

Sabroe (U.K.) Holdings Limited

Directors' report and financial
statements

Registered number 3636755

31 December 1999



Directors' report and financial statements

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Company information

Directors

OEV Andersen
KM Price
MJ Ball

Registered office

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

Company number

3636755

Auditors

KPMG
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Directors' report

The directors submit their report and the financial statements for the company for the period ended 31 December 1999.

Principal activities

The principal activity of the company is a holding company of a group of companies that undertake the design, procurement, construction, commissioning and maintenance of industrial and commercial refrigeration and air conditioning equipment.

Business review

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

Sabroe (U.K.) Holdings Limited was incorporated on 17 September 1998.

On 1 October 1998, the company acquired the entire issued share capital of Ice-Tech Limited.

On 13 October 1998, the whole of the issued share capital of the nine companies that formed the refrigeration division of Stadium Group plc were acquired by the company.

On 7 December 1998, the entire issued share capital of Sabroe (U.K.) Limited and Stal Refrigeration Limited was transferred from Sabroe Refrigeration A/S (a company registered in Denmark) to Sabroe (U.K.) Holdings Limited.

On 29 July 1999, a new wholly owned subsidiary, Sabroe Refrigeration Limited was incorporated and the subsidiaries of Sabroe (U.K.) Holdings Limited (with the exception of Coolrite Refrigeration Limited and Sabroe Products UK Limited) were transferred to become subsidiaries of Sabroe Refrigeration Limited. On 1 August 1999 the trade and assets of the trading subsidiaries were transferred to Sabroe Refrigeration Limited.

On 30 December 1999, the entire share capital of Sabroe (U.K.) Holdings Limited was transferred from York Refrigeration ApS to York International Limited.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

The directors of the company who served since incorporation were as follows:

	Date of appointment	Date of resignation
Fetter Incorporations Limited	17 September 1998	17 September 1998
Fetter Secretaries Limited	17 September 1998	17 September 1998
KL Iversen	17 September 1998	16 July 1999
FP Rasmussen	17 September 1998	31 August 1999
OEV Andersen	17 September 1998	
E Norelius	3 February 1999	20 October 1999
B Harris	22 October 1998	7 March 2000
MJ Ball	3 February 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)*

Employees

The group's policy is to consult and discuss with employees matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

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

KPMG were appointed first auditors of the company by the directors. 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

11
20 September 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.



St Nicholas House
Park Row
Nottingham
NG1 6FQ

Report of the auditors to the members of Sabroe (U.K.) Holdings Limited

We have audited the financial statements on pages 6 to 14.

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 period from 17 September 1998 (the date of incorporation) to 31 December 1999 and have been properly prepared in accordance with the Companies Act 1985.

*Chartered Accountants
Registered Auditors*

11
20 September 2000

Profit and loss account

for the 15 months ended 31 December 1999

	<i>Notes</i>	1999 £
Administrative expenses		(1,096,561)
Other operating income	2	1,193,000
Operating profit		96,439
Amounts written off investments	10	(7,566,821)
Interest receivable and similar income	3	197
Interest payable and similar charges	4	(549,880)
Loss on ordinary activities before taxation	5	(8,020,065)
Taxation on loss on ordinary activities	8	(28,000)
Loss on ordinary activities after taxation and retained loss for the period	15	(8,048,065)

There were no recognised gains or losses in the current period other than those disclosed in the profit and loss account.

In the current period, the company had no discontinued operations.

In the current period, there was no material difference between the loss reported in the profit and loss account and the loss on an unmodified historical cost basis.

Balance sheet
as at 31 December 1999

	<i>Notes</i>	1999 £
Fixed assets		
Tangible assets	9	35,015
Investments	10	1,820,313
		<hr/> 1,885,328
Current assets		
Debtors	11	25,298
Cash at bank and in hand		4,569,677
		<hr/> 4,594,975
Creditors: amounts falling due within one year	12	(8,836,368)
Net current liabilities		<hr/> (4,241,393)
Net liabilities		<hr/> (2,386,065) <hr/>
Capital and reserves		
Called up share capital	14	1,412,000
Share premium	15	4,250,000
Profit and loss account	15	(8,048,065)
Equity shareholders' funds	16	<hr/> (2,386,065) <hr/>

These financial statements were approved by the board of directors on 20th September 2000 and were 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 preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The financial statements are prepared on a going concern basis which assumes the company will continue to trade, as the parent company, York International Limited, has indicated it intends to provide such funds as are necessary for the company to continue to trade for the foreseeable future.

The company has taken the exemption conferred by section 228 of the Companies Act 1985 from the requirement to prepare group financial statements as the company is a wholly owned subsidiary for the whole of the accounting period as described in note 19. These financial statements present information about the company as an individual entity and not about its group.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at their purchase cost, together with any incidental expenses of acquisition.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated realisable value, over their expected useful lives on the following basis:

Motor vehicles	33%
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Operating leases

Leasing charges in respect of operating leases are recognised in the profit and loss account on a straight line basis over the lives of the agreements, even if the payments are not made on such a basis.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Deferred taxation

Provision is made for deferred tax using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

Cash flow statement

Under Financial Reporting Standard Number 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

Notes (continued)

1 Accounting policies (continued)

Related party transactions

As the company was a wholly owned subsidiary throughout the accounting period, the company has taken advantage of the exemption contained within Financial Reporting Standard Number 8 and has therefore not disclosed transactions or balances with entities which form part of the group that it was a member of at the year end. The consolidated financial statements of its ultimate parent companies can be obtained from the addresses given in note 19.

2 Other operating income

	1999 £
Management charges to group undertakings	1,193,000

3 Interest receivable and similar income

	£
Interest received on bank deposits	197

4 Interest payable and similar charges

	£
Bank loans and overdrafts	270,363
On loans of any other kind made to the group	
- amounts due to group undertakings	279,517
	549,880

5 Loss on ordinary activities before taxation

	£
<i>This is stated after charging the following:</i>	
Depreciation on owned assets	30,128
Auditors' remuneration - for audit	5,500
- for non-audit services	14,730
Operating lease rentals - plant and equipment	973
- other	11,152

Notes (continued)

6 Staff number and costs

	1999
<i>The average monthly number of employees, including executive directors, during the period was:</i>	Number
Administration and management	6
	<hr/>
	£
<i>Staff costs, including directors' emoluments, were as follows:</i>	
Wages and salaries	511,631
Social security costs	57,040
Pension costs	3,200
	<hr/>
	571,871
	<hr/>

The pension costs were paid by the company to a pension scheme administered by a fellow subsidiary company.

7 Directors' emoluments and benefits

	£
Aggregate emoluments	290,759
	<hr/>

The highest paid director received aggregate emoluments of £238,165.

The emoluments of directors who are also directors of parent companies are shown in those company's financial statements.

No directors were members of company pension schemes.

8 Taxation

	£
UK Corporation tax at 31%	28,000
	<hr/>

Notes (continued)

9 Tangible fixed assets

	Motor vehicles £
<i>Cost or valuation:</i>	
At start of the period	-
Additions	78,687
Disposals	(21,200)
At 31 December 1999	<u>57,487</u>
<i>Depreciation:</i>	
At start of the period	-
Charge for the period	30,128
Disposals	(7,656)
At 31 December 1999	<u>22,472</u>
<i>Net book value:</i>	
At 31 December 1999	<u><u>35,015</u></u>

10 Investments

	Shares in subsidiary undertakings £
<i>Cost or valuation:</i>	
At start of the period	-
Acquisitions	5,058,923
Capitalisation of loans to group undertakings	4,328,211
Amounts written off investments	(7,566,821)
At 31 December 1999	<u><u>1,820,313</u></u>

The costs of investments relate to the cost of the ordinary shares in subsidiary undertakings and include direct costs of acquisitions.

On 1 October 1998, the company acquired the entire issued share capital of Ice-Tech Limited.

On 13 October 1998, the company acquired the whole of the issued share capital of the nine companies that formed the refrigeration division of Stadium Group plc.

On 7 December 1998, the entire issued share capital of Sabroe (U.K.) Limited and Stal Refrigeration Limited was transferred from Sabroe Refrigeration A/S (a company registered in Denmark) to Sabroe (U.K.) Holdings Limited.

Notes (continued)

10 Investments (continued)

On 29 July 1999, a new wholly owned subsidiary, Sabroe Refrigeration Limited was incorporated and the subsidiaries of Sabroe (U.K.) Holdings Limited (with the exception of Coolrite Refrigeration Limited and Sabroe Products UK Limited) were transferred to become subsidiaries of Sabroe Refrigeration Limited. On 1 August 1999 the trade and assets of the trading subsidiaries were transferred to Sabroe Refrigeration Limited. The directors revalued the investments prior to this reorganisation.

The following are wholly owned subsidiary undertakings. Only details of undertakings whose results or financial position affect the figures in the company's financial statements are given. In all cases, the holdings are in ordinary shares. The companies are all incorporated in the United Kingdom. Those marked (*) are registered in Scotland. All the other companies are registered in England and Wales.

Subsidiaries held directly:

York Refrigeration Limited (formerly known as Sabroe Refrigeration Limited)

York Refrigeration Products Limited (formerly known as Sabroe (U.K.) Limited and Sabroe Products UK Limited)

Coolrite Refrigeration Limited

Subsidiaries held indirectly through subsidiary undertakings:

York Refrigeration Scotland Limited (formerly York Scotland Limited and Ryan Refrigeration (Scotland) Limited)*

TTF Air Conditioning Limited (formerly Tyne Tees Forth - UDEC Limited)

TTF Scotland Limited (formerly Sabroe Scotland Limited and Russell Refrigeration Limited)*

Nottingham Refrigeration Limited

S & R Refrigeration Limited

Ice-Tech Limited

Rock Refrigeration Limited

Stafford Refrigeration Limited

Stal Refrigeration Limited

Herbert Refrigeration Limited

11 Debtors

	1999 £
Amounts owed by group undertakings	11,535
Other debtors	13,763
	<hr/> 25,298 <hr/>

12 Creditors: amount falling due within one year

	£
Trade creditors	111,936
Amounts owed to group undertakings	8,565,435
Other taxation and social security	22,805
Other creditors	1,712
Accruals and deferred income	106,480
Corporation tax	28,000
	<hr/> 8,836,368 <hr/>

Notes (continued)

13 Provisions for liabilities and charges

			Deferred taxation £
At 31 December 1999			-
			<hr/>
		Provided 1999 £	Unprovided 1999 £
Capital allowances	-	-	-
Other timing differences	-	-	-
	<hr/>	<hr/>	<hr/>
	-	-	-

14 Share capital

	1999 £
<i>Authorised, allotted, called up and fully paid:</i>	
1,412,000 ordinary shares of £1 each	1,412,000
	<hr/>

All shares were issued at par during the period as follows:

- £2 of shares were issued on incorporation as subscriber shares;
- £1,211,998 of shares were issued on 1 October 1998 to facilitate the acquisition of the refrigeration division from Stadium Group plc; and
- £200,000 of shares were issued on 7 December 1998 to facilitate the transfer of Sabroe (U.K.) Limited and Stal Refrigeration Limited from Sabroe Refrigeration A/S.

15 Reserves

	Share premium account £	Profit and loss account £
At start of period	-	-
Premium on issue of shares	4,250,000	-
Loss for the period	-	(8,048,065)
	<hr/>	<hr/>
At 31 December 1999	4,250,000	(8,048,065)
	<hr/>	<hr/>

Notes *(continued)*

16 Reconciliation of movement in equity shareholders' funds

	1999 £
Loss for the period	(8,048,065)
Issue of share capital	5,662,000
Net reduction in shareholders' funds	(2,386,065)
Opening equity shareholders' funds	-
Closing equity shareholders' funds	(2,386,065)

17 Other commitments

At 31 December 1999 the company had minimum annual rental commitments under non-cancellable operating leases as follows:

	Land and buildings 1999 £	Other 1999 £
<i>Expiry date:</i>		
Within the second to fifth years	14,938	1,947

18 Contingent liabilities

The company has guaranteed the liabilities of certain group companies. At 31 December 1999 bank indebtedness amounts to £3,339,264.

19 Ultimate parent undertaking

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.

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.