

REPORT OF THE AUDITORS TO THE DIRECTORS OF  
MECHANICAL AIR SUPPLIES LIMITED  
UNDER PARAGRAPH 24 OF SCHEDULE 8 TO THE  
COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 4, together with the full statutory accounts of the company. The scope of our work for the purpose of this Report was limited to confirming the opinion as set out in the following paragraph.

In our opinion the company is entitled to the exemptions as set out in the directors' statement on page 2 and the abbreviated accounts have been properly prepared in accordance with Part III of Schedule 8 to the Companies Act 1985.

On 18th June 1996 we reported to the shareholders on the statutory accounts of the company for the year ended 31st March 1996, prepared under section 226 of the Companies Act 1985 as modified by the exemptions provided by Part I of Schedule 8. Our report under section 235 of the Companies Act 1985 was as follows:

We have audited the accounts on pages 4 to 8 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 accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

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Continuation of page 1

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.

*Thorn Vincent & Co*

THORN VINCENT & CO.,

Chartered Accountants and Registered Auditors

599, London Road,  
North Cheam,  
Surrey.  
SM3 9AG

18th June 1996

MECHANICAL AIR SUPPLIES LIMITED  
BALANCE SHEET  
AS AT  
31ST MARCH 1996

| <u>1995</u>       |                                                 | <u>Note</u> | <u>1996</u>      |
|-------------------|-------------------------------------------------|-------------|------------------|
| 9,933             | TANGIBLE FIXED ASSETS                           | (2)         | 41,242           |
|                   | CURRENT ASSETS                                  |             |                  |
| 28,958            | Stocks                                          |             | 57,933           |
| 159,613           | Debtors                                         | (3)         | 218,215          |
| 1,805             | Cash at Bank and in Hand                        |             | <u>2,334</u>     |
| 190,376           |                                                 |             | <u>278,482</u>   |
| (153,131)         | CREDITORS - amounts falling due within one year | (4)         | <u>(203,364)</u> |
| 37,245            | NET CURRENT ASSETS                              |             | <u>75,118</u>    |
| 47,178            | TOTAL ASSETS LESS CURRENT LIABILITIES           |             | 116,360          |
| (63,000)          | CREDITORS - amounts falling due after one year  | (4)         | <u>(103,015)</u> |
| <u>£(15,822)</u>  |                                                 |             | <u>£ 13,345</u>  |
|                   | CAPITAL AND RESERVES                            |             |                  |
|                   | Share Capital                                   |             |                  |
|                   | Authorised                                      |             |                  |
| 2,000             | 2,000 Ordinary Shares of £1 each                |             | <u>2,000</u>     |
|                   | Issued and fully paid                           |             |                  |
|                   | 2 2 Ordinary shares of £1 each                  |             | 2                |
| (15,824)          | Profit and Loss Account                         |             | <u>13,343</u>    |
| <u>£ (15,822)</u> |                                                 |             | <u>£ 13,345</u>  |

The directors have taken advantage of the exemptions conferred by Part III of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

In the preparation of the company's annual accounts, the directors have taken advantage of special exemptions applicable to small companies provided by Part I of Schedule 8 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

Signed on behalf of  
the board of directors

S. A. Cox

Director



Approved by the board: 17th June 1996

MECHANICAL AIR SUPPLIES LIMITED  
NOTES TO THE ACCOUNTS  
31ST MARCH 1996

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under historical cost convention.

Turnover

Turnover represents net invoiced sales and services excluding VAT.

Tangible fixed assets

Depreciation is provided, after taking account of any grants receivable, at the following annual rates in order to write off each asset over its estimated useful life:

|                |     |           |
|----------------|-----|-----------|
| Motor Vehicles | 20% | - on cost |
| Equipment      | 10% | - on cost |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the directors, there is reasonable probability that the liability will arise in the foreseeable future. No such provision has been made in these accounts.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

**MECHANICAL AIR SUPPLIES LIMITED**  
**NOTES TO THE ACCOUNTS**  
**31ST MARCH 1996**

**2. TANGIBLE FIXED ASSETS**

|                 | Vehicles<br>£   | Equipment<br>£ | Total<br>£      |
|-----------------|-----------------|----------------|-----------------|
| Cost            |                 |                |                 |
| At 31.3.95      | 10,000          | 3,233          | 13,233          |
| Additions       | 52,887          | 1,954          | 54,841          |
| Disposals       | <u>(13,045)</u> | <u>-</u>       | <u>(13,045)</u> |
| At 31.3.96      | <u>49,842</u>   | <u>5,187</u>   | <u>55,029</u>   |
| Depreciation    |                 |                |                 |
| At 31.3.95      | 2,580           | 720            | 3,300           |
| On disposals    | (4,961)         | -              | (4,961)         |
| Charge for year | <u>14,930</u>   | <u>518</u>     | <u>15,448</u>   |
| At 31.3.96      | <u>12,549</u>   | <u>1,238</u>   | <u>13,787</u>   |
| Net book values |                 |                |                 |
| At 31.3.96      | <u>37,293</u>   | <u>3,949</u>   | <u>41,242</u>   |
| At 31.3.95      | <u>7,420</u>    | <u>2,513</u>   | <u>9,933</u>    |

The net book value of vehicles includes £42,742 (1995-£Nil) in respect of assets held on hire purchase agreements. The amount of depreciation in respect of such assets amounted to £13,510 in the year (1995-£Nil).

**3. DEBTORS**

Debtors do not include any amounts falling due after more than one year.

**4. CREDITORS**

Creditors include the following:

|                  | 1995<br>£     | 1996<br>£      |
|------------------|---------------|----------------|
| Bank Loan        | 28,000        | 22,500         |
| Hire Purchase    | -             | 38,084         |
| Directors' Loans | <u>35,000</u> | <u>54,431</u>  |
|                  | <u>63,000</u> | <u>115,015</u> |

The bank loan is secured.