

REGISTRAR'S COPY

MOORE STEPHENS

MALA INVESTMENTS LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MARCH 1998**

1477836



**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

SECRETARY

M A Crane

REGISTERED OFFICE

57 London Road
Enfield
Middlesex
EN2 6SW

REGISTERED NUMBER

1477836

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 that of a holding and property investment company.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year (or on appointment if later) were as follows:

K Crane and M A Crane	60 ordinary shares of £1 each (1997: 60) 118,422 preference shares of £1 each (1997: 118,422)
P F Zumeris	59 ordinary shares of £1 each (1997: 59)

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 black 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 as modified by the revaluation of certain fixed assets 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.

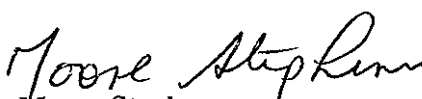
BASIS OF OPINION

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

MALA INVESTMENTS LIMITED

MOORE STEPHENS

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

	Notes	1998 £	1997 £
TURNOVER		30,000	25,000
Cost of sales		15,000	15,000
		<hr/>	<hr/>
GROSS PROFIT		15,000	10,000
Administrative expenses		626	307
		<hr/>	<hr/>
OPERATING PROFIT	2	14,374	9,693
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		14,374	9,693
Tax on profit on ordinary activities		(3,020)	(2,219)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		11,354	7,474
		<hr/>	<hr/>

MALA INVESTMENTS LIMITED

MOORE STEPHENS

BALANCE SHEET
AT 31 MARCH 1998

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	3		150,000		150,000
Investments	4		150,597		150,597
			<u>300,597</u>		<u>300,597</u>
CURRENT ASSETS					
Debtors	5	55,375		50,410	
Cash at bank and in hand		<u>57,252</u>		<u>35,097</u>	
		112,627		85,507	
CREDITORS: amounts falling due within one year					
	6	<u>(48,188)</u>		<u>(32,422)</u>	
NET CURRENT ASSETS			<u>64,439</u>		<u>53,085</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>365,036</u>		<u>353,682</u>
CAPITAL AND RESERVES					
Called up share capital	7		118,541		118,541
Share premium account	8		28,436		28,436
Revaluation reserve	9		109,398		109,398
Profit and loss account	10		<u>108,661</u>		<u>97,307</u>
TOTAL SHAREHOLDERS' FUNDS			<u>365,036</u>		<u>353,682</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 modified to include the revaluation of freehold land and buildings and are in accordance with the Financial Reporting Standard for Smaller Entities.

Consolidation

The company forms part of a medium-sized group. The 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

In the directors' opinion the residual value of the company's freehold property is equal to the valuation as stated. The company's policy is to fully maintain and improve such property. As a result no depreciation is charged.

2. OPERATING PROFIT

Operating profit is stated:	1998	1997
	£	£
After charging:		
Auditors' remuneration	-	277

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

3. TANGIBLE FIXED ASSETS

	Freehold land and buildings £
Cost:	
1 April 1997 and at 31 March 1998	150,000
Net book value:	
At 31 March 1998 and at 31 March 1997	150,000

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

3. TANGIBLE FIXED ASSETS - (continued)

The assets were revalued to increase the historical cost of £40,602 by £109,398 to £150,000.

4. INVESTMENTS

Cost or valuation:	Beginning and end of year £
Shares:	
Group undertakings	150,597
Net book value	<u>150,597</u>

Financial information summary:

The aggregate amount of capital and reserves and the results of these undertakings for the last financial year were as follows:-

		Capital and reserves £	Results £
Mala Mechanical Services Limited	100%	154,014	44,799
Mala Special Works Limited	100%	169,917	32,107
Mala Engineering Limited	100%	238,570	49,259
Mala Designs Limited	100%	13,350	(332)
Mala Management Limited	80%	100	-
Mala Maintenance Limited	90%	99,034	7,560
Mala Electrical Limited	100%	198,065	110,891
		<u>873,050</u>	<u>244,284</u>

All of the above holdings are in £1 ordinary shares. Mala Management Limited and Mala Designs Limited do not trade. All of the other companies trade in the installation, sale or maintenance of commercial air conditioning refrigeration and heating equipment or provide services complementary to these trades.

5. DEBTORS

	1998 £	1997 £
Amounts owed by group undertakings	45,375	25,375
Other debtors	10,000	25,035
	<u>55,375</u>	<u>50,410</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**
6. CREDITORS: amounts falling due within one year

	1998 £	1997 £
Amounts owed to group undertakings	60	60
Other creditors	48,128	32,362
	<u>48,188</u>	<u>32,422</u>

7. SHARE CAPITAL

	1998 £	1997 £
Authorised:		
Equity interests:		
119 Ordinary shares of £1 each	119	119
Non-equity interests:		
118,422 Preference shares of £1 each	118,422	118,422
	<u>118,541</u>	<u>118,541</u>
Allotted, called up and fully paid:		
Equity interests:		
119 Ordinary shares of £1 each	119	119
Non-equity interests:		
118,422 Preference shares of £1 each	118,422	118,422
	<u>118,541</u>	<u>118,541</u>

The preference shares are irredeemable and carry a dividend at a rate of 2% below the base rate of National Westminster Bank Plc.

These shares carry no voting rights, and rank prior to the ordinary shares on winding up for the amounts paid up on preference shares together with any arrears of the fixed dividend calculated to the date of such repayment.

There are no restrictions on the distribution or other rights attached to the ordinary shares. Each ordinary share carries the right to one vote.

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

8. SHARE PREMIUM ACCOUNT

	1998 £	1997 £
Equity interests:		
Balance at beginning of year	28,436	-
Premium on shares issued during the year	-	28,436
Balance at year end	<u>28,436</u>	<u>28,436</u>

9. REVALUATION RESERVE

	1998 £	1997 £
Balance at beginning and end of year	<u>109,398</u>	<u>109,398</u>

10. PROFIT AND LOSS ACCOUNT

	1998 £	1997 £
Retained profit at 1 April 1997	97,307	89,833
Profit for the year	11,354	7,474
Retained profit at 31 March 1998	<u>108,661</u>	<u>97,307</u>

11. RELATED PARTY DISCLOSURES

During the year the company charged Mala Engineering Limited, its subsidiary, £30,000 rent (1997 £25,000).