

AIRCONAIRE SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 AUGUST 2003**



AIRCONAIRE SERVICES LIMITED

COMPANY INFORMATION

DIRECTORS

J H Allen
R D S Allen

SECRETARY

D Allen

COMPANY NUMBER

1935529

REGISTERED OFFICE

Unit 6 Deacon Trading Estate
Knight Road
Strood, Rochester
Kent
ME2 2AU

AUDITORS

Bourner Bullock
Chartered Accountants & Registered Auditors
Sovereign House
212-224 Shaftesbury Avenue
London
WC2H 8HQ

DIRECTORS' REPORT
For the year ended 31 August 2003

The directors present their report and the financial statements for the year ended 31 August 2003.

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.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity during the year was the servicing and maintenance of air-conditioning and ventilation equipment.

The directors consider that the company's performance during the current year and its year end position to be satisfactory, and believe the company will continue to prosper in the future.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £27,574 (2002 - Loss £89,707) .

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>31/8/03</u>	<u>1/9/02</u>
J H Allen	1	1
R D S Allen	-	-

JH Allen's interest in the share capital of the company is as a nominee for the parent undertaking, Canex Refrigeration Limited.

The directors' interests in other group companies are disclosed within the relevant company's report and financial statements.

AIRCONAIRE SERVICES LIMITED

DIRECTORS' REPORT
For the year ended 31 August 2003

AUDITORS

The auditors, Bournier Bullock, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 5 APRIL 2004 and signed on its behalf.



D Allen
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AIRCONAIRE SERVICES LIMITED

We have audited the financial statements of Airconaire Services Limited for the year ended 31 August 2003 set out on pages 5 to 13. These financial statements have been prepared under the historical cost convention 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 AUDIT 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AIRCONAIRE SERVICES LIMITED

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bourner Bullock

Bourner Bullock

Chartered Accountants
Registered Auditors

Sovereign House
212-224 Shaftesbury Avenue
London
WC2H 8HQ

1 June 2004

AIRCONAIRE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 August 2003

	Note	2003 £	2002 £
TURNOVER	1, 2	644,656	611,035
Cost of sales		<u>(415,149)</u>	<u>(466,020)</u>
GROSS PROFIT		229,507	145,015
Administrative expenses		(418,739)	(460,471)
Other operating income	3	<u>222,978</u>	<u>182,823</u>
OPERATING PROFIT/(LOSS)	4	33,746	(132,633)
Interest receivable		783	9,755
Interest payable	7	<u>(4,510)</u>	<u>(1,618)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		30,019	(124,496)
TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES	8	<u>(2,445)</u>	<u>34,789</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>£ 27,574</u>	<u>£ (89,707)</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

The notes on pages 7 to 13 form part of these financial statements.

AIRCONAIRE SERVICES LIMITED

BALANCE SHEET
As at 31 August 2003

	Note	2003	2002
		£	£
FIXED ASSETS			
Tangible fixed assets	9	350,058	360,058
Investments	10	15,000	15,000
		<u>365,058</u>	<u>375,058</u>
CURRENT ASSETS			
Debtors	11	239,163	264,847
Cash at bank		29,845	14,653
		<u>269,008</u>	<u>279,500</u>
CREDITORS: amounts falling due within one year	12	(219,033)	(277,582)
NET CURRENT ASSETS		<u>49,975</u>	<u>1,918</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>415,033</u>	<u>376,976</u>
CREDITORS: amounts falling due after more than one year	13	(36,539)	(26,056)
NET ASSETS		<u>£ 378,494</u>	<u>£ 350,920</u>
CAPITAL AND RESERVES			
Called up share capital	14	37,000	37,000
Profit and loss account	15	341,494	313,920
SHAREHOLDERS' FUNDS - All Equity		<u>£ 378,494</u>	<u>£ 350,920</u>

The financial statements were approved by the board on 5 April 2004 and signed on its behalf.


J H Allen
Director


R D S Allen
Director

The notes on pages 7 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	5% straight line
Plant & Machinery	-	33% reducing balance
Motor Vehicles	-	25% reducing balance
Office Equipment	-	25% reducing balance

1.4 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

1.6 Deferred taxation

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

1.7 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2. TURNOVER

The whole of the turnover is attributable to the servicing and maintenance of air-conditioning and ventilation equipment.

All turnover arose within the United Kingdom.

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2003

3. OTHER OPERATING INCOME

	2003 £	2002 £
Other operating income	-	7
Fees received	222,978	182,816
	<u>£ 222,978</u>	<u>£ 182,823</u>

4. OPERATING PROFIT/(LOSS)

The operating profit/(loss) is stated after charging:

	2003 £	2002 £
Depreciation of tangible fixed assets:		
- owned by the company	19,725	20,477
- held under finance leases	49,447	46,206
Auditors' remuneration	2,963	3,101
Operating lease rentals:		
- other operating leases	2,123	2,466
	<u>2,123</u>	<u>2,466</u>

5. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2003 £	2002 £
Wages and salaries	367,376	318,268
Social security costs	1,489	1,030
Other pension costs	7,032	22,620
	<u>£ 375,897</u>	<u>£ 341,918</u>

The average monthly number of employees, including directors, during the year was as follows:

	2003	2002
Directors	2	2
	<u>2</u>	<u>2</u>

6. DIRECTORS' REMUNERATION

	2003 £	2002 £
Emoluments	£ 77,787	£ 62,519
	<u>£ 77,787</u>	<u>£ 62,519</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

7. INTEREST PAYABLE

	2003 £	2002 £
On bank loans and overdrafts	820	16
On finance leases and hire purchase contracts	3,690	1,602
	<u>£ 4,510</u>	<u>£ 1,618</u>

8. TAXATION

	2003 £	2002 £
Analysis of tax charge in year		
UK corporation tax charge/(credit) on profit/(loss) of the year	3,500	(33,000)
Adjustments in respect of prior periods	(1,055)	(1,789)
Tax on profit on ordinary activities	<u>£ 2,445</u>	<u>£ (34,789)</u>

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2003 £	2002 £
Profit/(loss) on ordinary activities before tax	30,019	(124,496)
Profit/(loss) on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19% (2002 - 32.5)	5,704	(40,461)
Effects of:		
Expenses not deductible for tax purposes	1,060	7,461
Capital allowances for period in excess of depreciation	2,136	-
Utilisation of tax losses	(5,400)	-
Adjustments to tax charge in respect of prior periods	(1,055)	(1,789)
Current tax charge for year (see note above)	<u>£ 2,445</u>	<u>£ (34,789)</u>

There were no factors that may affect future tax charges.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

9. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2002	358,679	70,645	281,056	39,481	749,861
Additions	-	-	84,965	-	84,965
Disposals	-	-	(60,763)	-	(60,763)
At 31 August 2003	358,679	70,645	305,258	39,481	774,063
Depreciation					
At 1 September 2002	143,472	67,194	142,440	36,697	389,803
Charge for the year	17,934	863	49,447	928	69,172
On disposals	-	-	(34,970)	-	(34,970)
At 31 August 2003	161,406	68,057	156,917	37,625	424,005
Net book value					
At 31 August 2003	£ 197,273	£ 2,588	£ 148,341	£ 1,856	£ 350,058
At 31 August 2002	£ 215,207	£ 3,451	£ 138,616	£ 2,784	£ 360,058

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2003 £	2002 £
Motor vehicles	£ 148,341	£ 138,616

10. FIXED ASSET INVESTMENTS

	Shares in group under- takings £
Cost	
At 1 September 2002 and 31 August 2003	£ 15,000

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

10. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Airconaire Limited	76%
Airconaire Products Limited	100%

The aggregate of the share capital and reserves as at 31 August 2003 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Airconaire Limited	102,642	34,729
Airconaire Products Limited	10,121	-
	<u>112,763</u>	<u>34,729</u>

11. DEBTORS

	2003 £	2002 £
Due within one year		
Amounts owed by group undertakings	229,469	218,926
Other debtors	-	36,937
Prepayments and accrued income	9,694	8,984
	<u>£ 239,163</u>	<u>£ 264,847</u>

12. CREDITORS:

Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	39,379	27,035
Net obligations under finance leases and hire purchase contracts	46,744	50,239
Trade creditors	6,160	6,450
Amounts owed to group undertakings	101,930	152,208
Corporation tax	3,500	-
Social security and other taxes	10,320	2,650
Other creditors	-	28,000
Accruals and deferred income	11,000	11,000
	<u>£ 219,033</u>	<u>£ 277,582</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

13. CREDITORS:

Amounts falling due after more than one year

	2003 £	2002 £
Net obligations under finance leases and hire purchase contracts	£ 36,539	£ 26,056

Obligations under finance leases and hire purchase contracts, included above, are payable as follows:

	2003 £	2002 £
Between two and five years	£ 36,539	£ 26,056

14. SHARE CAPITAL

	2003 £	2002 £
Authorised		
50,000 Ordinary shares of £1 each	£ 50,000	£ 50,000
Allotted, called up and fully paid		
(37,000) Ordinary shares of £1 each	£ 37,000	£ 37,000

15. RESERVES

Profit and loss account	£
At 1 September 2002	313,920
Profit retained for the year	27,574
	<hr/>
At 31 August 2003	£ 341,494

16. RELATED PARTY TRANSACTIONS

Canex Refrigeration Limited

During the year the company had transactions with Canex Refrigeration Limited, the parent undertaking. In the year the company was charged £118,266 (2002: £201,607) of fees for management and administration services by Canex Refrigeration Limited. At the year end the company owed Canex Refrigeration Limited £101,930 (2002: £152,208).

Airconaire Limited

During the year the company had transactions with Airconaire Limited, a 76% subsidiary undertaking. In the year the company paid for expenses on Airconaire Limited's behalf, and vice versa. The company also charged Airconaire Limited £222,978 (2002: £182,816) for management and administration services. At the year end Airconaire Limited owed the company £229,469 (2002: £216,648).

Airconaire Products Limited

Airconaire Products Limited is a wholly owned subsidiary undertaking. During the year Airconaire Products Limited cleared the historic balance of £2,278 that was due to the company.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2003

17. CONTROLLING PARTY

The company is a wholly owned subsidiary of Canex Refrigeration Limited, the immediate and ultimate parent undertaking, which is incorporated in England and Wales. The ultimate controlling party of the group is JH Allen, a director of this company.