

**REGISTRAR'S
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MALA INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2005



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Mala Investments Limited

Directors

K Crane
M A Crane
P F Zumeris

Secretary and Registered Office

M A Crane
57 London Road
Enfield
Middlesex, EN2 6SW

Auditors

Moore Stephens LLP
57 London Road
Enfield
Middlesex, EN2 6SW

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 March 2005.

Review of Activities

The principal activity of the company during the year continued to be that of a holding and property investment company.

Directors' Interests

The interests as defined by the Companies Act 1985 of the directors in the share capital of the company at the beginning of the year and end of the year were:

Ordinary Shares of £1 each

	31 March 2005	1 April 2004
K Crane	30	30
M A Crane	30	30
P F Zumeris	59	59

Preference Shares of £1 each

	31 March 2005	1 April 2004
K Crane	88,224	88,224
M A Crane	30,198	30,198
P F Zumeris	-	-

Mala Investments Limited**Report of the Directors for the Year Ended 31 March 2005**

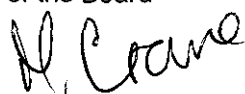
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Auditors

On 3 October 2005, Moore Stephens, the Company's auditor, transferred its entire business to Moore Stephens LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Moore Stephens as extending to Moore Stephens LLP with effect from 3 October 2005. A resolution to re-appoint Moore Stephens LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

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

By order of the Board



M A Crane
Secretary

22 DEC 2005

Mala Investments Limited

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 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 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 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.

Mala Investments Limited

Independent Auditors' Report to the Shareholders of Mala Investments Limited

We have audited the financial statements of Mala Investments Limited for the year ended 31 March 2005 set out on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (Effective June 2002), under the historical cost convention (or valuation) and the accounting policies set out on page 7.

This report is made solely to the company's members as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with United Kingdom 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 March 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

57 London Road
Enfield
Middlesex, EN2 6SW

12 JAN 2006

Moore Stephens LLP
MOORE STEPHENS LLP
Registered Auditors &
Chartered Accountants

Mala Investments Limited

Profit and Loss Account for the Year Ended 31 March 2005

	Note	2005 £	2004 £
Turnover		40,535	40,200
Cost of Sales		<u>(25,288)</u>	<u>(25,000)</u>
Gross Profit		15,247	15,200
Administrative Expenses		(4,214)	(10,962)
Other Operating Income		<u>13,746</u>	<u>18,434</u>
Operating Profit	2	24,779	22,672
Investment Income		2	-
Interest Payable and Similar Charges		<u>(5,176)</u>	<u>(7,000)</u>
Profit on Ordinary Activities Before Taxation		19,605	15,672
Taxation	4	<u>(168)</u>	<u>871</u>
Profit on Ordinary Activities After Taxation		<u><u>19,437</u></u>	<u><u>16,543</u></u>

Mala Investments Limited

Balance Sheet at 31 March 2005

	Note	£	2005	£	£	2004	£
Fixed Assets							
Tangible Assets	5			147,000			148,000
Investments	6			7,040			7,040
				<u>154,040</u>			<u>155,040</u>
Current Assets							
Debtors	7	355,271			400,785		
Cash at Bank and in Hand		230,545			164,624		
		<u>585,816</u>			<u>565,409</u>		
Creditors: Amounts Falling Due Within One Year	8	74,787			57,904		
Net Current Assets				<u>511,029</u>			<u>507,505</u>
Total Assets Less Current Liabilities				<u>665,069</u>			<u>662,545</u>
Creditors: Amounts Falling Due After More Than One Year	9			(10,011)			(26,924)
				<u>£655,058</u>			<u>£635,621</u>
Capital and Reserves							
Called Up Share Capital	10			118,541			118,541
Share Premium	11			28,436			28,436
Revaluation Reserve	11			109,398			109,398
Profit and Loss Account	11			398,683			379,246
				<u>£655,058</u>			<u>£635,621</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 (effective June 2002).

Approved by the Board on 22 DEC 2005

K. Crane

K Crane
Director

Mala Investments Limited

Notes to the Financial Statements for the Year Ended 31 March 2005

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents amounts receivable from rentals.

Tangible Fixed Assets

Tangible fixed assets are stated at cost (or valuation) less accumulated depreciation.

Depreciation is provided to write off the cost (or valuation) of tangible fixed assets as follows:

Freehold Properties - 50 years

Deferred Tax

Deferred taxation is provided for at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods that differ from those in which they are included in the financial statements.

Investments

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in their value.

Group Accounts

The company forms part of a medium sized group. The company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information about the company as an individual undertaking and not about its group.

2 Operating Profit

	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation of tangible assets	<u>1,000</u>	<u>1,000</u>

3 Directors' Emoluments

The directors did not receive any emoluments during the year.

Mala Investments Limited

Notes to the Financial Statements for the Year Ended 31 March 2005

continued

4 Taxation

	2005 £	2004 £
UK Corporation Tax - Current Year	-	3,000
UK Corporation Tax - Adjustment to Prior Years	168	(3,871)
	<u>£168</u>	<u>(£871)</u>

5 Tangible Fixed Assets

	Land and Buildings £
Cost (or valuation)	
At 1 April 2004 and 31 March 2005	<u>150,000</u>
Depreciation	
At 1 April 2004	2,000
Depreciation for the year	<u>1,000</u>
	<u>3,000</u>
Net Book Value	
At 31 March 2005	<u>£147,000</u>
At 1 April 2004	<u>£148,000</u>

In 1996, the properties were revalued to increase the historic cost of £40,602 by £109,398 to £150,000.

Mala Investments Limited

Notes to the Financial Statements for the Year Ended 31 March 2005

continued

6 Fixed Asset Investments

	2005 £	2004 £
Shares in Group Undertakings	<u>7,040</u>	<u>7,040</u>

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Mala Electrical Limited	England and Wales	Ordinary	80%
Mala Mechanical Services Limited	England and Wales	Ordinary	100%
Mala Special Works Limited	England and Wales	Ordinary	100%
Mala Maintenance Limited	England and Wales	Ordinary	90%
Mala Designs Limited	England and Wales	Ordinary	100%
Mala Management Limited	England and Wales	Ordinary	80%

The aggregate amount of capital and reserves and the results of these undertakings for the year ended 31 March 2005 were as follows:

	Capital and reserves £	Profit for the year £
Mala Electrical Limited	430,116	12,359
Mala Mechanical Services Limited	91,484	(90,691)
Mala Special Works Limited	141,143	49,613
Mala Maintenance Limited	19,169	12,645
Mala Designs Limited	12,630	nil
Mala Management Limited	100	nil

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.

7 Debtors

	2005 £	2004 £
Group Balances	318,302	341,667
Other Debtors	<u>36,969</u>	<u>59,118</u>
	<u>355,271</u>	<u>400,785</u>

Mala Investments Limited

Notes to the Financial Statements for the Year Ended 31 March 2005

continued

8 Creditors: Amounts Falling Due Within One Year

	2005 £	2004 £
Amounts Owed to Group Undertakings	60	60
Other Creditors	74,727	57,844
	<u>£74,787</u>	<u>£57,904</u>

9 Creditors: Amounts Falling Due After More Than One Year

	2005 £	2004 £
Other Creditors	<u>10,011</u>	<u>26,924</u>

10 Share Capital

	2005 £	2004 £
Authorised		
119 Ordinary Shares of £1 each	119	119
118,422 Preference Shares of £1 each	118,422	118,422
	<u>£118,541</u>	<u>£118,541</u>
	2005 £	2004 £
Allotted, Called Up and Fully Paid		
119 Ordinary Shares of £1 each	119	119
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. The 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. As at 31 March 2005 the shareholders have waived their entitlement to the accumulated dividends.

11 Reserves

	Revaluation Reserve £	Share Premium £	Profit and Loss Account £	Total £
At 1 April 2004	109,398	28,436	379,246	517,080
Retained for the year	-	-	19,437	19,437
At 31 March 2005	<u>109,398</u>	<u>28,436</u>	<u>398,683</u>	<u>536,517</u>

Mala Investments Limited**Notes to the Financial Statements for the Year Ended 31 March 2005**

continued

12 Contingent Liabilities

The company has given a cross guarantee and debenture securing the bank borrowings of its subsidiary undertakings and Mala Engineering Limited, a company in which K Crane, M A Crane and P F Zumeris are directors and shareholders. At 31 March 2005 the borrowings amounted to £182,619 (2004: £109,341).

13 Related Parties

The company's controlling party is K Crane and M A Crane jointly.

During the year, the company charged Mala Engineering Limited rent of £40,000 (2004: £40,000).

During the year the company was charged rent of £25,288 (2004: £25,000) by the Mala Directors' Pension Fund. The company has loans due to the Pension Fund of £58,007 (2004: £80,325), which are included within Other Creditors. During the year interest of £5,176 (2004: £7,000) has been charged on these loans.

At 31 March 2005, the net amount due to the company by its subsidiaries and Mala Engineering Limited was £345,211 (2004: 390,585).