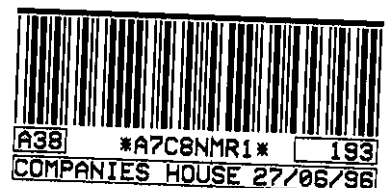


COMPANY NO: 1935529

AIRCONAIRE SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1995

Bourner Bullock
Chartered Accountants
Sovereign House
212/224 Shaftesbury Avenue
London WC2H 8HQ



AIRCONAIRE SERVICES LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and financial statements for the year ended 31st August 1995.

PRINCIPAL ACTIVITY

The company's principal activities are the manufacture, installation, servicing and maintenance of air-conditioning and ventilation equipment.

DIRECTORS AND THEIR INTERESTS

The directors throughout the year and their interests in the share capital of the company were as follows:-

	Interest in £1 Ordinary Shares	
	At 31.8.95	At 31.8.94
J H Allen	-	-
R D Allen	-	-

AUDITORS

Messrs Bournier Bullock have indicated their willingness to continue as auditors and will be proposed for re-election under the provisions of Section 385, Companies Act 1985.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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.

This report has been prepared taking advantage of the special exemptions available to small companies.

BY ORDER OF THE BOARD

Registered Office:

Unit 6, Deacon Trading Estate
Knight Road
Strood
Kent ME2 2AU



MRS S NORRIS
SECRETARY

Date: 14/6/96

AIRCONAIRE SERVICES LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 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 at 31st August 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

Sovereign House
212/224 Shaftesbury Avenue
London WC2H 8HQ

Bourner Bullock
BOURNER BULLOCK
Chartered Accountants
and Registered Auditors

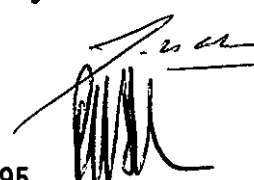
25 June 1996

AIRCONAIRE SERVICES LIMITED
BALANCE SHEET AS AT 31ST AUGUST 1995

<u>NOTES</u>		<u>31.8.1995</u>		<u>31.8.1994</u>	
	<u>FIXED ASSETS</u>	£	£	£	£
2	Tangible assets		458,015		454,204
3	Investments		972		972
			<u>458,987</u>		<u>455,176</u>
	<u>CURRENT ASSETS</u>				
4	Stock and work in progress		54,089		39,811
5	Debtors		398,139		331,560
	Cash at bank and in hand		114,549		77,522
			<u>566,777</u>		<u>448,893</u>
	<u>CREDITORS: Amounts falling due within one year</u>				
7	Bank loan		121,624		171,820
	Trade creditors		303,370		265,576
	Amounts owed to group undertakings		63,976		26,489
	Current corporation tax		21,430		15,650
	Other taxes and social security costs		16,748		21,430
11	Obligations under finance leases		35,925		20,538
	Accruals and deferred income		106,365		86,340
			<u>669,438</u>		<u>607,843</u>
	NET CURRENT LIABILITIES		(102,661)		(158,950)
	TOTAL ASSETS LESS CURRENT LIABILITIES		<u>356,326</u>		<u>296,226</u>
	<u>CREDITORS: Amounts falling due after more than one year</u>				
11	Obligations under finance leases		(36,771)		(23,759)
	<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>				
6	Warranty costs		(14,182)		(11,867)
			<u>£305,373</u>		<u>£260,600</u>
	<u>CAPITAL AND RESERVES</u>				
8	Called-up share capital		37,000		37,000
	Profit and loss account		268,373		223,600
12	SHAREHOLDERS' FUNDS		<u>£305,373</u>		<u>£260,600</u>

The directors have taken advantage of the special exemptions applicable to small companies under Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that the company is entitled to the benefit of those exemptions as a small company.

Approved by the Board of Directors on 14/6/96 and signed on its behalf.

 J H ALLEN)
R D ALLEN) Directors
- 3 -
AARCSL95

AIRCONAIRE SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 1995

<u>NOTES</u>	<u>Year Ended</u> <u>31.8.1995</u> <u>£</u>	<u>Year Ended</u> <u>31.8.1994</u> <u>£</u>
TURNOVER - continuing activities	1,879,841	1,622,322
Cost of sales	(1,156,213)	(1,006,665)
GROSS PROFIT	723,628	615,657
Administrative expenses	(655,656)	(546,795)
Interest receivable	8,354	1,582
Other operating income	-	23,265
9 OPERATING PROFIT - continuing activities	76,326	93,709
Interest payable and similar charges	(15,724)	(18,154)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	60,602	75,555
10 Tax on profit on ordinary activities	(15,829)	(15,650)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	44,773	59,905
Retained profit brought forward	223,600	163,695
RETAINED PROFIT CARRIED FORWARD	<u>£268,373</u>	<u>£223,600</u>

The company has no recognised gains or losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There are no movements in shareholders' funds other than the profit for the year. Accordingly, no reconciliation of movements in shareholders' funds is presented.

AIRCONAIRE SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1995

1. ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

Depreciation of tangible fixed assets

Depreciation of the cost of tangible fixed assets is provided over their estimated useful lives at the following annual rates:

Freehold Property	-	5% on cost
Computer	-	33 1/3% on reducing balance
Motor Vehicles	-	25% on reducing balance
Tools & Equipment	-	25% on reducing balance

Long-term contracts

Long-term contract balances represent costs incurred on specific contracts, net of amounts transferred to cost of sales in respect of work recorded as turnover, less foreseeable losses and payments on account not matched with turnover. Turnover is assessed by reference to the value of work carried out. No profit is recognised until the contract has advanced to a stage where total profit can be assessed with reasonable certainty. Provision is made for the full amount of foreseeable losses on contracts.

Leases

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Pensions

The company operates a defined contribution pension scheme and the pension charged represents the amounts payable by the company to the fund in respect of the year.

AIRCONAIRE SERVICES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST AUGUST 1995

2. TANGIBLE FIXED ASSETS

	<u>Freehold Property £</u>	<u>Computer £</u>	<u>Motor Vehicles £</u>	<u>Tools & Equipment £</u>	<u>Total £</u>
<u>Cost</u>					
At 1.9.1994	358,679	6,073	157,823	45,553	568,128
Additions	-	3,838	76,236	8,460	88,534
Disposals	-	-	(80,797)	-	(80,797)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31.8.1995	<u>358,679</u>	<u>9,911</u>	<u>153,262</u>	<u>54,013</u>	<u>575,865</u>
<u>Accumulated depreciation</u>					
At 1.9.1994	-	5,263	76,091	32,570	113,924
Disposals	-	-	(53,099)	-	(53,099)
Charge for year	17,934	1,162	32,568	5,361	57,025
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31.8.1995	<u>17,934</u>	<u>6,425</u>	<u>55,560</u>	<u>37,931</u>	<u>117,850</u>
Net book value at 31.8.95	<u>£340,745</u>	<u>£3,486</u>	<u>£97,702</u>	<u>£16,082</u>	<u>£458,015</u>
Net book value at 31.8.94	<u>£358,679</u>	<u>£810</u>	<u>£81,732</u>	<u>£12,983</u>	<u>£454,204</u>

The net book value of fixed assets includes £94,148 (1994: £62,087) in respect of assets held under finance leases and hire purchase contracts.

AIRCONAIRE SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31ST AUGUST 1995

3. <u>INVESTMENTS</u>	<u>31.8.1995</u> £	<u>31.8.1994</u> £
Shares in group undertakings	<u>£972</u>	<u>£972</u>
At 31st August 1995 the company had two wholly-owned subsidiary undertakings both of which were unlisted and registered in the UK. Details of these companies are as follows:		
Airconaire Limited		
- incorporated in the United Kingdom		
- principal activity is the performance of design work in the air-conditioning and ventilation industry		
- aggregate capital and reserves at 31st August 1995		£972
- profit after taxation for the year ended 31st August 1995		<u>£ -</u>
Airconaire Products Limited		
- incorporated in the United Kingdom		
- principal activity is the manufacture of electrical products		
- aggregate capital and reserves at 31st August 1995		(£10,121)
- profit after taxation for the year ended 31st August 1995		<u>£ -</u>
4. <u>STOCK AND WORK IN PROGRESS</u>	<u>31.8.1995</u> £	<u>31.8.1994</u> £
Work in progress	34,089	24,811
Raw materials at cost	20,000	15,000
	<u>£54,089</u>	<u>£39,811</u>
5. <u>DEBTORS</u>		
Trade debtors	392,082	302,172
Amounts owed by group undertakings	2,278	10,161
Prepayments and accrued income	3,779	7,844
Corporation tax recoverable	-	11,383
	<u>£398,139</u>	<u>£331,560</u>
6. <u>WARRANTY PROVISION</u>		
Balance at 1.9.94	11,867	
Increase/(decrease) in provision	2,315	
	<u>£14,182</u>	
Balance at 31.8.95	<u>£14,182</u>	

AIRCONAIRE SERVICES LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31ST AUGUST 1995

7. BANK LOAN

The bank loan was taken out in 1989 and is being repaid in monthly instalments currently set at £3,544 with the intention of repayment in full by June 2004. However, since under the terms of the facility agreement it is repayable on demand, the loan is included in "Creditors: amounts falling due within one year". The loan is secured by a legal mortgage over the company's freehold property and a composite guarantee with the holding company.

8. CALLED-UP SHARE CAPITAL

	<u>31.8.1995</u>	<u>31.8.1994</u>
	£	£
Authorised:		
50,000 Ordinary shares of £1 each	<u>£50,000</u>	<u>£50,000</u>
Allotted, called-up and fully paid:		
37,000 Ordinary shares of £1 each	<u>£37,000</u>	<u>£37,000</u>

9. OPERATING PROFIT

	<u>Year Ended</u>	<u>Year Ended</u>
	<u>31.8.1995</u>	<u>31.8.1994</u>
	£	£
This is stated after charging:		
Depreciation - owned assets	25,642	11,282
- assets held under finance leases	31,383	20,695
Auditors' remuneration	5,000	5,000
Hire of plant and machinery	7,679	6,237
Directors' emoluments (including benefits in kind)	47,365	45,415
Pension costs	44,974	13,000
Provision against investment in subsidiaries	<u>-</u>	<u>19,028</u>

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

UK Corporation Tax based on profit for the year at 25% (1994: 25%)	21,430	15,650
Overprovision in prior year	(5,601)	-
	<u>£15,829</u>	<u>£15,650</u>

AIRCONAIRE SERVICES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST AUGUST 1995

11. <u>OBLIGATIONS UNDER FINANCE LEASES</u>	<u>31.8.1995</u>	<u>31.8.1994</u>
	£	£
Gross obligations under finance leases and hire purchase contracts:		
Within one year	41,312	23,619
Within two to five years	42,632	27,000
	<hr/>	<hr/>
	83,944	50,619
<u>Less:</u>		
Finance charges allocated to future periods	(11,248)	(6,322)
	<hr/>	<hr/>
	<u>£72,696</u>	<u>£44,297</u>
12. <u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>	<u>31.8.1995</u>	<u>31.8.1994</u>
	£	£
Profit for the financial year	44,773	59,905
Shareholders' funds at 31st August 1994	260,600	200,695
	<hr/>	<hr/>
Shareholders' funds at 31st August 1995	<u>£305,373</u>	<u>£260,600</u>

13. GUARANTEE

A composite guarantee (unlimited) with respect to banking facilities has been given by Airconaire Services Limited in favour of Canex Refrigeration Limited, and Airconaire Products Limited. At the year end the only bank borrowing of the group was the Airconaire Services Limited bank loan of £121,624.

14. ULTIMATE PARENT UNDERTAKING

The company is a wholly-owned subsidiary of Canex Refrigeration Limited, a company incorporated in the United Kingdom.

The group qualifies as a small company, and is thus not required to prepare consolidated accounts.