Longville Group Limited

Report and Financial Statements for the 52 weeks ended 29 December 2001

Registered in England and Wales No. 3807755

Longville Group Limited *Mission Statement*

Our vision is to create a worldwide specialist rental group via organic growth and acquisition, offering a focused range of specialist products and services to a diverse customer base across a wide spread of geographic and industry sectors, thereby **delivering sustained growth and increasing shareholder value.**

Contents

From day one, our intention has been to expand the group and create a truly international business. By combining a 'buy and build' strategy with organic growth across the enlarged group, Longville is achieving its aim to be a global player in the specialist rental market.

Eric Hook, Chief Executive

Financial Highlights

(a) Trading activity

This has been a good year for the Longville Group, with turnover and EBITDA for the 52 week period ended 29 December 2001 rising to £54.3 million and £15.3 million respectively compared with £42.6 million and £13.0 million respectively for the 52 weeks to 30 December 2000. This growth has been boosted by the acquisition of NuTemp Inc on 24 May 2001, which has contributed additional turnover of £7.7 million and EBITDA of £2.2 million in its post acquisition period.

	Continuing operations 29 December 2001	Acquisitions 29 December 2001	52 weeks ended 29 December 2001	Unaudited proforma 52 weeks ended: Total 30 December 2000	Unaudited proforma 52 weeks ended: Total 1 January 2000
	£'000	£'000	£'000	£'000	£'000
Turnover	46,605	7,724	54,329	42,623	38,555
EBITDA	13,066	2,211	15,277	12,977	11,483
Depreciation	(6,210)	(1,289)	(7,499)	(5,663)	(5,613)
Operating profit before exceptionals and goodwill	6,856	922	7,778	7,314	5,870
Exceptional items	(393)	-	(393)	(487)	(317)
Goodwill amortisation	(3,120)	(44)	(3,164)	(3,014)	(2,692)
Operating profit	3,343	878	4,221	3,813	2,861
Net cash interest payable			(3,625)		
Loan notes in lieu of interest			(3,428)		
Amortisation of debt issue costs			(925)		
Loss before taxation			(3,757)		

EBITDA represents earnings before interest, taxation, depreciation and amortisation and is stated above before exceptional items
The above unaudited proforma results have been prepared from an aggregation of the trading results of the individual businesses of the group at 30 December 2000 as if the group created on 28 September 1999 by the acquisitions of SLD Pumps Limited and Dulverton International Limited had been in existence throughout the period prior to that date. They include an estimate of head office costs based on the group structure at 30 December 2000 and adjustments to reflect Longville accounting policies.

(b) Consolidated Balance sheet

Longville is a management buy-in/buy-out vehicle funded by a mixture of institutional venture capital funding and bank borrowings and is therefore, by its nature, relatively highly geared. To maximise fiscal efficiency of the funding structure, the majority of the institutional equity investment has been made in the form of loan notes rather than ordinary or preference share capital. Since accounting principles require the loan notes to be disclosed within long term liabilities on the balance sheet, this understates the total shareholder investment in the group resulting in a balance sheet with an overall net liability position. The balance sheet below has been reanalysed to show the full extent of the shareholder investment in the group:

	52 weeks ended 29 December 2001 £'000
Goodwill	50,420
Tangible fixed assets	31,371
Net current liabilities	(5,681)
Total assets less current liabilities	76,110
Creditors due after one year excluding shareholder loan notes	(39,575)
Provisions for liabilities and charges	(957)
Net assets excluding shareholder loan notes	35,578
Share capital and reserves	
Share capital and share premium	1,474
Profit and loss account	(8,518)
	(6,894)
Shareholder loan notes	42,622
Total shareholder investment	35,578

Longville leads the specialist pump rental market with the largest hire fleet in the world, is the second largest temperature control provider in the USA and Europe and the number two provider of temporary power in the UK.

The directors present their report and the audited financial statements for the 52 weeks ended 29 December 2001.

The company's financial calendar is determined in whole weeks on a 4,4,5 week monthly cycle each ending on a Saturday.

Principal activity

The principal activity of the group is the supply of temporary pumping, temperature control and power, utilising its purpose designed fleet of equipment across a broad range of sectors and on an expanding geographical footprint.

The company is an investment holding company.

Background to Longville

The company is a management buy-in/buy-out vehicle supported by Bridgepoint Capital, a leading European venture capital company, with a significant minority stake held by directors and group management.

The initial platform for the group was provided by the simultaneous acquisitions of SLD Pumps Limited, SLD Genlite Limited and the Chiller Rental Services group of companies in September 1999, which established the group in its core specialist rental markets of pumps, power and temperature control within the UK and temperature control across Europe.

Directors' Report *for the 52 weeks ended 29 December 2001*

Longville has been transformed over the last two years from being three independent predominantly UK based companies into a world leading group operating in Europe, the Far East and North America.

The initial platform was consolidated and strengthened during 2000 through bolt-on acquisitions within the UK, integration of the UK businesses and the set-up of subsidiaries in the USA, Singapore and Poland.

On 24 May 2001 the group significantly expanded its operations in the USA through the acquisition of NuTemp Inc, the second largest rental provider of specialist temperature control solutions to industry and commerce across the USA.

On 14 February 2002 the group purchased the assets of Pompfontijne, a long established Dutch pump rental operation.

On 20 February 2002 the group purchased the trade and assets of Schouppe a specialist Belgian power and compressed air rental and service business, through a newly created Belgian subsidiary.

The group now operates from over 40 depots across the UK, 7 in Continental Europe, 7 in the USA and a regional hub in the Far East and is strongly positioned within its core rental markets of:

- Pumps – long established UK market leader in specialist pump rental supplying a comprehensive range of mobile pumps to a variety of sectors, including the utilities, petrochemical, manufacturing and construction and now market leader in the Far East. Longville is developing pump rental operations within its Continental European and USA depot networks.

- Power – an emerging national player in the UK market for temporary power providing a range of portable generators and related equipment to a range of sectors including utilities, telecoms, manufacturing, construction and events, Longville is developing its power offering across Europe and the USA.

- Temperature control – established UK market leader and emerging European provider of specialist temporary fluid chillers, air-conditioning and heating to a range of sectors including chemical, petrochemical, pharmaceutical, manufacturing and events from depots in the UK, Germany, France and Holland. Longville is also Europe's leading provider of temporary ice rinks. The acquisition of NuTemp places Longville firmly at the forefront of this market on an international basis and temperature control has recently been launched in the Far East.

The group provides a high level of technical and service support to its customers reflecting the critical nature of many of the applications for its products.

Directors' Report *for the 52 weeks ended 29 December 2001*

We have established a strong platform for growth through the development of our full product offering across our increasingly global market place.

From the creation of Longville the group has focussed on providing solutions to its customers' problems, based on its highly developed and innovative applications skills and quality equipment fleet, delivering added value.

Looking ahead, the focus on delivering strong local service on an international basis will continue, underpinned by the continuing improvement of our high quality workforce and equipment. It is the strength of our service in the growing global market place for our solutions that will drive the continuing development of the group.

Business Review

Turnover for the 52 weeks ended 29 December 2001 was £54.3 million (2000: 65 weeks £53.2 million), including a 31 week contribution from NuTemp Inc (£7.7 million). The group retained its strong UK market position and saw continued growth within its continental European operations, which delivered an aggregate operating profit for the first time.

In the first full year of operations in the Far East the group was able to establish itself in a market leading position for pump rental and move into profitability.

The acquisition of NuTemp Inc led to a substantial increase in operations in the USA and delivered a very satisfactory result in line with expectations.

EBITDA (earnings before interest, taxation, depreciation and amortisation) was £15.3 million for the period before exceptional costs, including £2.2 million from NuTemp Inc, compared with a prior period actual for 65 weeks of £16.2 million and unaudited proforma 52 weeks £13.0 million.

The group's net cash inflow from operating activities decreased slightly from £13.8 million (65 weeks) to £13.3 million (52 weeks) underpinned by the increased group EBITDA.

The pre-tax results are stated after the amortisation of goodwill and non-recurring debt issue costs, which are non-cash items. Proportions of the interest on institutional loan notes may be satisfied by the issue of further loan notes rather than in cash at the option of the company.

Accordingly, whilst the capital structure of the company is highly geared, the group generates strong cash flows to service the debt and provide working capital and investment for the continuing operation and growth of the group's businesses.

The group's interest rate exposure is managed through a cap and collar arrangement.

Dividends

The directors do not recommend the payment of a dividend in respect of the period ended 29 December 2001 (2000: £nil).

Directors

The directors of the company at 29 December 2001 are set out on page 8.

Mr Payne and Mr Clubb were appointed on 24 May 2001 and 16 October 2001 respectively. Mr Green resigned on 15 October 2001.

Directors' Report *for the 52 weeks ended 29 December 2001*

Directors' interests in shares of the company

The interests of the directors in the share capital of the company at 29 December 2001 and 29 October 2002 were:

	B Preferred Ordinary Shares of 0.001 pence	Ordinary Shares of 0.001 pence
E W Hook	9,634	133,333
G K Broadbent	32,114	50,000
S R Harbridge	-	33,333
I Clubb	-	13,333

Mr Clubb acquired his holding on 14 October 2001.

Health, safety and the environment

The maintenance and improvement of working standards to safeguard the health and well being of staff and customers alike is a continuing priority. Health and safety officers are appointed at each location and receive periodic training to keep abreast of both legislative requirements and technological advances. It is group policy to operate in a reasonable manner with due regard for the environment.

Payment to suppliers

The group agrees payment terms with all suppliers when entering into binding purchase contracts. The group seeks to abide by the agreed payment terms as far as possible providing it is satisfied suppliers have provided goods and services in accordance with all relevant terms and conditions.

The company has no trade creditors.

Donations

The company and group made no donations for political purposes and made minimal charitable donations during the period.

Euro

The group is aware of the implications of European Monetary Union for its operations. In the context of ongoing developments, it is not anticipated that significant incremental expenditure will be incurred to ensure compliance with the necessary requirements.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors will be proposed at the annual general meeting.

By order of the board

S R Harbridge

S R Harbridge
Company Secretary

29 October 2002

Ian Clubb
Non-Executive Chairman

Mr Clubb was appointed to the Board as Chairman on 16 October 2001. He is currently Chairman of First Choice Holidays. He was previously Chairman of Central Transport Rental Group Plc, Group Finance Director of BOC, Deputy Chief Executive and Group Finance Director of British Satellite Broadcasting, Managing Director and Chief Executive of Carless and Group Finance Director of the International Thompson Group. (Age 61).

Eric W Hook
Chief Executive

Mr Hook was appointed as Chief Executive on 21 September 1999 following the formation of Longville. He is a certified accountant with an exceptional track record in the specialist rental sector. As Chief Executive of Andrews Sykes Group plc from May 1994 to July 1999, he led a significant turnaround and subsequent expansion. Andrews Sykes core business was focused on the provision of specialist mobile pumps and temperature control equipment with operations in the UK, Holland, Poland, the Middle East, the Far East and the USA.

From 1989 to May 1994 Mr Hook was Finance Director of the specialist plant hire division of Lex Service plc, Harvey Plant Limited, the European and UK leader in the rental and service of specialist materials handling equipment.

Prior to 1994 Mr Hook was with Swan National Rentals and in the retail sector. (Age 48).

Simon R Harbridge
Finance Director

Mr Harbridge was appointed as Finance Director on 22 November 1999 and is a graduate civil engineer and chartered accountant.

From 1994 to 1999 Mr Harbridge was Group Financial Controller and Company Secretary of Andrews Sykes Group plc, prior to which he was with accountants KPMG. (Age 37)

Garry K Broadbent
Operations Director

Mr Broadbent was appointed as a director on 28 September 1999 following the formation of Longville.

He is a qualified mechanical engineer who founded Chiller Rental Services Limited in 1995 and grew the business to an annual turnover of £7.5 million prior to its acquisition by Longville, operating in 4 countries across Europe.

From 1988 to 1995 Mr Broadbent was with Aggreko plc. (Age 38).

Kevin P Reynolds
Non-Executive Director

Mr Reynolds is a Director of Bridgepoint Capital Limited and holds other non-executive directorships within the Bridgepoint investment portfolio. (Age 43).

Alan Payne
Non-Executive Director

Mr Payne was appointed as director on 24 May 2001. He is an investment director at Bridgepoint Capital Limited. He holds other non-executive directorships within the Bridgepoint investment portfolio. (Age 33).

Keith Dobson
Director: Longville Limited

Mr Dobson was managing director of SLD Pumps Limited prior to its acquisition by Longville. He is a director of Longville Limited the main UK trading company and attends all Longville Group board meetings.

Mr Dobson first joined SLD Pumps in 1967 and held various positions within the company during its development and growth within Hanson plc. He was also involved in the formation of SLD Rollalong Limited, a manufacturer and hirer of temporary site accommodation, and, as managing director from 1978 to 1982, oversaw the development of that company's UK-wide hire operations.

In 1982 he was appointed managing director of SLD Pumps Limited directing the establishment of its UK market leading position and initiating the start up of the generator rental activity. (Age 57).

Dennis Haller
President: NuTemp Inc

Mr Haller was appointed as President of NuTemp in April 1997. Since its acquisition by Longville in May 2001 all existing Longville operations in the USA have been merged into NuTemp and have come under the control of Mr Haller.

Mr Haller is a graduate who joined NuTemp as controller in 1986 and began directing the rental business in 1988. He has directed the company's sales and marketing since 1991.

Secretary
SR Harbridge

simon.harbridge@longville-group.com

Registered Office

Jordan House, Hall Court, Hall Park Way, Telford, Shropshire TF3 4NN

Registered Auditors

PricewaterhouseCoopers, Temple Court, 35 Bull Street, Birmingham B4 6JT

Bankers

The Royal Bank of Scotland plc, 79/83 Colmore Row, Birmingham B3 2AP

Statement of Directors' Responsibilities

Directors' responsibilities in relation to financial statements and internal financial controls

The following statement, which should be read in conjunction with the statement of responsibilities set out in the Independent Auditors' Report to the Members, is made with a view to distinguishing the respective responsibilities of the directors and of the auditors in relation to the financial statements.

The directors are required by the Companies Act 1985 to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial period and of the profit or loss of the Group for the financial period.

The directors are responsible for ensuring that the financial statements are prepared using appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards that they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company and the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Companies Act 1985. The directors also have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company or Group will continue in business.

The maintenance and integrity of the Longville Group Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditors' Report to the members of Longville Group Limited

We have audited the financial statements which comprise the consolidated profit and loss account, the group and company balance sheets, the consolidated cashflow statement, the consolidated statement of total recognised gains and losses, the reconciliation of movements in group shareholders' funds and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the financial highlights and the directors' report only.

Basis of audit 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 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 affairs of the company and the group at 29 December 2001 and of the loss and cash flows of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors
Birmingham
7 November 2002

Consolidated Profit and Loss Account *for the 52 weeks ended 29 December 2001*

	Note	Continuing operations 2001	Acquisitions 2001	52 weeks ended 29 December 2001	65 weeks ended 30 December 2000
		£'000	£'000	£'000	£'000
Turnover	2	46,605	7,724	54,329	53,164
Cost of sales		(26,040)	(5,212)	(31,252)	(28,228)
Gross profit		20,565	2,512	23,077	24,936
Distribution costs		(7,062)	(1,246)	(8,308)	(7,703)
Administrative expenses	3	(10,160)	(388)	(10,548)	(12,549)
Operating profit		3,343	878	4,221	4,684
EBITDA		13,066	2,211	15,277	16,239
Depreciation		(6,210)	(1,289)	(7,499)	(6,638)
Operating profit before exceptional items and goodwill amortisation		6,856	922	7,778	9,601
Exceptional items	3	(393)	-	(393)	(1,230)
Goodwill amortisation		(3,120)	(44)	(3,164)	(3,687)
Operating profit		3,343	878	4,221	4,684
Net interest payable	4			(7,978)	(9,164)
Loss on ordinary activities before taxation	5			(3,757)	(4,480)
Tax on loss on ordinary activities	8			(273)	(22)
Loss on ordinary activities after taxation and for the financial period	17			(4,030)	(4,502)

Consolidated Statement of Total Recognised Gains and Losses

	Note	29 December 2001 £'000	30 December 2000 £'000
Loss for the period		(4,030)	(4,502)
Exchange adjustments offset in reserves	17	14	-
Total recognised losses for the period		(4,016)	(4,502)

There were no discontinued operations in the period.

There were no material differences between the loss on ordinary activities before taxation and the loss for the period shown above and their historical cost equivalents.

Group Balance Sheet *at 29 December 2001*

	Note	29 December 2001 £'000	30 December 2000 £'000
Fixed assets			
Intangible assets – goodwill	9	**50,420**	52,076
Tangible fixed assets	10	**31,371**	23,083
		81,791	75,159
Current assets			
Stocks	12	**2,253**	2,018
Debtors – amounts falling due within one year	13	**15,944**	12,915
Cash at bank and in hand		**9,837**	3,245
		28,034	18,178
Creditors: amounts falling due within one year			
Borrowings	14	**(13,101)**	(3,557)
Other	14	**(20,614)**	(16,360)
Net current liabilities		**(5,681)**	(1,739)
Total assets less current liabilities		**76,110**	73,420
Creditors: amounts falling due after more than one year			
Borrowings	14	**(82,197)**	(75,181)
Other	14	**-**	(262)
Provisions for liabilities and charges	15	**(957)**	(1,267)
Net liabilities		**(7,044)**	(3,290)
Capital and reserves			
Called up share capital	16	**-**	-
Share premium account	17	**1,474**	1,212
Profit and loss account	17	**(8,518)**	(4,502)
Shareholders' deficit	18	**(7,044)**	(3,290)

The financial statements on pages 11 to 30 were approved by the board on 29 October 2002 and were signed on its behalf by:

EW Hook
Chief Executive

SR Harbridge
Finance Director

Company Balance Sheet *at 29 December 2001*

	Note	29 December 2001 £'000	30 December 2000 £'000
Fixed assets			
Investments	11	**56,868**	56,948
		56,868	56,948
Current assets			
Debtors – amounts falling due within one year	13	**5,776**	279
Debtors – amounts falling due after one year	13	**33,470**	26,752
Cash at bank and in hand		**1,112**	1,203
		40,358	28,234
Creditors: amounts falling due within one year			
Borrowings	14	**(11,395)**	(2,725)
Other	14	**(7,450)**	(7,031)
Net current assets		**21,513**	18,478
Total assets less current liabilities		**78,381**	75,426
Creditors: amounts falling due after more than one year			
Borrowings	14	**(76,296)**	(73,905)
Other	14	**-**	-
Provisions for liabilities and charges	15	**-**	-
Net assets		**2,085**	1,521
Capital and reserves			
Called up share capital	16	**-**	-
Share premium account	17	**1,474**	1,212
Profit and loss account	17	**611**	309
Shareholders' funds		**2,085**	1,521

The financial statements on pages 11 to 30 were approved by the board on 29 October 2002 and were signed on its behalf by:

EW Hook
Chief Executive

SR Harbridge
Finance Director

Consolidated Cash Flow Statement *for the 52 weeks ended 29 December 2001*

	Note	52 weeks ended 29 December 2001 £'000	65 weeks ended 30 December 2000 £'000
Net cash inflow from operating activities	20 (i)	13,848	13,782
Return on investments and servicing of finance			
Debt issue costs		(1,068)	(3,103)
Interest received		57	33
Interest paid on bank overdrafts and loans		(4,451)	(2,588)
Interest paid on loan notes		(1,436)	(54)
Interest paid on finance leases and similar hire purchase obligations		(159)	(165)
Net cash outflow from return on investments and servicing of finance		(7,057)	(5,877)
Taxation			
UK corporation tax paid		(30)	(1,173)
Overseas tax paid		(264)	-
Cash outflow from taxation		(294)	(1,173)
Capital expenditure			
Purchase of tangible fixed assets		(7,600)	(7,620)
Sale of tangible fixed assets		1,647	816
Net cash outflow from capital expenditure		(5,953)	(6,804)
Acquisitions			
Purchase of subsidiary undertakings	22	(8,128)	(78,057)
Net cash acquired with subsidiary undertakings	22	174	1,069
Payment of deferred consideration on previous acquisitions		(506)	-
Net cash outflow from acquisitions		(8,460)	(76,988)
Net cash outflow before financing		(7,916)	(77,060)
Financing			
Issue of share capital (net of issue costs of £7,000)		262	1,212
New loan notes		7,334	37,288
New bank loans and overdrafts		5,153	42,625
New finance leases and similar hire purchase obligations		772	1,586
Repayment of bank loans		(5,090)	(1,439)
Repayment of loan notes		(1,000)	-
Capital element of finance lease and similar hire purchase obligations		(829)	(967)
Cash inflow from financing		6,602	80,305
(Decrease)/increase in cash in the period	20 (ii)	(1,314)	3,245

The effect of the results of NuTemp Inc on the above cashflow statement from its acquisition on 24 May 2001 to 29 December 2001 is as follows:

	£'000
Net cash inflow from operating activities	689
Net cash outflow from return on investments and servicing of finance	(195)
Cash outflow from taxation	(264)
Net cash outflow from capital expenditure	(1,631)
Cash outflow from acquisitions	(9,370)
Cash inflow from financing	11,063
Increase in cash in the period	292

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom including the new Accounting Standards FRS 17 Retirement Benefits, FRS18 Accounting Policies and FRS19 Deferred Taxation, which the group adopted early in the previous period. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The accounts are prepared under the historical cost convention and on the going concern basis.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings, all of which have been made up to 29 December 2001.

Results of subsidiary undertakings or other businesses acquired during the period have been accounted for under acquisition accounting methods and consolidated from the date of acquisition.

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of Longville Group Limited has not been presented separately in these financial statements.

Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets at the date of acquisition.

Goodwill arising has been capitalised and is being amortised over its estimated useful economic life. Goodwill arising on the acquisitions of SLD Pumps Limited (which owned SLD Genlite Limited), Dulverton International Limited (parent of the Chiller Rental Services group of companies), PoweRent Limited and NuTemp Inc, which represent the group's core brands, is being amortised over 20 years. Other goodwill is being amortised over 5 years for non-core acquisitions. The directors estimate that the fair value of the businesses and assets acquired will exceed the fair value of the underlying identifiable net assets for these periods.

Turnover

Turnover represents the net amount receivable from external customers for the hire and sale of the group's equipment and related revenues after deducting trade discounts and excluding value added and other sales taxes.

Tangible fixed assets

Fixed assets are shown at cost less accumulated depreciation. Group policy is to carry assets at historical cost.
No depreciation is provided on freehold land. Depreciation of other tangible fixed assets is provided on a straight-line basis at rates calculated to write down the cost of each asset to its estimated residual value over its estimated useful life, as follows:

Freehold buildings and long leasehold properties	2%
Short leasehold properties	Over the period of the lease
Plant and machinery	7.5% – 25%
Motor vehicles	20% – 25%
Equipment for hire	8% – 25%

Investments

The company's cost of investment in subsidiary undertakings is stated at cost less any provision for permanent diminution in value.

1 **Principal accounting policies (continued)**

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

The charge for taxation is based on the result for the period and takes into account taxation deferred or accelerated due to timing differences between the recognition of certain items for taxation and accounting purposes. Provision has been made for deferred tax on a full provision basis in accordance with Financial Reporting Standard No. 19. Balances have not been discounted.

Provisions

Provisions are made for obligations of uncertain timing or amount arising from a past event where a reliable estimate can be made of the probable cost.

Foreign currency

At individual company level, transactions denominated in foreign currencies are translated at the rate of exchange on the date of the transaction or at the contracted rate if covered by a forward exchange contract. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date or, if appropriate, at a forward contract rate. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

On consolidation the assets and liabilities of subsidiary undertakings are translated into sterling at the closing rates of exchange. Profit and loss and cash flow statements are translated at average rates of exchange for the period. Exchange differences arising on these translations are dealt with in reserves.

Pension costs

Contributions to defined contribution pension plans are charged to the profit and loss account in the period to which they relate. The group's pension arrangements are described further in note 19(d).

Leased assets

Assets acquired under finance leases and similar hire purchase agreements are treated as tangible fixed assets and depreciated accordingly. The capital element of future rentals is included within creditors. Lease payments are treated as consisting of capital and interest elements and interest is charged to the profit and loss account based on the inherent internal rate of return and the outstanding capital balance.

Operating lease rentals are charged to the profit and loss account in the period to which they relate.

Finance costs

The costs of raising debt finance are amortised over the periods for which it is anticipated that the finance will be in place. The directors have modified the debt finance amortisation period in accordance with FRS 4 and this has reduced the amortisation charge in the 52 week period ended 29 December 2001 by £543,000. The impact of this on the charge in 2000 would have been to reduce amortisation by £294,000.

Financial instruments

The group mitigates the effects of interest rate fluctuations by the use of appropriate financial instruments, currently a cap and collar arrangement.

The initial purchase costs of financial instruments are amortised over the periods to which the financial instruments relate.

Notes to the Financial Statements *for the 52 weeks ended 29 December 2001.*

2 **Segmental analysis**

The group's turnover and operating profits derive from a single class of business comprising the provision of specialist equipment and related services predominantly under rental agreements. They may be analysed by geographical origin during the period as follows:

	52 weeks ended 29 December 2001			65 weeks ended 30 December 2000		
	Turnover	**Operating profit**	**Net operating assets**	Turnover	Operating profit	Net operating assets
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
United Kingdom	**39,148**	**6,434**	**29,517**	45,820	8,692	22,771
Continental Europe	**5,497**	**177**	**(1,025)**	6,003	(376)	2,532
North America	**913**	**(217)**	**(4)**	553	69	29
North America – NuTemp	**7,724**	**922**	**6,095**	-	-	-
Rest of the World	**1,047**	**69**	**4**	788	(14)	955
Amortisation of goodwill	**-**	**(3,164)**	**-**	-	(3,687)	-
	54,329	**4,221**	**34,587**	53,164	4,684	26,287

Reconciliation to net liabilities		
Net operating assets (above)	**34,587**	26,287
Intangible assets – goodwill	**50,420**	52,076
Net tax and interest payable/ receivable	**(6,590)**	(6,160)
Net debt	**(85,461)**	(75,493)
Net liabilities	**(7,044)**	(3,290)

Operating profit has been shown before goodwill amortisation to facilitate comparison of the underlying performance. After allocating these costs the respective operating profits are:

	2001	2000
	£'000	£'000
United Kingdom	**3,334**	8,692
Continental Europe	**177**	(376)
North America	**(217)**	69
North America – NuTemp	**858**	-
Rest of the World	**69**	(14)
	4,221	4,684

Turnover to third parties by destination is not materially different from turnover to third parties by origin.

3. **Administrative expenses**

	52 weeks ended 29 December 2001	65 weeks ended 30 December 2000
	£'000	£'000
Administrative expenses	**3,851**	7,632
Exceptional administrative expenses	**393**	1,230
Amortisation of goodwill	**3,164**	3,687
	7,408	12,549
Exceptional administrative expenses:		
Redundancy and reorganisation	**393**	1,115
Abortive acquisitions	**-**	115
	393	1,230

4. Net interest payable

	52 weeks ended 29 December 2001 £'000	65 weeks ended 30 December 2000 £'000
Interest payable and similar charges:		
On bank loans and overdrafts	**3,281**	4,347
On finance leases and similar hire purchase contracts	**159**	165
On institutional and other loan notes	**242**	3,426
Cash interest payable	**3,682**	7,938
Interest receivable	**(57)**	(33)
Net cash interest payable	**3,625**	7,905
Loan notes in lieu of interest	**3,428**	-
Amortisation of debt issue costs	**925**	1,259
	7,978	9,164

5 Loss on ordinary activities before taxation

The loss on ordinary activities before taxation of **£3,757,000** *(2000 - 65 weeks: £4,480,000)* is stated after charging/(crediting):

	52 weeks ended 29 December 2001 £'000	65 weeks ended 30 December 2000 £'000
Depreciation of tangible fixed assets	**7,499**	6,638
Amortisation of goodwill	**3,164**	3,687
Profit on sale of fixed assets	**(904)**	(347)
Operating leases		
- plant and machinery	**458**	695
- land and buildings	**1,015**	905
Auditors' remuneration		
- audit services (including company of **£10,000** *(2000:£6,000)*)	**99**	83
- other services	**24**	27

£44,000 *(2000 - 65 weeks: £27,000)* of the group audit fees and expenses and **£21,000** *(2000 – 65 weeks: £nil)* of the group auditors' fees for other services were paid to firms not associated with the company's auditors. Goodwill, debt issue costs and amounts charged to share premium include **£703,415** (*2000 - 65 weeks: £882,407*) paid to the company's auditors.

6 Profit applicable to the shareholders of Longville Group Limited

The profit for the period dealt with in the profit and loss account of the company was **£652,000** (*2000 - 65 weeks: £309,000).*

7 Employee information

	52 weeks ended 29 December 2001 £'000	65 weeks ended 30 December 2000 £'000
Employee costs during the period amounted to:		
Wages and salaries	**13,191**	12,800
Social security costs	**1,318**	1,390
Pension costs (note 19d)	**366**	236
	14,875	14,426

7 Employee information (continued)

The average number of persons employed by the group during the period was:	**52 weeks ended 29 December 2001 Number**	65 weeks ended 30 December 2000 Number
Sales, distribution and administration	**587**	550

The employee costs shown above include the following remuneration in respect of the directors of the company:

	52 weeks ended 29 December 2001 £'000	65 weeks ended 30 December 2000 £'000
Aggregate emoluments (excluding pension contributions)	**406**	394

In addition to the emoluments shown above, the company paid **£26,264** *(2000 - 65 weeks: £31,250)* to Bridgepoint Capital Limited for the services of directors who served during the period. The three executive directors have retirement benefits accruing under money purchase pension arrangements, in respect of which the company contributed **£45,000** *(2000 - 65 weeks: £53,000)* for the period. Emoluments payable to the highest paid director for the period was **£173,497** *(2000 - 65 weeks: £178,000).*

8 Tax on loss on ordinary activities

	52 weeks ended 29 December 2001 £'000	65 weeks ended 30 December 2000 £'000
Analysis of charge in period		
Current tax		
UK corporation tax on the loss for the period at 30%	-	56
Foreign tax	**(123)**	(37)
Total current tax (analysed below)	**(123)**	19
Deferred tax		
Origination and reversal of timing differences (note 15)	**(150)-**	(41)
Tax on loss on ordinary activities	**(273)**	(22)

Analysis of factors affecting current tax for the period

	52 weeks ended 29 December 2001 £'000	65 weeks ended 30 December 2000 £'000
Loss on ordinary activities before tax	**3,757**	4,480
Loss on ordinary activities multiplied by average standard rate of UK corporation tax of 30% *(2000: 30%).*	**1,127**	1,344
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	**(971)**	(1,166)
Depreciation for period in excess of capital allowances	**(184)**	65
Other timing differences	**20**	(24)
Higher tax rates on overseas earnings	**(25)**	(8)
Unrelieved losses for the period	**(90)**	(192)
Current tax (charge)/credit for the period	**(123)**	19

Overseas tax rates are generally higher than UK tax rates in the territories in which the group operates. The future effective tax rate will tend to be increased by the proportion of profits subject to these higher rates of tax. However, the group benefits from a UK tax loss position and the overall effective rate of group tax charge is not therefore expected to reflect the prevailing rate of UK corporation tax.

9 Intangible assets – goodwill

Group	£'000
Cost	
At 30 December 2000	55,763
Arising on acquisitions during the period (note 22)	**1,508**
At 29 December 2001	**57,271**
Amortisation	
At 30 December 2000	(3,687)
Charge for the period	**(3,164)**
At 29 December 2001	**(6,851)**
Net book value	
At 29 December 2001	**50,420**
At 30 December 2000	52,076

10 Tangible fixed assets

Group	Land and buildings £'000	Motor vehicles £'000	Equipment for hire £'000	Plant and machinery £'000	Total £'000
Cost					
At 30 December 2000	1,937	1,490	23,321	1,335	28,083
Acquisitions	**525**	**86**	**7,967**	**352**	**8,930**
Additions	**124**	**137**	**7,010**	**329**	**7,600**
Disposals	**-**	**(253)**	**(2,411)**	**-**	**(2,664)**
At 29 December 2001	**2,586**	**1,460**	**35,887**	**2,016**	**41,949**
Depreciation					
At 30 December 2000	100	587	3,967	346	5,000
Charge for the period	**99**	**517**	**6,511**	**372**	**7,499**
Disposals	**-**	**(250)**	**(1,671)**	**-**	**(1,921)**
At 29 December 2001	**199**	**854**	**8,807**	**718**	**10,578**
Net book value					
At 29 December 2001	**2,387**	**606**	**27,080**	**1,298**	**31,371**
At 30 December 2000	1,837	903	19,354	989	23,083

Land and buildings at net book value comprised:

	29 December 2001 £'000	30 December 2000 £'000
Freehold	**2,146**	1,733
Long leasehold	**34**	37
Short leasehold	**207**	67
	2,387	1,837

Included within land and buildings was freehold land at a cost of **£469,000** *(2000: £333,000)* which is not depreciated.

The net book value of the group's tangible fixed assets included an amount of **£2,381,000** *(2000: £2,839,000)* in respect of assets held under finance leases and similar hire purchase contracts, primarily comprising equipment for hire. Depreciation on these assets amounted to **£350,000** *(2000: £148,000)* during the period.

11 **Fixed asset investments**

Company	**Shares in subsidiary undertakings £'000**
Cost	
At 30 December 2000	56,948
Group transfers in the period	(80)
At 29 December 2001	**56,868**
Net book value	
At 29 December 2001	**56,868**
At 30 December 2000	56,948

During the period ended 29 December 2001 the investment in Servidyne CRS Inc (USA) was transferred to Ingleby (1232) Limited at book cost to the group. Following the acquisition of NuTemp Inc on 24 May 2001, Servidyne CRS Inc was merged with NuTemp Inc and the assets and liabilities were transferred into the acquired company.

The principal subsidiary undertakings of the group included within these consolidated financial statements at 29 December 2001 were as follows:

Longville Limited*
NuTemp Inc (USA)
Froid Loc Services SARL (France)
Ingleby (1232) Limited* (Intermediate holding company)
Longville Asia Pacific Pte Ltd (Singapore)
CRS Chiller Rental Services GmbH (Germany)
Longville Polska Sp.zo.o (Poland)
Chiller Rental Services Benelux BV (Netherlands)

Unless otherwise indicated all are incorporated in Great Britain and undertake the provision of specialist equipment and related services, predominantly under rental agreements and mainly in the country of incorporation. The group holds 100% of the issued share capital of the above.

* Denotes those subsidiary undertakings owned directly by Longville Group Limited.

12 **Stocks**

Group	**29 December 2001 £'000**	30 December 2000 £'000
Raw materials and consumables	**1,393**	1,432
Work in progress	**201**	40
Finished goods	**659**	546
	2,253	2,018

No stocks were held by the company at either period end.

13 **Debtors**

	29 December 2001		30 December 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Amounts falling due within one year				
Trade debtors	**12,536**	-	10,477	-
Other debtors	**2,142**	607	312	279
Overseas tax recoverable	**205**	-	-	-
Prepayments and accrued income	**1,061**	19	2,126	-
Amounts owed by group undertakings	-	5,150	-	-
	15,944	5,776	12,915	279
Amounts falling due after one year				
Amounts owed by group undertakings	-	33,470	-	26,752

Notes to the Financial Statements *for the 52 weeks ended 29 December 2001.*

14 Creditors

	29 December 2001		30 December 2000	
	Group	Company	Group	Company
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
C Loan notes	**1,000**	**1,000**	1,000	1,000
Bank loans and overdrafts	**12,312**	**11,504**	2,779	2,779
Debt issue costs	**(1,107)**	**(1,109)**	(1,054)	(1,054)
Finance lease and similar hire purchase obligations	**896**	-	832	-
Borrowings	**13,101**	**11,395**	3,557	2,725
Trade creditors	**7,810**	-	6,193	-
Corporation tax	**249**	-	222	-
Overseas tax	**4**	-	70	-
Other taxes and social security	**1,628**	**46**	2,026	-
Deferred consideration	**5**	**5**	276	110
Other creditors	**2,385**	**1,345**	163	18
Accruals and deferred income	**8,533**	**6,054**	7,410	5,427
Amounts owed to group undertakings	-	-	-	1,476
Other creditors	**20,614**	**7,450**	16,360	7,031
Amounts falling due after more than one year				
A Loan notes	**41,977**	**41,977**	34,670	34,670
B Loan notes	**500**	**500**	500	500
C Loan notes	-	-	1,000	1,000
D Loan notes	**145**	**145**	118	118
Bank loans	**36,856**	**34,450**	38,407	38,407
Vendor loan	**2,404**	-	-	-
Debt issue costs	**(880)**	**(776)**	(790)	(790)
Finance lease and similar hire purchase obligations	**1,195**	-	1,276	-
Borrowings	**82,197**	**76,296**	75,181	73,905
Deferred consideration	-	-	235	-
Other	-	-	27	-
Other creditors	-	-	262	-

There were no finance lease and hire purchase creditors falling due after five years.

Un-amortised debt issue costs of £1,987,000 (2000: *£1,844,000*) have been shown against bank loans and overdrafts in accordance with FRS 4.

Bank loans and overdrafts are secured by a debenture and guarantee over the UK assets of the group and a negative pledge over the shares of the overseas subsidiary undertakings excluding NuTemp Inc whereby those undertakings undertake not to grant security over their assets to any third party. Bank loans and overdrafts bear a commercial interest rate based on LIBOR. The C Loan notes are guaranteed by the company's bankers, otherwise all loan notes are unsecured, subordinated and were issued at par. The US bank loan is secured by a first charge over the NuTemp assets. The vendor loan is unsecured but is covered by a negative pledge over the assets of NuTemp Inc when borrowings in the US company exceed a predetermined level.

14 Creditors (continued)

Loan notes bear interest at the following rates:

A Loan notes	9% until 31 December 2002 then 8%
B Loan notes	6%
C Loan notes	4%
D Loan notes	0%
Vendor loan note	8%

At the company's option proportions of A Loan note interest may be paid by the issue of further loan notes, which bear interest at 8%, in a stepped profile to December 2003, as follows:

Interest accruing to	**Non-cash proportion**
31 December 2002	8.0%
31 December 2003	3.0%

Cash payments are subject to the achievement of certain financial criteria and the approval of the company's UK banking syndicate.

Of the bank loans and overdrafts, £8.5 million are repayable in a single instalment on 31 July 2007; the remainder are repayable in instalments as follows:

	29 December 2001		30 December 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Amounts payable				
- on demand or within 1 year	**4,406**	**3,598**	2,779	2,779
- between 1 and 2 years	**6,273**	**5,481**	3,598	3,598
- between 2 and 5 years	**29,989**	**28,375**	20,519	20,519
- over 5 years	**-**	**-**	5,790	5,790
	40,668	**37,454**	32,686	32,686

Bank loans may be repayable earlier at the company's option or on a change of control.

C Loan notes are repayable as follows:

	29 December 2001		30 December 2000	
	Group £'000	**Company £'000**	Group £'000	Company £'000
Amounts payable				
- within 1 year	**1,000**	**1,000**	1,000	1,000
- between 1 and 2 years	**-**	**-**	1,000	1,000
	1,000	**1,000**	2,000	2,000

A, B and D Loan notes are repayable as follows (unless earlier due to a change in control) on:

	29 December 2001		30 December 2000	
	30 September 2007 £'000	**30 September 2008 £'000**	30 September 2007 £'000	30 September 2008 £'000
A Loan notes	**20,988**	**20,989**	17,335	17,335
B Loan notes	**500**	**-**	500	-
D Loan notes	**145**	**-**	118	-
	21,633	**20,989**	17,953	17,335

The vendor loan note in respect of the NuTemp acquisition is repayable in a single instalment on 24 May 2005 together with interest compounded over the term of the loan.

The maturity profile of the company's and the group's undrawn committed borrowing facilities available at 29 December 2001 was **£5,062,648** (2000: *£5,375,000)* expiring after more than five years.

The company held a cap and collar instrument at 29 December 2001 linked to LIBOR with a 7% cap and 4.25% collar in the amount of **£26.3 million** (2000: *£28.24 million*).

15 **Provisions for liabilities and charges**

	29 December 2001		30 December 2000	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Deferred taxation	579	-	737	-
Other provisions	378	-	530	-
	957	-	1,267	-

a) Deferred taxation

	Group £'000	**Company £'000**
At 30 December 2000	737	-
Arising on acquisitions in the period (See note 22)	**(247)**	-
Other movements	**89**	-
At 29 December 2001	579	-
Analysed as		
Accelerated capital allowances	**458**	-
Short term timing differences	**121**	-
	579	-

b) Other provisions

	Group £'000	**Company £'000**
At 30 December 2000	530	-
Utilised in the period	**(53)**	
Credited to the profit and loss account	**(99)**	-
At 29 December 2001	**378**	-

Other provisions predominantly relate to the lease costs of vacant properties and obligations under property leases to make good dilapidations. The effect of discounting was not material.

16 **Called up share capital**

Group and Company	**29 December 2001 £**	30 December 2000 £
Authorised		
324,284 *(2000: 324,284)* ordinary shares of 0.001 pence each	**3**	3
1,299,001 *(2000: 1,058,150)* A preferred ordinary shares of 0.001 pence each	**13**	11
93,773 *(92,177)* B preferred ordinary shares of 0.001 pence each	**1**	1
60 (*2000: 60*) deferred ordinary shares of £1 each	**60**	60
	77	75

	29 December 2001 £	30 December 2000 £
Allotted, called up and fully paid		
278,329 *(2000: 252,664)* ordinary shares of 0.001 pence each	**3**	3
1,299,001 *(2000: 1,058,149)* A preferred ordinary shares of 0.001 pence each	**13**	11
93,773 *(2000: 92,167)* B preferred ordinary shares of 0.001 pence each	**1**	1
60 *(2000: 60)* deferred ordinary shares of £1 each	**60**	60
	77	75

16 **Called up share capital (continued)**

During the period the following shares with an aggregate nominal value of £2 were issued for cash consideration as follows:

Date	Class of share	Number	Consideration £'000
24 May 2001	Ordinary shares of 0.001 pence each	25,665	26
24 May 2001	A preferred ordinary shares of 0.001 pence each	240,852	241
24 May 2001	B preferred ordinary shares of 0.001 pence each	1,606	2
		268,123	269

Rights attributable to shares

Voting:
The ordinary and A preferred ordinary shares have a right to one vote per share at any general meeting of the company. The voting rights of the ordinary shares are restricted for resolutions concerning the removal of the Bridgepoint Capital representative as a director. The voting rights of the A preferred ordinary shares are enhanced if interest or capital payment obligations on the A loan notes are more than 6 months in arrears.

B preferred shares have a right to attend general meetings, but not to vote. Deferred ordinary shares carry no rights to attend meetings or vote.

Distribution:
Preferred ordinary shares carry a net cumulative participating dividend equal to 15% of net profits for each financial period, commencing with the year ending 25 December 2004. For payments in excess of 15% the preferred ordinary shares will rank pari passu with ordinary shares.

No dividend is payable on deferred shares until the holders of ordinary and preferred ordinary shares have received £10 million per share.

Capital:
The preferred ordinary shares have priority in a winding up situation for payment of the subscription price plus premium paid for the shares and any arrears, deficiency and accruals of the participating dividend. Any surplus is then distributed pari passu between the ordinary and preferred ordinary shares after payment of the amounts paid up on the ordinary and deferred ordinary shares.

Notes to the Financial Statements *for the 52 weeks ended 29 December 2001.*

17 **Reserves**

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	Group 2001 £'000	Company 2001 £'000	Group 2000 £'000	Company 2000 £'000
Profit and loss account	(8,518)	611	(4,502)	309
Non distributable:				
Share premium account	1,474	1,474	1,212	1,212
Total reserves	(7,044)	2,085	(3,290)	1,521

Movements in reserves were as follows:

Group	Share premium account £'000	Profit and loss account £'000	Total £'000
At 30 December 2000	1,212	(4,502)	(3,290)
Premium on share issues	269	-	269
Expenses of share issues	(7)	-	(7)
Foreign exchange differences	-	14	14
Retained loss for the period	-	(4,030)	(4,030)
At 29 December 2001	1,474	(8,518)	(7,044)

Company	Share premium account £'000	Profit and loss account £'000	Total £'000
At 30 December 2000	1,212	309	1,521
Premium on share issues	269	-	269
Expenses of share issues	(7)	-	(7)
Retained profit for the period	-	302	302
At 29 December 2001	1,474	611	2,085

18 **Reconciliation of movements in group shareholders' funds**

	2001 £'000	2000 £'000
Opening shareholders' deficit	(3,290)	-
Total recognised losses for the period	(4,016)	(4,502)
New share capital subscribed	269	1,403
Expenses of share issues	(7)	(191)
Total shareholders' deficit at the end of the period	(7,044)	(3,290)

Notes to the Financial Statements *for the 52 weeks ended 29 December 2001.*

19 **Guarantees and other financial commitments**

a) Capital commitments

	29 December 2001		30 December 2000	
	Group	**Company**	Group	Company
	£'000	**£'000**	£'000	£'000
Contracted for but not provided	**517**	**-**	358	-

b) Guarantees

The company has guaranteed the property lease of a subsidiary undertaking occupied for the purposes of the group's trade to a maximum of **£92,000** *(2000: £96,000).*

The company has guaranteed the bank overdraft of an overseas subsidiary to a maximum of **£55,000** *(2000: £57,000).* At 29 December 2001 the amount outstanding was **£9,000** *(2000: £nil).*

The company and its UK subsidiary undertakings are party to cross-guarantees relating to the company's bank loans and overdrafts.

Subsidiary undertakings have contingent liabilities under trade guarantees entered into in the normal course of business totalling **£10,000** at 29 December 2001 *(2000: £10,000).*

c) Lease commitments

Group annual commitments under non-cancellable operating leases were as follows:

	Land and buildings 2001 £'000	**Other 2001 £'000**	Land and buildings 2000 £'000	Other 2000 £'000
Expiring within one year	**90**	**133**	78	77
Expiring between two and five years	**487**	**478**	304	424
Expiring in more than five years	**458**	**-**	449	-
	1,035	**611**	831	501

d) Pension arrangements

The group operates a defined contribution group personal pension scheme for UK employees. The charge against profit is the amount of contribution payable to this scheme in respect of each period. The pension cost attributable to UK employees for the period was **£326,000** *(2000 – 65 weeks: £201,000).*

Pension arrangements for overseas employees vary due to the variation in best practice and regulation in each particular country. The schemes in place are defined contribution schemes and the charge against profit is the amount of contribution payable in respect of each period. The pension cost attributable to overseas employees for the period was **£40,000** *(2000 – 65 weeks: £35,000).*

Notes to the Financial Statements *for the 52 weeks ended 29 December 2001.*

20 **Notes to the consolidated cash flow statement**

i) Reconciliation of operating profit to net cash inflow from operating activities

	52 weeks ended 29 December 2001 £'000	65 weeks ended 30 December 2000 £'000
Operating profit	**4,221**	4,684
Amortisation of goodwill	**3,164**	(3,687)
Depreciation	**7,499**	6,638
Profit on sale of fixed assets	**(904)**	(347)
Increase/(decrease) in stocks	**77**	(720)
Increase in debtors	**(1,039)**	(2,497)
Increase in creditors and provisions	**830**	2,337
Net cash inflow from operating activities	**13,848**	13,782

ii) Reconciliation of net cash flow to movement in net debt

	2001 £'000	2000 £'000
Decrease/(increase) in cash in the period	**1,314**	(3,245)
Issue of loan notes	**7,334**	37,288
New bank debt drawn down	**5,153**	42,625
Debt issue costs	**(1,068)**	(3,103)
New finance leases and similar hire purchase obligations	**772**	1,586
Cash inflow from increase in debt	**12,191**	78,396
Debt in business acquired	**53**	1,489
Loans issued as part of NuTemp acquisition	**2,404**	-
Repayment of bank loans	**(5,090)**	(1,439)
Capital element of finance lease payments	**(829)**	(967)
Loan notes repaid	**(1,000)**	-
Amortisation of debt issue costs	**925**	1,259
Closing movement in net debt	**9,968**	75,493

iii) Analysis of movements in net debt

	At 30 December 2000 £'000	**Cash flow £'000**	**Acquisition (excluding cash) £'000**	**Non-cash items £'000**	**At 29 December 2001 £'000**
Cash at bank and in hand	(3,245)	(6,592)	-	-	(9,837)
Overdrafts	-	7,906	-	-	7,906
Net cash at bank and in hand	(3,245)	1,314	-	-	(1,931)
Debt due in one year	2,725	1,574	-	363	4,662
Debt due after one year	73,905	3,768	2,404	562	80,639
Finance leases and similar hire purchase obligations					
Due in one year	832	(636)	53	647	896
Due after one year	1,276	579		(660)	1,195
Gross debt	78,738	5,285	2,457	912	87,392
Net debt	75,493	6,599	2,457	912	85,461

Notes to the Financial Statements *for the 52 weeks ended 29 December 2001.*

21 Related party transactions

Certain of the minority shareholders of Longville Group Limited were also shareholders of Industrial Cooling Services Limited ("ICS"), a company that distributes chillers. The company has entered into a supply agreement with ICS under which ICS will continue to supply chillers to the group on an arms length basis.

During the period the group made trade purchases from ICS totalling **£515,000** *(2000 – 65 weeks: £1,323,000.* At 29 December 2001 the amount due to ICS was **£22,000** *(2000: £39,000).*

The group supplies chillers to ICS on a rental basis. During the period the group's turnover with ICS amounted to **£247,000** *(2000 – 65 weeks: £206,000).* At 29 December 2001 the amount due from ICS was **£24,000** *(2000: £105,000).*

22 Acquisitions

On 24 May 2001 the group acquired the share capital and assets of NuTemp Inc, as described in the directors' report on pages 2 to 7.

The fair value of the assets and liabilities of NuTemp Inc at acquisition on 24 May 2001 was as follows:

	Book value on acquisition £'000	Accounting policy alignments £'000	Fair value £'000
Tangible fixed assets	9,153	(223)	8,930
Stocks	312	-	312
Debtors	1,889	(103)	1,786
Cash at bank and in hand	174	-	174
Creditors	(2,304)	(121)	(2,425)
Deferred taxation	-	247	247
Net assets	9,224	(200)	9,024

Cash consideration	7,399
Acquisition expenses	729
	8,128
Loan notes issued as part consideration	2,404
Total consideration	10,532
Goodwill capitalised	1,508

The main accounting policy adjustments related to a reduction in the estimated useful lives of accessories related to cooling equipment for hire, the introduction of debtor and deferred tax provisions in accordance with Longville accounting policies and the provision of additional accruals.

In its last financial year to 30 December 2000 NuTemp Inc made a loss before and after taxation of £430,000. For the period since that date to the date of acquisition the NuTemp Inc management accounts show:

	Period ended 24 May 2001 £'000
Turnover	**3,295**
Operating loss	**(147)**
Loss before and after tax	**(197)**

23 Controlling party

The directors consider that the ultimate controlling party is Bridgepoint Capital Limited, a company registered in England and Wales, the registered office of which is 101 Finsbury Pavement, London, EC2A 1EJ.

24 Post balance sheet events

On 14 February 2002, the assets of Pompfontijne were purchased by Chiller Rental Services BV, the Dutch trading subsidiary of Longville Group Limited, for a cash consideration of approximately £0.4 million. This was funded from existing cash resources within the group.

On 20 February 2002, the trade and assets of Schouppe J. NV and Air Schouppe NV were purchased by a newly formed wholly owned subsidiary company Schouppe NV registered in Belgium. The acquisition was settled by an initial cash consideration of approximately £0.5 million with a deferred consideration totalling approximately £0.3 million payable in 24 equal monthly instalments commencing July 2002. The initial cash consideration was partly funded by the draw down of a new bank loan amounting to £0.3 million secured on the assets of Schouppe NV with an interest rate of 6.45% with the capital element repayable in biannual instalments over 3 years and the cumulative interest payable on cessation of the loan. The balance of the consideration is being funded by existing cash resources within the group.