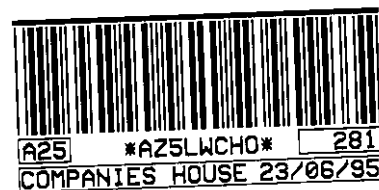


COMPANY NO: 1935529

AIRCONAIRE SERVICES LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST AUGUST 1994



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 1994.

#### 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:-

	<u>Interest in £1 Ordinary Shares</u>	
	<u>At 31.8.94</u>	<u>At 31.8.93</u>
J H Allen	-	-
R D Allen	-	-

#### 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.

AIRCONAIRE SERVICES LIMITED  
REPORT OF THE DIRECTORS (CONTINUED)

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.

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies under Part II of Schedule 8 to the Companies Act 1985.

BY ORDER OF THE BOARD

Registered Office:

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



MRS S NORRIS  
SECRETARY

Date: 3/5/95

AIRCONAIRE SERVICES LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS

We have audited the financial statements on pages 4 to 10 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 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 1994 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


*6th June 1995*

AIRCONAIRE SERVICES LIMITED  
BALANCE SHEET AS AT 31ST AUGUST 1994

NOTES		31.8.1994	31.8.1993
		£	£
	<u>FIXED ASSETS</u>		
2	Tangible assets	454,204	440,724
3	Investments	972	20,000
		<u>455,176</u>	<u>460,724</u>
	<u>CURRENT ASSETS</u>		
4	Stock and work in progress	39,811	27,183
5	Debtors	331,560	250,435
	Cash at bank and in hand	77,522	3,689
		<u>448,893</u>	<u>281,307</u>
	<u>CREDITORS: Amounts falling due within 1 year</u>		
7	Bank loan	171,820	199,255
	Payments received on account	-	25,685
	Trade creditors	265,576	151,906
	Amounts owed to group undertakings	26,489	15,345
10	Current corporation tax	15,650	-
	Other taxes and social security costs	21,430	52,449
11	Obligations under finance leases	20,538	14,308
	Accruals and deferred income	86,340	62,989
		<u>607,843</u>	<u>521,937</u>
	NET CURRENT LIABILITIES	(158,950)	(240,630)
	TOTAL ASSETS LESS CURRENT LIABILITIES	<u>296,226</u>	<u>220,094</u>
	<u>CREDITORS: Amounts falling due after more than 1 year</u>		
11	Obligations under finance leases	(23,759)	(6,796)
	<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>		
6	Warranty costs	(11,867)	(12,603)
		<u>£260,600</u>	<u>£200,695</u>
	<u>CAPITAL AND RESERVES</u>		
8	Called-up share capital	37,000	37,000
	Profit and loss account	223,600	163,695
12	SHAREHOLDERS' FUNDS	<u>£260,600</u>	<u>£200,695</u>

The directors have taken advantage of special exemptions conferred by Part I of Schedule 8 to 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 on *30th May 1995*

 J H ALLEN )  
R D ALLEN ) Directors  
- 4 -

AIRCONAIRE SERVICES LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST AUGUST 1994

<u>NOTES</u>	Year Ended 31.8.1994 £	Year Ended 31.8.1993 £
TURNOVER - continuing activities	1,622,322	1,440,564
Cost of sales	(1,006,665)	(1,003,097)
	<hr/>	<hr/>
GROSS PROFIT	615,657	437,467
Administrative expenses	(546,795)	(531,471)
Interest receivable	1,582	1,817
Other operating income	23,265	-
	<hr/>	<hr/>
9 OPERATING PROFIT/(LOSS) - continuing activities	93,709	(92,187)
Interest payable and similar charges	(18,154)	(23,163)
	<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	75,555	(115,350)
10 Tax on profit/(loss) on ordinary activities	(15,650)	11,383
	<hr/>	<hr/>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	59,905	(103,967)
Retained profit brought forward	163,695	267,662
	<hr/>	<hr/>
RETAINED PROFIT CARRIED FORWARD	<u>£223,600</u>	<u>£163,695</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31ST AUGUST 1994

	Year Ended 31.8.1994 £	Year Ended 31.8.1993 £
Profit/(loss) for the financial year	59,905	(103,967)
Unrealised deficit on revaluation of property	-	(1,869)
	<hr/>	<hr/>
Total recognised gains and losses relating to the year	<u>£59,905</u>	<u>(£105,836)</u>

AIRCONAIRE SERVICES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1994

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

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. A reducing balance method is used (actual rates are shown in note 2).

Depreciation is not provided on freehold property. In the opinion of the directors, the residual value will exceed book value, therefore the rate of depreciation is nil.

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. 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 1994

2. TANGIBLE FIXED ASSETS

	<u>Freehold Property £</u>	<u>Computer £</u>	<u>Motor Vehicles £</u>	<u>Tools &amp; Equipment £</u>	<u>Total £</u>
Cost at 1.9.1993	358,679	6,073	140,511	41,911	547,174
Additions	-	-	57,101	3,642	60,743
Disposals	-	-	(39,789)	-	(39,789)
Cost at 31.8.1994	<u>358,679</u>	<u>6,073</u>	<u>157,823</u>	<u>45,553</u>	<u>568,128</u>
Accumulated depreciation at 1.9.1993	-	4,858	73,350	28,242	106,450
Disposals	-	-	(24,503)	-	(24,503)
Charge for year	-	405	27,244	4,328	31,977
Accumulated depreciation at 31.8.1994	-	<u>5,263</u>	<u>76,091</u>	<u>32,570</u>	<u>113,924</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>
Net book value at 31.8.93	<u>£358,679</u>	<u>£1,215</u>	<u>£67,161</u>	<u>£13,669</u>	<u>£440,724</u>
Depreciation rates		33 1/3% on written down value	25% on written down value	25% on written down value	

The net book value of fixed assets includes £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 1994

3. <u>INVESTMENTS</u>	<u>31.8.1994</u> £	<u>31.8.1993</u> £
Shares in group undertakings	<u>£972</u>	<u>£20,000</u>
At 31st August 1994 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 1994		<u>£972</u>
- profit after taxation for the year ended 31st August 1994		<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 1994		<u>(£10,121)</u>
- profit after taxation for the year ended 31st August 1994		<u>£ -</u>
4. <u>STOCK AND WORK IN PROGRESS</u>	<u>31.8.1994</u> £	<u>31.8.1993</u> £
Work in progress	24,811	-
Raw materials at cost	15,000	27,183
	<u>£39,811</u>	<u>£27,183</u>
5. <u>DEBTORS</u>		
Trade debtors	302,172	219,256
Amounts owed by group undertakings	9,693	9,161
Prepayments and accrued income	7,844	10,635
Corporation tax recoverable	11,383	11,383
	<u>£331,092</u>	<u>£250,435</u>
6. <u>WARRANTY PROVISION</u>		
Balance at 1.9.93	12,603	11,193
(Decrease)/increase in provision	(736)	1,410
	<u>£11,867</u>	<u>£12,603</u>

AIRCONAIRE SERVICES LIMITED  
NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31ST AUGUST 1994

7. BANK LOAN

The bank loan was taken out in 1989 and is being repaid in monthly instalments currently set at £3,543, 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 companies freehold property and a composite guarantee with the holding company.

8. CALLED-UP SHARE CAPITAL

Authorised: 50,000 Ordinary shares of £1 each

Allotted, called-up and fully paid:

37,000 Ordinary shares of £1 each

9. OPERATING PROFIT/(LOSS)

This is stated after charging:

Depreciation - Owned assets  
                   - Assets held under finance leases  
 Auditors' remuneration  
 Hire of plant and machinery  
 Directors remuneration(including benefits)  
 Pension costs  
 Provision against investment in subsidiaries

10. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

UK Corporation Tax recoverable based on profit/(loss)  
 for the year at 25% (1993: charged at 25%)

11. OBLIGATIONS UNDER FINANCE LEASES

Gross obligations under finance leases and hire  
 purchase contracts:

Within one year  
 Within two to five years

Less:

Finance charges allocated to future periods

	<u>31.8.1994</u>	<u>31.8.1993</u>
	£	£
	<u>£50,000</u>	<u>£50,000</u>
	<u>£37,000</u>	<u>£37,000</u>
	Year Ended	Year Ended
	<u>31.8.1994</u>	<u>31.8.1993</u>
	£	£
	11,282	14,350
	20,695	13,051
	5,000	6,500
	6,237	4,682
	45,415	37,729
	13,000	9,616
	<u>19,028</u>	<u>-</u>
	<u>£15,650</u>	<u>(£11,383)</u>
	<u>31.8.1994</u>	<u>31.8.1993</u>
	£	£
	23,619	16,620
	27,000	7,898
	<u>50,619</u>	<u>24,518</u>
	(6,322)	(3,414)
	<u>£44,297</u>	<u>£21,104</u>

AIRCONAIRE SERVICES LIMITED  
NOTES TO THE ACCOUNTS (CONTINUED)  
FOR THE YEAR ENDED 31ST AUGUST 1994

12. <u>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</u>	<u>31.8.1994</u> £	<u>31.8.1993</u> £
Profit/(loss) for the financial year	59,905	(103,967)
Deficit on property revaluations	-	(1,869)
	<hr/>	<hr/>
Net reduction in shareholders' funds	59,905	(105,836)
Shareholders' funds at 31st August 1993	200,695	306,531
	<hr/>	<hr/>
Shareholders' funds at 31st August 1994	<u>£260,600</u>	<u>£200,695</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 £171,820.

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.