

Company Registration No. 01900402 (England and Wales)

SPIRE AIRVENT LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004



SPIRE AIRVENT LIMITED

COMPANY INFORMATION

Directors	G L Brown R C W Sexton P B O'Donnell
Secretary	Spire Homewares Limited
Company number	01900402
Registered office	Union Street West Bromwich West Midlands B70 6DB
Auditors	Edwards Barclays Bank Chambers 22a High Street Aldridge West Midlands WS9 8NE
Bankers	Barclays Bank Plc 15 Colmore Row Birmingham West Midlands B3 2EP

SPIRE AIRVENT LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 12

SPIRE AIRVENT LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

The directors present their report and financial statements for the year ended 31 March 2004.

Principal activities and review of the business

The principal activity of the company continued to be that of the design, manufacture and distribution of a range of air handling units, industrial fans, metal louvres and smoke vents.

Results and dividends

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

The directors do not recommend payment of an ordinary dividend.

The directors do not recommend payment of a preference dividend.

Directors

The following directors have held office since 1 April 2003:

G L Brown
R C W Sexton
P B O'Donnell

Directors' interests

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

	Ordinary share of £ 1 each	
	31 March 2004	1 April 2003
G L Brown	-	-
R C W Sexton	-	-
P B O'Donnell	-	-

	Redeemable preference shares of £ 1 each	
	31 March 2004	1 April 2003
G L Brown	-	-
R C W Sexton	-	-
P B O'Donnell	-	-

The interests of G L Brown in the share capital of Spire Group Limited are disclosed in the financial statements of that company.

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

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

SPIRE AIRVENT LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

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.

The above statements have been prepared by our Auditors and Accountants which we understand are a statutory requirement placed on all company directors. We must make it clear, however, that we did not personally prepare the financial statements or maintain the accounting records and are dependent on our staff and external accountants and auditors for these functions. The statutory requirements are totally impractical and unnecessary for privately owned companies and were no doubt devised by Government employed lawyers and accountants who have no perception of running a business and have never made a contribution to anything productive in their entire lives. The Directors, therefore, take no responsibility for the detailed accuracy of the accounts and have signed this Report on the basis that, to the best of their belief and knowledge, the accompanying financial statements are correct.

It should also be pointed out that business owners are, in general, very honest and that fraud and other underhanded acts are more commonly found among politicians, the Inland Revenue, VAT Authorities, the HSE, the Department of the Environment, the DTI and similar Government bodies. Next on the list come multinationals, public companies and larger business interests with executives that contribute to political parties in return for favours.

On behalf of the board



G L Brown

Director

28 January 2005

SPIRE AIRVENT LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SPIRE AIRVENT LIMITED

We have audited the financial statements of Spire Airvent Limited on pages 4 to 12 for the year ended 31 March 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

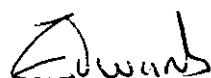
Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 March 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Edwards

28 January 2005

Chartered Accountants

Registered Auditor

Barclays Bank Chambers
22a High Street
Aldridge
West Midlands
WS9 8NE

SPIRE AIRVENT LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

		2004	2003
	Notes	£	£
Turnover	2	5,109,133	5,235,926
Cost of sales		(4,058,573)	(3,847,190)
Gross profit		1,050,560	1,388,736
Distribution costs		(163,273)	(126,147)
Administrative expenses		(1,318,383)	(1,297,147)
Other operating income		3,569	395
Loss on ordinary activities before taxation	3	(427,527)	(34,163)
Tax on loss on ordinary activities	4	68,465	(666)
Loss on ordinary activities after taxation	12	(359,062)	(34,829)

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.

SPIRE AIRVENT LIMITED

BALANCE SHEET AS AT 31 MARCH 2004

	Notes	2004 £	2003 £
Fixed assets			
Intangible assets	5	2	2
Tangible assets	6	87,558	102,601
		<u>87,560</u>	<u>102,603</u>
Current assets			
Stocks	7	838,109	783,723
Debtors	8	2,177,042	1,668,554
Cash at bank and in hand		71,091	421,716
		<u>3,086,242</u>	<u>2,873,993</u>
Creditors: amounts falling due within one year	9	<u>(2,085,088)</u>	<u>(1,528,820)</u>
Net current assets		<u>1,001,154</u>	<u>1,345,173</u>
Total assets less current liabilities		<u><u>1,088,714</u></u>	<u><u>1,447,776</u></u>
Capital and reserves			
Called up share capital	11	450,004	450,004
Profit and loss account	12	638,710	997,772
Shareholders' funds	13	<u><u>1,088,714</u></u>	<u><u>1,447,776</u></u>
Equity interests		638,714	997,776
Non-equity interests		450,000	450,000
		<u><u>1,088,714</u></u>	<u><u>1,447,776</u></u>

These financial statements are signed in order to comply with the requirements of the Companies Act, without personal verification

The financial statements were approved by the Board on 28 January 2005

G L Brown
Director

SPIRE AIRVENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.5 Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives.

1.6 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.7 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:

Plant and machinery	Over 2 to 6.5 years
Fixtures, fittings & equipment	Over 2 to 6.5 years
Motor vehicles	Over 4 years

1.8 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.9 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS17.

SPIRE AIRVENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

1 Accounting policies

(continued)

1.10 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to sell the revalued assets.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior period adjustment. If the new policy had been in place in the previous period no liability would have been recognised as the amount is not material.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

Geographical market

	Turnover	
	2004 £	2003 £
United Kingdom	3,420,578	3,822,606
Other EC countries	895,481	372,623
Rest of the world	793,074	1,040,697
	<u>5,109,133</u>	<u>5,235,926</u>

3 Operating loss

	2004 £	2003 £
Operating loss is stated after charging:		
Depreciation of tangible assets	59,082	64,248
Research and development	2,229	3,294
Auditors' remuneration	8,700	5,720
and after crediting:		
Profit on disposal of tangible assets	-	(4,400)
Profit on foreign exchange transactions	(3,569)	(395)

SPIRE AIRVENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

4	Taxation	2004 £	2003 £
	Domestic current year tax		
	U.K. corporation tax	(68,465)	-
	Adjustment for prior years	-	666
	Current tax charge	<u>(68,465)</u>	<u>666</u>
	Factors affecting the tax charge for the year		
	Loss on ordinary activities before taxation	<u>(427,527)</u>	<u>(34,163)</u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	<u>(128,258)</u>	<u>(10,249)</u>
	Effects of:		
	Non deductible expenses	633	395
	Depreciation add back	17,725	17,954
	Capital allowances	(15,674)	(16,494)
	Adjustments to previous periods	-	666
	Other tax adjustments	57,109	8,394
		<u>59,793</u>	<u>10,915</u>
	Current tax charge	<u>(68,465)</u>	<u>666</u>
	Other tax adjustments relate to unutilised losses		

5	Intangible fixed assets	Patents £	Goodwill £	Total £
	Cost			
	At 1 April 2003 & at 31 March 2004	<u>95,002</u>	<u>30,000</u>	<u>125,002</u>
	Amortisation			
	At 1 April 2003 & at 31 March 2004	<u>95,000</u>	<u>30,000</u>	<u>125,000</u>
	Net book value			
	At 31 March 2004	<u>2</u>	<u>-</u>	<u>2</u>
	At 31 March 2003	<u>2</u>	<u>-</u>	<u>2</u>

SPIRE AIRVENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

6 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 April 2003	962,762	159,434	6,350	1,128,546
Additions	31,934	12,105	-	44,039
At 31 March 2004	994,696	171,539	6,350	1,172,585
Depreciation				
At 1 April 2003	860,793	158,802	6,350	1,025,945
Charge for the year	54,606	4,476	-	59,082
At 31 March 2004	915,399	163,278	6,350	1,085,027
Net book value				
At 31 March 2004	79,297	8,261	-	87,558
At 31 March 2003	101,969	632	-	102,601

7 Stocks and work in progress

	2004 £	2003 £
Raw materials and consumables	628,534	540,174
Work in progress	188,886	231,486
Finished goods and goods for resale	20,689	12,063
	838,109	783,723

8 Debtors

	2004 £	2003 £
Trade debtors	1,606,525	1,174,937
Amounts owed by parent and fellow subsidiary undertakings	385,894	385,894
Corporation tax	68,465	-
Other debtors	8,086	500
Prepayments and accrued income	108,072	107,223
	2,177,042	1,668,554

SPIRE AIRVENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

9 Creditors: amounts falling due within one year	2004 £	2003 £
Bank loans and overdrafts	73,860	-
Trade creditors	1,271,253	813,669
Amounts owed to parent and fellow subsidiary undertakings	632,591	598,921
Taxes and social security costs	41,373	78,066
Other creditors	14,094	17,177
Accruals and deferred income	51,917	20,987
	<u>2,085,088</u>	<u>1,528,820</u>

10 Pension costs

Defined contribution

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.

	2004 £	2003 £
Contributions payable by the company for the year	<u>14,922</u>	<u>15,481</u>

11 Share capital	2004 £	2003 £
Authorised		
1,000 Ordinary share of £1 each	1,000	1,000
450,000 Redeemable preference shares of £1 each	450,000	450,000
	<u>451,000</u>	<u>451,000</u>
Allotted, called up and fully paid		
4 Ordinary share of £1 each	4	4
450,000 Redeemable preference shares of £1 each	450,000	450,000
	<u>450,004</u>	<u>450,004</u>

Preference shares are redeemable and have no fixed dividend. Redemption is at the option of the company.

SPIRE AIRVENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

12 Statement of movements on profit and loss account

Profit and
loss
account
£

Balance at 1 April 2003	997,772
Retained loss for the year	(359,062)
Balance at 31 March 2004	638,710

13 Reconciliation of movements in shareholders' funds

2004
£

2003
£

Loss for the financial year	(359,062)	(34,829)
Opening shareholders' funds	1,447,776	1,482,605
Closing shareholders' funds	1,088,714	1,447,776

14 Directors' emoluments

2004
£

2003
£

Emoluments for qualifying services	74,009	73,495
Company pension contributions to money purchase schemes	5,450	5,450
	79,459	78,945

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2003- 3).

SPIRE AIRVENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

15 Employees

Number of employees

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

	2004 Number	2003 Number
Production staff	44	41
Management & administration	26	31
Sales	5	4
	<u>75</u>	<u>76</u>

Employment costs

	£	£
Wages and salaries	1,326,696	1,381,140
Social security costs	123,668	118,520
Other pension costs	14,922	15,481
	<u>1,465,286</u>	<u>1,515,141</u>

16 Control

The company's ultimate parent undertaking at the balance sheet date was Spire Group Limited, a company incorporated in England & Wales.

As a majority shareholder and director of the ultimate parent undertaking, G L Brown is the ultimate controlling party of the company.

17 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.