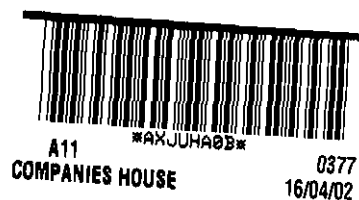


AIRCONAIRE SERVICES LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 AUGUST 2001**



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

AIRCONAIRE SERVICES LIMITED

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AIRCONAIRE SERVICES LIMITED

DIRECTORS' REPORT For the year ended 31 August 2001

The directors present their report and the financial statements for the year ended 31 August 2001.

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

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

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>31/8/01</u>	<u>1/9/00</u>
J H Allen	-	-
R D S Allen	-	-

The directors interests in the shares of the ultimate parent undertaking are disclosed in the directors' report of that company.

AUDITORS

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

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

This report was approved by the board on 2 APRIL 2002 and signed on its behalf.

D Allen
Secretary

D. J. Allen

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 2001 set out on pages 3 to 10. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000) under the historical cost convention and the accounting policies set out on page 5.

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.

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 2001 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

11 April 2002

AIRCONAIRE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT
For the year ended 31 August 2001

	Note	2001 £	2000 £
TURNOVER	1	693,505	626,267
Cost of sales		(380,341)	(328,438)
GROSS PROFIT		313,164	297,829
Administrative expenses		(98,500)	(254,921)
Other operating income	2	198	350
OPERATING PROFIT	3	214,862	43,258
Income from investments in related companies		53,571	55,000
Interest receivable		26,145	23,172
Interest payable		(1,167)	(3,508)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		293,411	117,922
TAX ON PROFIT ON ORDINARY ACTIVITIES	5	(56,309)	(37,372)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		237,102	80,550
DIVIDENDS	6	(186,000)	(60,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		51,102	20,550
RETAINED PROFIT BROUGHT FORWARD		352,525	331,975
RETAINED PROFIT CARRIED FORWARD		<u>£ 403,627</u>	<u>£ 352,525</u>

The notes on pages 5 to 10 form part of these financial statements.

AIRCONAIRE SERVICES LIMITED

BALANCE SHEET As at 31 August 2001

	Note	£	2001 £	£	2000 £
FIXED ASSETS					
Tangible fixed assets	7		417,926		426,860
Investments	8		15,000		15,000
			<u>432,926</u>		<u>441,860</u>
CURRENT ASSETS					
Debtors	9	193,674		79,435	
Cash at bank and in hand		385,484		663,219	
			<u>579,158</u>	<u>742,654</u>	
CREDITORS: amounts falling due within one year	10	(514,636)		(746,515)	
NET CURRENT ASSETS/(LIABILITIES)			<u>64,522</u>		<u>(3,861)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>497,448</u>		<u>437,999</u>
CREDITORS: amounts falling due after more than one year	11		(56,821)		(48,474)
NET ASSETS			<u>£ 440,627</u>		<u>£ 389,525</u>
CAPITAL AND RESERVES					
Called up share capital	12		37,000		37,000
Profit and loss account			403,627		352,525
SHAREHOLDERS' FUNDS			<u>£ 440,627</u>		<u>£ 389,525</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements were approved by the board on 2 April 2002 and signed on its behalf.

J H Allen
Director

R D S Allen
Director

The notes on pages 5 to 10 form part of these financial statements.

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2001

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.2 Cash flow

The financial statements 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 the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.3 Turnover

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

1.4 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 land	-	5% straight line
Plant and equipment	-	33% reducing balance
Motor vehicles	-	25% reducing balance
Office equipment	-	25% reducing balance

1.5 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.

1.6 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 as incurred.

2. OTHER OPERATING INCOME

	2001 £	2000 £
Other operating income	198	350

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2001

3. OPERATING PROFIT

The operating profit is stated after charging:

	2001	2000
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	21,556	22,479
- held under finance leases	58,670	55,094
Auditors' remuneration	2,295	2,172
Pension costs	7,418	2,910
	<u> </u>	<u> </u>

4. DIRECTORS' REMUNERATION

	2001	2000
	£	£
Aggregate emoluments	£ 73,712	£ 66,802
	<u> </u>	<u> </u>

5. TAXATION

	2001	2000
	£	£
UK Corporation tax	56,309	32,372
Tax on franked investment income	-	5,000
	<u> </u>	<u> </u>
	£ 56,309	£ 37,372
	<u> </u>	<u> </u>

6. DIVIDENDS

	2001	2000
	£	£
Total dividends proposed	£ 186,000	£ 60,000
	<u> </u>	<u> </u>

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2001

7. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fittings and equipment	Total
	£	£	£	£	£
Cost					
At 1 September 2000	358,679	78,145	274,481	39,481	750,786
Additions	-	-	110,297	-	110,297
Disposals	-	(7,500)	(74,361)	-	(81,861)
At 31 August 2001	358,679	70,645	310,417	39,481	779,222
Depreciation					
At 1 September 2000	107,604	64,509	118,596	33,217	323,926
Charge for the year	17,934	1,534	58,670	2,088	80,226
On disposals	-	-	(42,856)	-	(42,856)
At 31 August 2001	125,538	66,043	134,410	35,305	361,296
Net book value					
At 31 August 2001	£ 233,141	£ 4,602	£ 176,007	£ 4,176	£ 417,926
At 31 August 2000	£ 251,075	£ 13,636	£ 155,885	£ 6,264	£ 426,860

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

	2001 £	2000 £
Motor vehicles	176,007	155,886
Furniture, fittings and equipment	4,176	6,264
	£ 180,183	£ 162,150

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2001

8. FIXED ASSET INVESTMENTS

	Shares in group under- takings £
Cost	
At 1 September 2000 and 31 August 2001	£ 15,000

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Airconaire Limited

Airconaire Products Limited

The aggregate of the share capital and reserves as at 31 August 2001 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	67,438	67,010
Airconaire Products Limited	10,121	-

9. DEBTORS

	2001 £	2000 £
Due within one year		
Trade debtors	-	969
Amounts owed by group undertakings	119,936	2,278
Other debtors	73,738	76,188
	£ 193,674	£ 79,435

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 August 2001

10. CREDITORS:

Amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	6,905	-
Net obligations under finance leases and hire purchase contracts	69,577	55,212
Trade creditors	-	7,071
Amounts owed to group undertakings	152,208	603,208
Corporation tax	70,000	34,267
Social security and other taxes	2,338	1,439
Other creditors	213,608	45,318
	<u>£ 514,636</u>	<u>£ 746,515</u>

11. CREDITORS:

Amounts falling due after more than one year

	2001 £	2000 £
Net obligations under finance leases and hire purchase contracts	<u>£ 56,821</u>	<u>£ 48,474</u>

12. SHARE CAPITAL

	2001 £	2000 £
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>

AIRCONAIRE SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 August 2001

13. RELATED PARTY TRANSACTIONS

During the year the company had transactions with Canex Refrigeration Limited, the parent undertaking. In the year Airconaire Services Limited was charged £327,943 (2000 - £291,715) of fees for management and administrative services by Canex Refrigeration Limited, and a proposed dividend of £186,000 (2000 - £60,000) is due to them. At the year end Airconaire Services Limited owed Canex Refrigeration Limited £152,208 (2000 - £137,208).

During the year the company had transactions with Airconaire Limited, a 76% subsidiary. In the year Airconaire Services Limited paid for expenses on Airconaire Limited's behalf, and vice versa. The company also charged Airconaire Limited £522,154 (2000 - £300,000) of management and administration services, and has accounted for a final dividend receivable of £50,000. At the year end Airconaire Limited owed 117,658 to Airconaire Services Limited (2000 - £466,000) and Airconaire Services Limited was also owed £53,571 relating to the final dividend receivable in other debtors.

At the year end Airconaire Services Limited was owed £2,278 (2000 - £2,278) by Airconaire Products Limited, a wholly owned subsidiary, there had been no transactions between the companies during the year.

14. ULTIMATE PARENT UNDERTAKING AND 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 J H Allen, a director of this company.