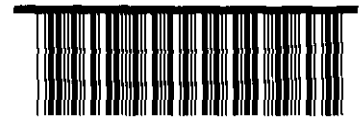


Registered number: 1935529

AIRCONAIRE SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 AUGUST 2004**



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29/04/05

AIRCONAIRE SERVICES LIMITED

DIRECTORS' REPORT For the year ended 31 August 2004

The directors present their report and the financial statements for the year ended 31 August 2004.

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 £36,897 (2003 - £27,574).

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	
	31/8/04	1/9/03
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 2004

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 *29 MARCH 2005* and signed on its behalf.

D Allen

D Allen
Secretary

AIRCONAIRE SERVICES LIMITED

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 2004 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.

AIRCONAIRE SERVICES LIMITED

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 2004 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

Date: *28 April 2005*

AIRCONAIRE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 August 2004

	Note	2004 £	2003 £
TURNOVER	1, 2	570,010	644,656
Cost of sales		(419,600)	(415,149)
GROSS PROFIT		150,410	229,507
Administrative expenses		(396,091)	(418,739)
Other operating income	3	287,051	222,978
OPERATING PROFIT	4	41,370	33,746
Interest receivable		1,239	783
Interest payable	7	(3,893)	(4,510)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		38,716	30,019
TAX ON PROFIT ON ORDINARY ACTIVITIES	8	(1,819)	(2,445)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		36,897	27,574

All amounts relate to continuing operations.

There were no recognised gains and losses for 2004 or 2003 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 2004

	Note	£	2004 £	£	2003 £
FIXED ASSETS					
Tangible fixed assets	9		329,106		350,058
Investments	10		15,000		15,000
			<u>344,106</u>		<u>365,058</u>
CURRENT ASSETS					
Debtors	11	234,023		239,163	
Cash at bank		3,277		29,845	
		<u>237,300</u>		<u>269,008</u>	
CREDITORS: amounts falling due within one year	12	(119,288)		(219,035)	
NET CURRENT ASSETS			<u>118,012</u>		<u>49,973</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>462,118</u>		<u>415,031</u>
CREDITORS: amounts falling due after more than one year	13		(46,729)		(36,539)
NET ASSETS			<u><u>415,389</u></u>		<u><u>378,492</u></u>
CAPITAL AND RESERVES					
Called up share capital	14		37,000		37,000
Profit and loss account	15		378,389		341,492
SHAREHOLDERS' FUNDS - All Equity			<u><u>415,389</u></u>		<u><u>378,492</u></u>

The financial statements were approved by the board on 29/03/05 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 2004

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.

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2004

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.

3. OTHER OPERATING INCOME

	2004 £	2003 £
Other operating income	51	-
Fees received	287,000	222,978
	<u>287,051</u>	<u>222,978</u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	2004 £	2003 £
Depreciation of tangible fixed assets:		
- owned by the company	22,379	19,725
- held under finance leases	49,923	49,447
Auditors' remuneration	4,345	2,963
Operating lease rentals:		
- other operating leases	1,363	2,123
	<u>88,010</u>	<u>74,258</u>

5. STAFF COSTS

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

	2004 £	2003 £
Wages and salaries	350,420	367,376
Social security costs	1,875	1,489
Other pension costs	23,772	7,032
	<u>376,067</u>	<u>375,897</u>

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

	2004	2003
Directors	<u>2</u>	<u>2</u>

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2004

6. DIRECTORS' REMUNERATION

	2004 £	2003 £
Emoluments	<u>71,872</u>	<u>77,787</u>

7. INTEREST PAYABLE

	2004 £	2003 £
On bank loans and overdrafts	89	820
On finance leases and hire purchase contracts	3,804	3,690
	<u>3,893</u>	<u>4,510</u>

8. TAXATION

	2004 £	2003 £
Analysis of tax charge in year		
UK corporation tax charge on profits of the year	2,350	3,500
Adjustments in respect of prior periods	(531)	(1,055)
Total current tax	<u>1,819</u>	<u>2,445</u>
Tax on profit on ordinary activities	<u>1,819</u>	<u>2,445</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 applicable to the company (19%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	<u>38,716</u>	<u>30,019</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19% (2003 - 19)	7,356	5,704
Effects of:		
Expenses not deductible for tax purposes	413	1,060
Depreciation in excess of capital allowances	4,557	2,136
Utilisation of tax losses	-	(5,400)
Utilisation of group relief	(9,976)	-
Adjustments to tax charge in respect of prior periods	(531)	(1,055)
Current tax charge for year (see note above)	<u>1,819</u>	<u>2,445</u>

There were no factors that may affect future tax charges.

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2004

9. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2003	358,679	70,645	305,258	39,481	774,063
Additions	-	-	86,272	-	86,272
Disposals	-	-	(86,653)	-	(86,653)
At 31 August 2004	358,679	70,645	304,877	39,481	773,682
Depreciation					
At 1 September 2003	161,406	68,056	156,918	37,625	424,005
Charge for the year	17,934	2,589	49,923	1,856	72,302
On disposals	-	-	(51,731)	-	(51,731)
At 31 August 2004	179,340	70,645	155,110	39,481	444,576
Net book value					
At 31 August 2004	179,339	-	149,767	-	329,106
At 31 August 2003	197,273	2,589	148,340	1,856	350,058

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

	2004	2003
	£	£
Motor vehicles	149,027	148,341

10. FIXED ASSET INVESTMENTS

	Shares in group under- takings £
Cost	
At 1 September 2003 and 31 August 2004	15,000

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2004

10. FIXED ASSET INVESTMENTS (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the company, both of which are incorporated in England and Wales:

Airconaire Limited	76%
Airconaire Products Limited	100%

The aggregate of the share capital and reserves as at 31 August 2004 and of the profit or loss for the year ended on that date for the subsidiary undertakings was as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Airconaire Limited	133,371	30,730
Airconaire Products Limited	10,121	-
	<u>143,492</u>	<u>30,730</u>

11. DEBTORS

	2004 £	2003 £
Due within one year		
Trade debtors	2,470	-
Amounts owed by group undertakings	221,517	229,469
Prepayments and accrued income	10,036	9,694
	<u>234,023</u>	<u>239,163</u>

12. CREDITORS:

Amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	4,516	39,379
Net obligations under finance leases and hire purchase contracts	41,104	46,744
Trade creditors	6,778	6,162
Amounts owed to group undertakings	25,930	101,930
Corporation tax	2,350	3,500
Social security and other taxes	26,437	10,320
Accruals and deferred income	12,173	11,000
	<u>119,288</u>	<u>219,035</u>

The bank overdraft is secured against the freehold property.

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2004

13. CREDITORS:

Amounts falling due after more than one year

	2004	2003
	£	£
Net obligations under finance leases and hire purchase contracts	<u>46,729</u>	<u>36,539</u>

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

	2004	2003
	£	£
Between two and five years	<u>46,729</u>	<u>36,539</u>

14. SHARE CAPITAL

	2004	2003
	£	£
Authorised		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
37,000 Ordinary shares of £1 each	<u>37,000</u>	<u>37,000</u>

15. RESERVES

	£
Profit and loss account	
At 1 September 2003	341,492
Profit retained for the year	36,897
	<u>378,389</u>
At 31 August 2004	

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 £114,405 (2003: £118,266) of fees for management and administration services by Canex Refrigeration Limited. At the year end the company owed Canex Refrigeration Limited £25,930 (2003: £101,930).

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 £287,000 (2003: £222,978) for management and administration services. At the year end Airconaire Limited owed the company 221,517 (2003: £229,469).

Airconaire Products Limited

Airconaire Products Limited is a wholly owned subsidiary undertaking.

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 August 2004

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.