

REGISTRAR'S COPY

MOORE STEPHENS

MALA SPECIAL WORKS LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MARCH 1998**

477730



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

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**COMPANY INFORMATION
AS AT 31 MARCH 1998**

DIRECTORS

K Crane
M A Crane
P F Zumeris
D Crane

SECRETARY

M A Crane

REGISTERED OFFICE

57 London Road
Enfield
Middlesex
EN2 6SW

REGISTERED NUMBER

1477730

BUSINESS ADDRESS

126 Petherton Road
London
N5 2RT

AUDITORS

Moore Stephens
Registered Auditors
Chartered Accountants
57 London Road
Enfield
Middlesex
EN2 6SW

DIRECTORS' REPORT

The directors present their annual report with the audited financial statements of the company for the year ended 31 March 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company in the year continued to be the construction of air conditioning and refrigeration installations.

DIRECTORS AND THEIR INTERESTS

The following directors have served during the year:-

K Crane
M A Crane
P F Zumeris
D Crane

According to the register as required under the Companies Act 1985, the directors and their families had no beneficial interests in the shares of the company during the year.

The directors' interests in the shares of the ultimate holding company are disclosed in the accounts of that company.

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 as at the end of the financial year 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 maintaining 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.

DIRECTORS' REPORT (CONTINUED)

AUDITORS

The auditors, Moore Stephens, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS

This report has been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

By order of the board:

A handwritten signature in dark ink, appearing to read 'M A Crane', written in a cursive style.

M A Crane
Secretary

11 September 1998

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 10 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, 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 as to whether 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 affairs of the company as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.


Moore Stephens
Registered Auditors
Chartered Accountants
57 London Road
Enfield
Middlesex
EN2 6SW

11 September 1998

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1998**

	Notes	1998 £	1997 £
TURNOVER		221,396	298,563
Cost of sales		148,712	184,074
GROSS PROFIT		72,684	114,489
Administrative expenses		32,432	57,828
OPERATING PROFIT	2	40,252	56,661
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		40,252	56,661
Tax on profit on ordinary activities		(8,145)	(15,351)
PROFIT FOR THE FINANCIAL YEAR		32,107	41,310

MALA SPECIAL WORKS LIMITED

MOORE STEPHENS

BALANCE SHEET
AT 31 MARCH 1998

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	4		1,061		-
CURRENT ASSETS					
Stocks	5	16,542		109	
Debtors	6	210,990		158,528	
Cash at bank and in hand		141		95,620	
		<u>227,673</u>		<u>254,257</u>	
CREDITORS: amounts falling due within one year	7	<u>(58,817)</u>		<u>(116,447)</u>	
NET CURRENT ASSETS			<u>168,856</u>		<u>137,810</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>169,917</u>		<u>137,810</u>
CAPITAL AND RESERVES					
Called up share capital	8		100		100
Profit and loss account	9		<u>169,817</u>		<u>137,710</u>
TOTAL SHAREHOLDERS' FUNDS			<u>169,917</u>		<u>137,810</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the board of directors on 11 September 1998 and signed on its behalf by:

K. Crane

K Crane
Director

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with the Financial Reporting Standard for Smaller Entities.

Consolidation

The company forms part of a medium-sized group. The ultimate parent company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Plant and machinery	25% on reducing balance
---------------------	-------------------------

Stocks

Work in progress is stated at the lower of cost and net realisable value.

Attributable profit and turnover in respect of long term contracts are calculated by applying the expected mark up on jobs to the appropriate costs included in cost of sales.

2. OPERATING PROFIT

Operating profit is stated:	1998 £	1997 £
After charging:		
Depreciation of fixed assets	187	183
Auditors' remuneration	-	2,750
	<u> </u>	<u> </u>

Auditors remuneration is paid by a fellow subsidiary, Mala Engineering Limited.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998

3. INFORMATION ON DIRECTORS AND EMPLOYEES

	1998 £	1997 £
Directors' emoluments		
Remuneration for management services	-	4,501

4. TANGIBLE FIXED ASSETS

	Plant and machinery etc. £
Cost:	
Additions	1,248
Depreciation:	
Charge for year	187
Net book value: At 31 March 1998	1,061

5. STOCKS

	1998 £	1997 £
Work in progress	16,542	109

6. DEBTORS

	1998 £	1997 £
Trade debtors	53,390	99,467
Amounts owed by group undertakings	157,600	59,061
	210,990	158,528

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

7. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Bank loans and overdrafts (secured)	14,150	-
Trade creditors	35,637	45,422
Amounts owed to group undertakings	-	48,071
Other creditors	9,030	22,954
	<u>58,817</u>	<u>116,447</u>

Bank overdrafts amounting to £14,150 (1997 £nil) are secured by a floating charge on all the assets of the company.

8. SHARE CAPITAL

	1998 £	1997 £
Authorised:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

9. PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
Retained profit at 1 April 1997	137,710	96,400
Profit for the year	<u>32,107</u>	<u>41,310</u>
Retained profit at 31 March 1998	<u>169,817</u>	<u>137,710</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

10. RELATED PARTY DISCLOSURES

During the year the company undertook the following transactions with its fellow subsidiaries:-

	1998 £	1997 £
Subcontract works provided:	105,378	35,558
Subcontract turnover:	91,594	-
Payment of service charges:	30,000	40,000

11. ULTIMATE PARENT COMPANY

The ultimate parent company is Mala Investments Limited a company incorporated in England.