

**AUDITORS' REPORT TO
MECHANICAL AIR SUPPLIES LIMITED
UNDER SECTION 247B OF 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 for the year ended 31st March 1997 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors.

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion.

We have carried out the procedures we consider necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full statutory accounts.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 2 to 4 are properly prepared in accordance with those provisions.

Thorn Vincent & Co

THORN VINCENT & CO.
Chartered Accountants and Registered Auditors.
599, London Road,
North Cheam,
Surrey,
SM3 9AG

4th December 1997



MECHANICAL AIR SUPPLIES LIMITED
BALANCE SHEET
AS AT
31ST MARCH 1997

<u>1996</u>		<u>Note</u>	<u>1997</u>
41,242	TANGIBLE FIXED ASSETS	(2)	72,131
	CURRENT ASSETS		
57,933	Stocks	(1)	62,999
218,215	Debtors	(3)	336,091
<u>2,334</u>	Cash at Bank and in Hand		<u>11,204</u>
<u>278,482</u>			<u>410,294</u>
<u>(203,364)</u>	CREDITORS - amounts falling due within one year	(4)	<u>(364,612)</u>
<u>75,118</u>	NET CURRENT ASSETS		<u>45,682</u>
116,360	TOTAL ASSETS LESS CURRENT LIABILITIES		117,813
<u>(103,015)</u>	CREDITORS - amounts falling due after one year	(4)	<u>(71,458)</u>
<u>£ 13,345</u>			<u>£ 46,355</u>
	CAPITAL AND RESERVES		
	Share Capital		
	Authorised		
<u>2,000</u>	2,000 Ordinary Shares of £1 each		<u>2,000</u>
	Issued and fully paid		
	2 2 Ordinary shares of £1 each		2
<u>13,343</u>	Profit and Loss Account		<u>46,353</u>
<u>£ 13,345</u>			<u>£46,355</u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the directors on 4th December 1997
and signed on behalf of the Board by:-



S. A. Cox

Director

MECHANICAL AIR SUPPLIES LIMITED
NOTES TO THE ACCOUNTS
31ST MARCH 1997

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 allowance 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 1997

2. TANGIBLE FIXED ASSETS

	Vehicles £	Equipment £	Total £
Cost			
At 31.3.96	49,842	5,187	55,029
Additions	72,060	1,078	73,138
Disposals	<u>(28,740)</u>	<u>-</u>	<u>(28,740)</u>
At 31.3.97	<u>93,162</u>	<u>6,265</u>	<u>99,427</u>
Depreciation			
At 31.3.96	12,549	1,238	13,787
On disposals	<u>(9,140)</u>	<u>-</u>	<u>(9,140)</u>
Charge for year	<u>22,024</u>	<u>626</u>	<u>22,650</u>
At 31.3.97	<u>25,433</u>	<u>1,864</u>	<u>27,297</u>
Net book values			
At 31.3.97	<u>67,729</u>	<u>4,401</u>	<u>72,130</u>
At 31.3.96	<u>37,293</u>	<u>3,949</u>	<u>41,242</u>

The net book value of vehicles includes £57,648 (1996 - £42,742) in respect of assets held on hire purchase agreements. The amount of depreciation in respect of such assets amounted to £14,412 in the year (1996 - £13,510).

3. DEBTORS

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

4. CREDITORS

Creditors include the following:

	<u>1996</u> £	<u>1997</u> £
Bank Loan	22,500	16,000
Hire Purchase	38,084	55,458
Directors' Loans	<u>42,431</u>	<u>-</u>
	<u>103,015</u>	<u>71,458</u>

The bank loan is secured.