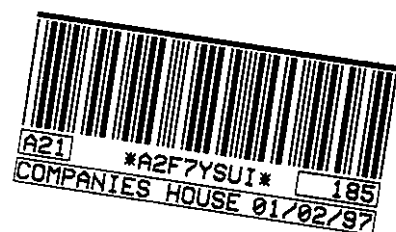


**AVELAIR LIMITED
(FORMERLY POWER SOURCE INTERNATIONAL LTD)**

ABBREVIATED FINANCIAL STATEMENTS

30TH APRIL 1996

Registered number: 2800984



AVELAIR LIMITED
ABBREVIATED FINANCIAL STATEMENTS
for the year ended 30th April 1996

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AVELAIR LIMITED**AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS**

**Auditors' report to
Avelair Limited
pursuant to paragraph 24 of Schedule 8
to the Companies Act 1985**

We have examined the abbreviated financial statements on pages 2 to 5 together with the financial statements of Avelair Limited prepared under section 226 of the Companies Act 1985 for the year ended 30th April 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 2 and whether the abbreviated financial statements have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated financial statements have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 30th April 1996, and the abbreviated financial statements on pages 2 to 5 have been properly prepared in accordance with that Schedule.

Other information

On 5th December 1996 we reported, as auditors of Avelair Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30th April 1996, and our audit report was as follows:

'We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3, 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.

continued

AVELAIR LIMITED**AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS**

(continued)

**Auditors' report to
Avelair Limited
pursuant to paragraph 24 of Schedule 8
to the Companies Act 1985**

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 that the financial statements are free from material misstatement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.


Going concern

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the accounts concerning the reliance of the company on the continued support of its bankers and directors. In view of the significance of this reliance we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th April 1996 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.'

Fulcrum House
7 The Norwich Business Park
Whiting Road
Norwich
Norfolk


KIDSONS IMPEY
Registered Auditors
Chartered Accountants

5th December 1996

AVELAIR LIMITED
ABBREVIATED BALANCE SHEET
at 30th April 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	2		27,084		33,196
Current assets					
Stocks		180,620		130,423	
Debtors	3	116,317		141,454	
Cash at bank and in hand		137		20	
		<u>297,074</u>		<u>271,897</u>	
Creditors: amounts falling due within one year	4	<u>356,703</u>		<u>(330,406)</u>	
Net current liabilities			<u>(59,629)</u>		<u>(58,509)</u>
Total assets less current liabilities			<u>(32,545)</u>		<u>(25,313)</u>
Capital and reserves					
Called up share capital	5	380,000		300,000	
Profit and loss account		<u>(412,545)</u>		<u>(325,313)</u>	
Total shareholders' deficit			<u>(32,545)</u>		<u>(25,313)</u>

The shareholders' deficit is all attributable to equity interests.

The directors have taken advantage of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

The abbreviated financial statements on pages 2 to 5 were approved by the board of directors on
5th December 1996


T.F.Harris
Director

AVELAIR LIMITED**NOTES ON ABBREVIATED FINANCIAL STATEMENTS****30th April 1996****1 Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

Depreciation

Depreciation of fixed assets is calculated to write off their cost less any residual value over their estimated useful lives as follows:

Computer	20% straight line
Plant and machinery	10% straight line
Motor vehicles	25% straight line
Fixtures and equipment	10% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Going concern

The financial statements have been prepared on a going concern basis and rely upon the continued support of the company's bank and directors.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Research and development

Expenditure on research and development incurred in the year other than on fixed assets is charged against profit.

AVELAIR LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th April 1996

2 Fixed assets

		Tangible fixed assets
Cost		£
1st May 1995		46,506
Additions		3,503
Disposals		4,000
30th April 1996		<u>46,009</u>
Depreciation		
1st May 1995		13,310
Charge for year		8,565
Disposals		2,950
30th April 1996		<u>18,925</u>
Net book amount		
30th April 1996		<u><u>27,084</u></u>
1st May 1995		<u><u>33,196</u></u>

3 Debtors

All debtors are due within one year.

4 Creditors:

All creditors are due within one year.

Secured creditors

Bank overdraft	<u>149,862</u>	<u>144,133</u>
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AVELAIR LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th April 1996

5 Called up share capital

	1996		1995	
	Number of		Number of	
	shares	£	shares	£
Authorised				
Equity shares				
Ordinary shares of £1 each	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Allotted called up and fully paid				
Equity shares				
Ordinary shares of £1 each	<u>380,000</u>	<u>380,000</u>	<u>300,000</u>	<u>300,000</u>

6 Transactions involving directors

During the year a company in which two of the directors have a material interest agreed to act as a guarantor to the company's overdraft limit of £150,000.