ | 1998 £ | £ |
|-------------------------------------------------------|-------|------------------|------------------|------------------|------------------|
| Fixed assets | | | | | |
| Tangible assets | 5 | | 62,262 | | 64,501 |
| Current assets | | | | | |
| Stocks | 6 | 66,639 | | 118,234 | |
| Debtors | 7 | 1,283,544 | | 1,153,427 | |
| Cash at bank and in hand | | 33,150 | | 70,242 | |
| | | <u>1,383,333</u> | | <u>1,341,903</u> | |
| Creditors: amounts falling due within one year | 8 | <u>(658,399)</u> | | <u>(771,738)</u> | |
| Net current assets | | | <u>724,934</u> | | <u>570,165</u> |
| Total assets less current liabilities | | | <u>787,196</u> | | <u>634,666</u> |
| Provisions for liabilities and charges | 9 | | <u>(772,175)</u> | | <u>(631,945)</u> |
| | | | <u>15,021</u> | | <u>2,721</u> |
| Capital and reserves | | | | | |
| Called up share capital | 11 | | 1,000 | | 1,000 |
| Profit and loss account | 12 | | 14,021 | | 1,721 |
| Shareholders' funds - equity interests | 13 | | <u>15,021</u> | | <u>2,721</u> |

The financial statements were approved by the Board on 13 July 2000



J G Smith
Director

AIR PLANTS DUST EXTRACTION LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 SEPTEMBER 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Tangible fixed assets and depreciation

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

| | |
|--------------------------------|----------------------------------------------|
| Leasehold land and buildings | Life of lease |
| Fixtures, fittings & equipment | 15% per annum on reducing balance |
| Motor vehicles | - cars 25% per annum on reducing balance |
| | - vans 33 1/3% per annum on reducing balance |

1.3 Leasing

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

1.4 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs. Provision is made for the full amounts of foreseeable losses on contracts.

1.5 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.7 Change in Format

The format of the accounts has been changed as it is considered to give a fairer presentation.

2 Turnover

Turnover represents sales to third parties and other subsidiary companies within the group, excluding value added tax. It all arises from one class of business.

3 Operating profit

| | 1999 | 1998 |
|--------------------------------------------|--------|---------|
| | £ | £ |
| Operating profit is stated after charging: | | |
| Depreciation of tangible assets | 17,131 | 16,922 |
| Operating lease rentals | 95,298 | 104,798 |
| Plant hire | 14,206 | 12,201 |
| Auditors' remuneration | 6,743 | 7,204 |

AIR PLANTS DUST EXTRACTION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 1999

| | | | | | |
|----------|------------------------------------------|---------------------------------------------|---------------------------------------------------|---------------------------|-------------------|
| 4 | Taxation | | | 1999 | 1998 |
| | | | | £ | £ |
| | U.K. current year taxation | | | | |
| | U.K. corporation tax at 30% (1998 - 31%) | | | 64,167 | 131,748 |
| | | | | <u> </u> | <u> </u> |
| 5 | Tangible fixed assets | | | | |
| | | Leasehold land and buildings | Fixtures, fittings & equipment | Motor vehicles | Total |
| | | £ | £ | £ | £ |
| | Cost | | | | |
| | At 1 October 1998 | 41,830 | 384,096 | - | 425,926 |
| | Additions | - | 11,593 | 6,000 | 17,593 |
| | Disposals | - | (11,207) | - | (11,207) |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | At 30 September 1999 | 41,830 | 384,482 | 6,000 | 432,312 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | Depreciation | | | | |
| | At 1 October 1998 | 27,538 | 333,887 | - | 361,425 |
| | On disposals | - | (8,506) | - | (8,506) |
| | Charge for the year | 4,183 | 10,948 | 2,000 | 17,131 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | At 30 September 1999 | 31,721 | 336,329 | 2,000 | 370,050 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | Net book value | | | | |
| | At 30 September 1999 | 10,109 | 48,153 | 4,000 | 62,262 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | At 30 September 1998 | 14,292 | 50,209 | - | 64,501 |
| | | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 6 | Stocks and work in progress | | | 1999 | 1998 |
| | | | | £ | £ |
| | Raw materials and consumables | | | 6,124 | 16,760 |
| | Work in progress | | | 107,769 | 204,049 |
| | Payments on account | | | (47,254) | (102,575) |
| | | | | <u> </u> | <u> </u> |
| | | | | 66,639 | 118,234 |
| | | | | <u> </u> | <u> </u> |

AIR PLANTS DUST EXTRACTION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 1999

| 7 Debtors | 1999 £ | 1998 £ |
|-----------------------------------------------------------|------------------|------------------|
| Trade debtors | 815,199 | 653,875 |
| Amounts owed by parent and fellow subsidiary undertakings | 437,464 | 474,556 |
| Other debtors | 3,464 | 155 |
| Prepayments and accrued income | 27,417 | 24,841 |
| | <u>1,283,544</u> | <u>1,153,427</u> |

| 8 Creditors: amounts falling due within one year | 1999 £ | 1998 £ |
|--------------------------------------------------|----------------|----------------|
| Payments received on account | 10,370 | 64,707 |
| Trade creditors | 352,438 | 261,117 |
| Corporation tax | 24,167 | 131,748 |
| Other taxes and social security costs | 145,733 | 156,078 |
| Other creditors | 120,622 | 153,122 |
| Accruals and deferred income | 5,069 | 4,966 |
| | <u>658,399</u> | <u>771,738</u> |

| 9 Provisions for liabilities and charges | Guarantee provision £ |
|------------------------------------------|-----------------------------|
| Balance at 1 October 1998 | 631,945 |
| Profit and loss account | 140,230 |
| | <u>772,175</u> |
| Balance at 30 September 1999 | |

10 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £11,400 (1998 - £16,280). No contributions were due to the fund at the year end.

A further £23,130 (1998 - £22,255) was paid to personal pension plans during the year.

AIR PLANTS DUST EXTRACTION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 1999

| 11 Share capital | 1999 £ | 1998 £ |
|-------------------------------------------|-----------|-----------|
| Authorised | | |
| 1,000 Ordinary shares of £ 1 each | 1,000 | 1,000 |
| Allotted, called up and fully paid | | |
| 1,000 Ordinary shares of £ 1 each | 1,000 | 1,000 |

12 Statement of movements on profit and loss account

| | Profit and loss account £ |
|------------------------------|---------------------------------|
| Balance at 1 October 1998 | 1,721 |
| Retained profit for the year | 12,300 |
| Balance at 30 September 1999 | 14,021 |

| 13 Reconciliation of movements in shareholders' funds | 1999 £ | 1998 £ |
|-------------------------------------------------------|-----------|-----------|
| Profit/(Loss) for the financial year | 12,300 | (40,898) |
| Opening shareholders' funds | 2,721 | 43,619 |
| Closing shareholders' funds | 15,021 | 2,721 |

14 Financial commitments

At 30 September 1999 the company had annual commitments under non-cancellable operating leases as follows:

| | 1999 £ | 1998 £ |
|----------------------------|-----------|-----------|
| Expiry date: | | |
| Within one year | 63,184 | 27,084 |
| Between two and five years | 51,633 | 79,622 |
| | 114,817 | 106,706 |

The company also occupies properties owned by its parent company.

AIR PLANTS DUST EXTRACTION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 1999

| 15 Directors' emoluments | 1999 £ | 1998 £ |
|---------------------------------------------------------|---------------|---------------|
| Emoluments for qualifying services | 82,656 | 78,040 |
| Company pension contributions to money purchase schemes | 13,994 | 13,994 |
| | <u>96,650</u> | <u>92,034</u> |

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (1998 - 1).

16 Employees

Number of employees

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

| | 1999 Number | 1998 Number |
|-------------|----------------|----------------|
| Directors | 4 | 4 |
| Other staff | 57 | 59 |
| | <u>61</u> | <u>63</u> |

Employment costs

| | £ | £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 1,271,353 | 1,269,377 |
| Social security costs | 130,976 | 127,007 |
| Other pension costs | 34,530 | 38,535 |
| | <u>1,436,859</u> | <u>1,434,919</u> |

17 Control

The ultimate parent company is Smith Brothers (Leicester) Limited, a company registered in England and Wales.

Smith Brothers (Leicester) Limited prepares group financial statements and copies can be obtained from Companies House, Crown Way, Maindy, Cardiff.

AIR PLANTS DUST EXTRACTION LIMITED

NOTES TO THE ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 1999

18 Related party transactions

During the year ended 30 September 1999 the company purchased £30,812 of vehicles and carriage and repair services from Charles Bass (Carriers) Limited and was charged £66,390 for the rental of vehicles from Brightside Securities Limited. The company made sales of £486 to Charles Bass (Carriers) Limited during the year.

The company was also charged £607 as commission/rebates on the sale of leased equipment from Brightside Securities Limited during the year.

At 30 September 1999 an amount of £9,858 was owed to Charles Bass (Carriers) Limited.

Both Charles Bass (Carriers) Limited and Brightside Securities Limited are companies in which Mr J G Smith and Mr P C Fletcher are directors. In addition, they are both shareholders of Charles Bass (Carriers) Limited and Mr J G Smith and Mr J T Wilkinson have non-beneficial shareholdings in Brightside Securities Limited. Mr J G Smith, Mr P C Fletcher and Mr J T. Wilkinson are also directors and shareholders of Smith Brothers (Leicester) Limited, although certain holdings are non-beneficial.

Transactions between the group and these two companies have been undertaken at normal trade prices.

The company has taken advantage of the exemption given in Financial Reporting Standard 8 - Related Party Transactions and not separately disclosed transactions with group companies.