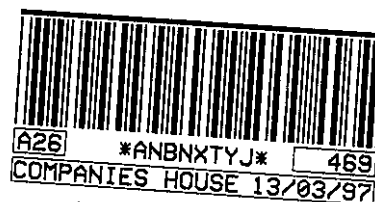


COMPANY NO: 1935529

AIRCONAIRE SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1996



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 1996.

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 31.8.96	At 31.8.95
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

/8 February 1997

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 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as applicable to small companies.

Sovereign House
212/224 Shaftesbury Avenue
London WC2H 8HQ

Bourner Bullock

BOURNER BULLOCK
Chartered Accountants
and Registered Auditors

26 February 1997

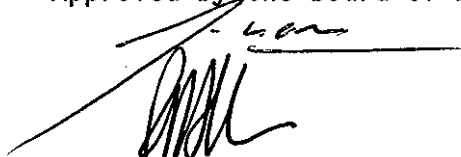
AIRCONAIRE SERVICES LIMITED

BALANCE SHEET AS AT 31ST AUGUST 1996

<u>NOTES</u>		<u>31.8.1996</u>	<u>31.8.1995</u>
		£	£
	<u>FIXED ASSETS</u>		
2	Tangible assets	450,767	458,015
3	Investments	972	972
		<u>451,739</u>	<u>458,987</u>
	<u>CURRENT ASSETS</u>		
4	Stock and work in progress	44,483	54,089
5	Debtors	342,742	398,139
	Cash at bank and in hand	65,092	114,549
		<u>452,317</u>	<u>566,777</u>
	<u>CREDITORS: Amounts falling due within one year</u>		
7	Bank loan	33,023	121,624
	Trade creditors	261,371	303,370
	Amounts owed to group undertakings	31,663	63,976
	Current corporation tax	7,100	21,430
	Other taxes and social security costs	45,167	16,748
11	Obligations under finance leases	35,556	35,925
	Accruals and deferred income	81,194	106,365
		<u>495,074</u>	<u>669,438</u>
	NET CURRENT LIABILITIES	(42,757)	(102,661)
	TOTAL ASSETS LESS CURRENT LIABILITIES	<u>408,982</u>	<u>356,326</u>
	<u>CREDITORS: Amounts falling due after more than one year</u>		
7	Bank loan	(56,780)	-
11	Obligations under finance leases	(27,833)	(36,771)
	<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>		
6	Warranty costs	(17,730)	(14,182)
		<u>£306,639</u>	<u>£305,373</u>
	<u>CAPITAL AND RESERVES</u>		
8	Called-up share capital	37,000	37,000
	Profit and loss account	269,639	268,373
	SHAREHOLDERS' FUNDS - all equity	<u>£306,639</u>	<u>£305,373</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 /8 February 1997 and signed on its behalf.


 J H ALLEN)
 R D ALLEN) Directors

AIRCONAIRE SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 1996

<u>NOTES</u>	<u>Year Ended</u> <u>31.8.1996</u> <u>£</u>	<u>Year Ended</u> <u>31.8.1995</u> <u>£</u>
TURNOVER - continuing activities	2,275,870	1,879,841
Cost of sales	(1,577,080)	(1,156,213)
	<hr/>	<hr/>
GROSS PROFIT	698,790	723,628
Administrative expenses	(683,626)	(655,656)
	<hr/>	<hr/>
9 OPERATING PROFIT - continuing activities	15,164	67,972
Interest receivable	9,836	8,354
Interest payable and similar charges	(16,634)	(15,724)
	<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	8,366	60,602
10 Tax on profit on ordinary activities	(7,100)	(15,829)
	<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	1,266	44,773
Retained profit brought forward	268,373	223,600
	<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD	<u>£269,639</u>	<u>£268,373</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 1996

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 1996

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 1.9.1995	358,679	9,911	153,262	54,013	575,865
Additions	-	1,612	53,631	13,498	68,741
Disposals	-	-	(29,250)	-	(29,250)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31.8.1996	<u>358,679</u>	<u>11,523</u>	<u>177,643</u>	<u>67,511</u>	<u>615,356</u>
<u>Accumulated depreciation</u>					
At 1.9.1995	17,934	6,425	55,560	37,931	117,850
Disposals	-	-	(14,414)	-	(14,414)
Charge for year	17,934	1,700	34,124	7,395	61,153
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31.8.1996	<u>35,868</u>	<u>8,125</u>	<u>75,270</u>	<u>45,326</u>	<u>164,589</u>
Net book value at 31.8.96	<u>£322,811</u>	<u>£3,398</u>	<u>£102,373</u>	<u>£22,185</u>	<u>£450,767</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>

The net book value of fixed assets includes £96,880 (1995: £94,148) 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 1996

3. <u>INVESTMENTS</u>	<u>31.8.1996</u>	<u>31.8.1995</u>
	<u>£</u>	<u>£</u>
Shares in group undertakings	<u>£972</u>	<u>£972</u>
At 31st August 1996 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 1996		£972
- profit after taxation for the year ended 31st August 1996		<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 1996		(£10,121)
- profit after taxation for the year ended 31st August 1996		<u>£ -</u>
4. <u>STOCK AND WORK IN PROGRESS</u>	<u>31.8.1996</u>	<u>31.8.1995</u>
	<u>£</u>	<u>£</u>
Work in progress	17,786	34,089
Raw materials at cost	26,697	20,000
	<u>£44,483</u>	<u>£54,089</u>
5. <u>DEBTORS</u>		
Trade debtors	114,977	155,844
Amounts recoverable on contracts	218,997	236,238
Amounts owed by group undertakings	2,278	2,278
Prepayments and accrued income	3,990	3,779
Corporation tax recoverable	2,500	-
	<u>£342,742</u>	<u>£398,139</u>
6. <u>WARRANTY PROVISION</u>		
Balance at 1.9.95	14,182	11,867
Increase/(decrease) in provision	3,548	2,315
	<u>£17,730</u>	<u>£14,182</u>

AIRCONAIRE SERVICES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST AUGUST 1996

7. <u>BANK LOAN (Secured)</u>	<u>31.8.1996</u> £	<u>31.8.1995</u> £
Repayable by instalments:-		
Within one year	33,023	121,624
Between one and two years	33,023	-
Between two and five years	23,757	-
	<u>£89,803</u>	<u>£121,624</u>
8. <u>SHARE CAPITAL</u>	<u>31.8.1996</u> £	<u>31.8.1995</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. <u>OPERATING PROFIT</u>	<u>Year Ended</u> <u>31.8.1996</u> £	<u>Year Ended</u> <u>31.8.1995</u> £
This is stated after charging:		
Depreciation - owned assets	28,860	25,642
- assets held under finance leases	32,293	31,383
Auditors' remuneration	8,000	5,000
Hire of plant and machinery	15,359	7,679
Directors' emoluments (including benefits in kind)	62,314	89,739
Pension costs	5,600	2,600
Hire purchase interest	<u>6,780</u>	<u>4,840</u>
10. <u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u>		
UK Corporation Tax based on profit for the year at 24%/25% (1995: 25%)	7,100	21,430
Overprovision in prior year	-	(5,601)
	<u>£7,100</u>	<u>£15,829</u>

AIRCONAIRE SERVICES LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)
FOR THE YEAR ENDED 31ST AUGUST 1996

11. <u>OBLIGATIONS UNDER FINANCE LEASES</u>	<u>31.8.1996</u>	<u>31.8.1995</u>
	<u>£</u>	<u>£</u>
Gross obligations under finance leases and hire purchase contracts:		
Within one year	41,028	41,312
Within two to five years	32,196	42,632
	<hr/>	<hr/>
	73,224	83,944
<u>Less:</u>		
Finance charges allocated to future periods	(9,836)	(11,248)
	<hr/>	<hr/>
	<u>£63,388</u>	<u>£72,696</u>

12. **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 £89,803.

13. **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.