

York Refrigeration Products Limited

**Directors' report and financial
statements**

Registered number 1804419

31 December 1999



Directors' report and financial statements

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Company information

Directors

MJ Ball
KM Price

Registered office

Unit 8, First Floor
Minerva Business Park
Lynch Wood
Peterborough
PE2 6QQ

Company number

1804419

Auditors

KPMG
2 Cornwall Street
Birmingham
B3 2DL

Directors' report

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

Change of name

On 29 July 1999, the company changed its name from Sabroe (UK) Limited to Sabroe Products UK Limited. Subsequently, on 4 October 1999, in order to separate the identity of the organisation, the company changed its name from Sabroe Products UK Limited to York Refrigeration Products Limited.

Principal activities

The principal activities of the company during the year were the sale of refrigeration equipment and associated products manufactured by York Refrigeration ~~AP~~.

Business review

The result for the period is set out in the profit and loss account.

The directors do not recommend that a final dividend be paid. The final dividend that had been proposed for 1998 and included in the 1998 financial statements was not approved by the members and the provision has been released to profit and loss in 1999.

Donations

The company made charitable donations amounting to £nil (1998: £480) during the year.

Directors and directors' interests

The directors who held office during the year are as follows:

	Appointed	Resigned
B Harris		7 March 2000
FP Rasmussen		16 July 1999
OEV Andersen		16 July 1999
KL Iversen		16 July 1999
MJ Ball	16 July 1999	
KM Price	7 March 2000	

None of the directors have any interest in the share capital of the company or have been granted rights to subscribe for shares in the company.

Directors' report *(continued)*

Year 2000

During 1999 the company carried out reviews to identify areas where the Year 2000 problem could have significant financial and operational consequences. Where problems were identified, rectification work was performed at no significant cost. To date, the company has encountered no significant problems in relation to this issue. However, the directors acknowledge that it is not possible to know with certainty whether any problems will yet arise, and are therefore continuing to monitor the situation.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board



MJ Ball
Company Secretary

21 June 2000

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 of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



2 Cornwall Street
Birmingham
B3 2DL

Report of the auditors to the members of York Refrigeration Products Limited

We have audited the financial statements set out on pages 6 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the company 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 as at 31 December 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

21 June 2000

*Chartered Accountants
Registered Auditors*

Profit and loss account
for the year ended 31 December 1999

	<i>Note</i>	1999 £	1998 £
Turnover	2	4,640,045	5,349,031
Change in stocks of finished goods		50,317	(66,687)
Other operating income		2,228	19,919
Raw materials and consumables		(3,622,108)	(3,866,337)
Other external charges		(482,188)	(353,699)
Staff costs	4	(604,048)	(433,914)
Depreciation		(34,329)	(51,056)
Operating (loss)/profit		(50,083)	597,257
Operating profit excluding exceptional costs		228,030	597,257
Exceptional operating costs	5	(278,113)	-
Operating (loss)/profit		(50,083)	597,257
Interest receivable and similar income	6	10,602	17,475
		(39,481)	614,732
Interest payable and similar charges	7	-	(27,142)
(Loss)/profit on ordinary activities before taxation	3	(39,481)	587,590
Tax on (loss)/profit on ordinary activities	8	1,817	(191,550)
(Loss)/profit on ordinary activities after taxation		(37,664)	396,040
Dividends	9	64,026	(264,026)
Retained profit for the financial year		26,362	132,014
Reserves brought forward		700,259	568,245
Reserves carried forward		726,621	700,259

There are no recognised gains or losses in the current or preceding years other than those disclosed in the profit and loss account.

In both the current and preceding years, the company made no material acquisitions and had no discontinued operations.

Balance sheet
at 31 December 1999

	<i>Note</i>	1999	1998
		£	£
Fixed assets			
Tangible assets	10	46,832	85,767
Current assets			
Stocks	11	447,024	396,707
Debtors	12	785,177	516,232
Cash at bank and in hand		302,466	325,352
		<u>1,534,667</u>	<u>1,238,291</u>
Creditors: Amounts falling due within one year	13	<u>(754,878)</u>	<u>(523,799)</u>
Net current assets		<u>779,789</u>	<u>714,492</u>
Total assets less current liabilities		<u><u>826,621</u></u>	<u><u>800,259</u></u>
Capital and reserves			
Called up share capital	15	100,000	100,000
Profit and loss account		726,621	700,259
Equity shareholders' funds	16	<u><u>826,621</u></u>	<u><u>800,259</u></u>

These financial statements were approved by the board of directors on 21 June 2000 and signed on its behalf by:



MJ Ball
Director

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements:

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention and applicable Accounting Standards.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

Related party transactions

The company is partially exempt from the requirements of Financial Reporting Standard No 8 (Related Party Disclosures) to disclose transactions with other group undertakings or transactions with investees of the group qualifying as related parties as it is a wholly owned subsidiary and its financial statements are included in the consolidated financial statements of the ultimate parent company and those financial statements are publicly available.

Depreciation

Depreciation is provided on all fixed assets at rates appropriate to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful lives on a straight line basis. The rates used are:

Motor vehicles	- 20 - 25%
Plant and equipment	- $8\frac{1}{3}$ - 20%
Computer equipment	- 20 - $33\frac{1}{3}$ %

Stocks

Stocks are stated at the lower of cost and net realisable value.

Leasing agreements

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the life of the lease.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the (loss)/profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

Foreign currency translation

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or at the contracted rate if the transaction is covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date or, if appropriate, at the forward contract rate and the gains or losses on translation are included in the profit and loss account.

Pensions

The company operates a defined contribution (money purchase) pension scheme for staff employees. Contributions to the scheme are charged to the profit and loss account as incurred.

2 Turnover

Turnover represents sales at invoiced amounts exclusive of value added tax.

There follows an analysis of turnover by geographical area:

	1999 £	1998 £
United Kingdom	4,152,256	4,906,382
European Community	487,789	442,649
	<u>4,640,045</u>	<u>5,349,031</u>

Notes *(continued)*

3 (Loss)/profit on ordinary activities before taxation

(Loss)/profit on ordinary activities before taxation is stated:

	1999 £	1998 £
<i>after charging</i>		
Auditors' remuneration and expenses:		
Audit	4,350	4,000
Other fees paid to the auditors	10,300	7,600
Operating leases - land and buildings	42,000	40,592
Hire of other assets	-	3,792
(Profit)/loss on disposal of tangible fixed assets	(2,250)	1,037
Exchange losses	22	-
<i>after crediting</i>		
Exchange gains	-	1,295
	<u> </u>	<u> </u>

4 Directors' emoluments and staff costs

(a) Aggregate directors' remuneration

	1999 £	1998 £
Emoluments for services as director	79,173	93,317
Company contributions to money purchase pension scheme	3,750	7,500
Compensation for loss of office	166,137	-
	<u>249,060</u>	<u>100,817</u>

Number of directors

Number of directors who were:		
Members of money purchase pension scheme	1	1
	<u> </u>	<u> </u>

(b) Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows:

	Number of employees 1999	1998
	15	16
	<u> </u>	<u> </u>

Notes *(continued)*

4 Directors' emoluments and staff costs *(continued)*

The aggregate payroll costs of these persons, including directors, were as follows:

	1999 £	1998 £
Wages and salaries (including exceptional costs - see note 5)	547,416	378,369
Social security costs	39,886	40,858
Other pension costs	16,746	14,687
	<u>604,048</u>	<u>433,914</u>

5 Exceptional costs

During the year, the company was acquired and as a result certain restructuring costs were incurred. The costs were as follows:

	£
Implementation of new computer system	17,746
Compensation for loss of office of director	166,137
Salary payments in lieu of redundancy	39,144
Special audit costs	2,000
Stock written off	34,175
Sundry items	18,911
	<u>278,113</u>

6 Interest receivable

	1999 £	1998 £
Bank interest	10,602	17,475
	<u>10,602</u>	<u>17,475</u>

7 Interest payable

	1999 £	1998 £
Payable to group undertakings	-	27,142
	<u>-</u>	<u>27,142</u>

Notes (continued)

8 Tax on (loss)/profit on ordinary activities

	1999 £	1998 £
<i>Taxation based on the result for the year of the company:</i>		
Corporation tax at 30% (1998: 31%)	-	193,180
Prior year adjustment	(1,817)	(1,630)
	<u>(1,817)</u>	<u>191,550</u>

Tax losses of the year will be carried forward or surrendered to other group companies for £nil consideration.

9 Dividends

	1999 £	1998 £
Ordinary dividends:		
Paid	(64,026)	200,000
Proposed	-	64,026
	<u>(64,026)</u>	<u>264,026</u>

The holders of the ordinary share capital did not approve the 1998 proposed dividend and it has been credited back to profit and loss account in 1999.

10 Tangible fixed assets

	Plant, machinery and computer equipment £	Motor vehicles £	Total £
<i>Cost:</i>			
At beginning of year	173,501	102,727	276,228
Additions	4,441	-	4,441
Disposals	-	(37,868)	(37,868)
At end of year	<u>177,942</u>	<u>64,859</u>	<u>242,801</u>
<i>Accumulated depreciation:</i>			
At beginning of year	131,151	59,310	190,461
Charged in year	19,541	14,788	34,329
Disposals	-	(28,821)	(28,821)
At end of year	<u>150,692</u>	<u>45,277</u>	<u>195,969</u>
<i>Net book value:</i>			
At 31 December 1999	<u>27,250</u>	<u>19,582</u>	<u>46,832</u>
At 31 December 1998	<u>42,350</u>	<u>43,417</u>	<u>85,767</u>

Notes *(continued)*

11 Stocks

	1999 £	1998 £
Goods for resale	447,024	396,707
	<u> </u>	<u> </u>

12 Debtors

	1999 £	1998 £
Trade debtors	475,579	291,315
Amounts owed by group undertakings	295,743	181,070
Advance corporation tax	-	25,368
Other debtors	1,855	-
Prepayments and accrued income	12,000	18,479
	<u>785,177</u>	<u>516,232</u>
	<u> </u>	<u> </u>

13 Creditors: Amounts falling due within one year

	1999 £	1998 £
Trade creditors	38,182	25,822
Amounts owed to group undertakings	506,600	63,749
Corporation tax	-	68,548
Other taxation and social security	68,043	235,619
Proposed dividend	-	64,026
Accruals and deferred income	142,053	66,035
	<u>754,878</u>	<u>523,799</u>
	<u> </u>	<u> </u>

14 Provisions for liabilities and charges

Deferred taxation

There is no unprovided deferred taxation at 31 December 1999 (1998: £nil).

Notes (continued)

15 Share capital

	1999 £	1998 £
<i>Authorised:</i>		
Ordinary shares of £1 each	500,000	500,000
<i>Allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	100,000	100,000

16 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
(Loss)/profit for the financial year	(37,664)	396,040
Dividends	64,026	(264,026)
	26,362	132,014
Opening shareholders' funds	800,259	668,245
Closing shareholders' funds	826,621	800,259

17 Commitments

- (a) There were no capital commitments at 31 December 1999 (1998: *£nil*).
- (b) At 31 December 1999, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1999 £	1998 £	1999 £	1998 £
Operating leases which expire:				
Two to five years	-	-	10,164	10,336
After five years	42,000	40,542	-	-

The company has an option to terminate the lease on the land and buildings on 18 September 2004.

18 Pension scheme

There were no outstanding or prepaid pension contributions at either the beginning or end of the financial year.

Notes *(continued)*

19 Immediate and ultimate parent undertakings

From 10 June 1999, the ultimate parent company has been York International Corporation, a company incorporated in the United States of America. Group financial statements can be obtained from PO Box 1592, York, Pennsylvania 17415, USA.

The company is a subsidiary of Sabroe (U.K.) Holdings Limited.

On 30 December 1999, the ownership of Sabroe (U.K.) Holdings Limited was transferred from York Refrigeration ApS (formerly Sabroe Refrigeration A/S) to York International Limited. York International Limited is a subsidiary of York International (Holdings) Limited.

The companies which head the smallest group of companies for which consolidated group financial statements are drawn up are York Refrigeration ApS for the period prior to 30 December 1999 and York International (Holdings) Limited from 30 December 1999. Group financial statements for York Refrigeration ApS for the year ended 31 December 1999 may be obtained from Christian X's Vej 201, PO Box 1810, 8270 Højbjerg, Denmark. Group financial statements for York International (Holdings) Limited for the year ended 31 December 1999 may be obtained from Gardiners Lane South, Basildon, Essex SS14 3HE.