Company registration number: 02883010

COOLAIR EQUIPMENT LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

CONTENTS

The Board of Directors:	J J Otterson H Sharratt M J Bintliff W T Boardman A A Garstang N Gibbard M Gorton R S Mayers N S Parker
Company secretary:	H Sharratt
Company registration number:	02883010
Registered Office:	Coolair House Globe Lane Broadway Dukinfield Cheshire SK16 4UJ
Bankers:	National Westminster Bank plc 1 Spinningfields Square Deansgate Manchester M3 3AP
Auditors:	Mazars LLP Chartered Accountants & Statutory Auditors The Lexicon 10/12 Mount Street Manchester M2 5NT

The directors present their report and the financial statements for the year ended 31 December 2009.

CORPORATE INFORMATION

The Company is a limited company incorporated and domiciled in the United Kingdom. Details of the registered office can be found under Officers and Professional Advisors on page 1. The principle activities of the Company is detailed below.

ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company during the year continued to be the supply of air conditioning equipment and related products.

The Ultimate Parent company is Current Sound Limited.

BUSINESS REVIEW

The focus of the business remains the design, supply and installation of air conditioning systems within the UK commercial sector. To date Coolair Equipment Limited has grown and diversified by building strong alliances with the market-leading manufacturers and offering the most extensive range of air conditioning products and services to its customers. This will always remain the company's core business. Future growth is anticipated by continuing this strategy, but to supplement this there are also plans to enter the newly-emerging commercial heat pump boiler sector. These contemporary products are designed to help reach the renewable energy targets for the UK through improved energy efficiency compared to traditional heating boilers. They use very similar technology to the air conditioning systems which Coolair have many years experience of installing, and as such are a good fit with the existing business and our clients, plus additional technical training will be minimal. These products are currently in the developmental stage but this is seen as a growth area for the business over the medium to long term.

Whilst the Directors' foresee future growth, turnover fell by 26% in 2009 compared with the previous year. This was due to external economic conditions rather than issues specific to Coolair. The construction industry in the UK has been severely affected by the global recession currently being experienced. The cancellation / postponement of many construction projects countrywide impacted on the amount of work available for Coolair to compete for. During the whole of 2009 the business found that whilst the number of tenders offered out remained comparable with previous years, the number of projects actually being given the go-ahead plummeted as funding became more and more difficult to obtain. Increased competition in the industry for fewer and fewer projects lead to pricing necessarily becoming more competitive in order to secure work, which, combined with large increases in raw material prices, was the reason for the reduction in Coolair's gross profit percentage from 20% to 17%. Whilst the economic slump does now appear to be easing, Coolair predict turnover remaining steady at £20M in 2010.

The company is pleased with the results reported for 2009. Turnover was 15% higher than originally budgeted as the economic downturn was anticipated and planned for. Even in such difficult trading conditions the business returned a pre tax profit of £251,000, retained all personnel plus its substantial customer base, and eradicated the need for bank finance.

FINANCIAL REVIEW

This is the second annual report prepared under IFRS following the company's decision to adopt the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

In addition to the universal key performance indicators of sales, gross margins, EBITDA and gearing, other more activity-specific indicators are used to assess the performance of the company. These are used in conjunction with the internal controls in operation throughout the company and relate to a wide variety of aspects of the business, for example, working capital measures, stock holding periods and product performance statistics.

RESULTS

The profit for the year, after taxation, amounted to £212k (2008: £827k).

DIRECTORS

The directors who served during the year were as follows:

J J Otterson
H Sharratt
M J Bintliff
W T Boardman
A A Garstang
N Gibbard
M Gorton
R S Mayers
N S Parker

At no time during the year did any of the directors have a material interest in any significant contract with the company.

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates in a highly competitive market but the quality and breadth of the product ranges offered minimise the risk of losing sales to its key competitors. The company manages this risk by providing the best selection of market-leading, established products to its customers, and by investing in, training and retaining outstanding sales, technical and support staff. Coolair's commitment to training and promoting exceptional personnel has enabled it to maintain strong relationships with its customers over many years, and has been the true key to the company's long term success.

The company's activities expose it primarily to the following financial risks:

Credit Risk

The company's main financial asset is its trade debtor balance, and the company's credit risk is principally attributable to this. The amounts disclosed in the balance sheet are net of allowances for doubtful debts plus all outstanding retention balances in excess of three years old. The company has no significant concentration of credit risk, with exposure spread over approximately 450 customers in 2009.

Liquidity Risk

Although the company retains an overdraft facility of £550k secured over its current assets this has not been utilised since March 2009. Coolair now trades with surplus cash funds with no reliance on bank loans, overdrafts or parent company funding.

Interest Rate and Cash Flow Risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at variable rates. Interest cash flows are not material for day-today working capital requirements.

EMPLOYEE RELATIONS

The company supports the employment of disabled people wherever possible, both in recruitment and by retention of those who become disabled during their employment.

Appropriate steps are taken to inform and consult employees regarding matters affecting them and the company. This is achieved through internal publications, notice boards and regular meetings. The company encourages employee involvement in the financial performance of the business through profit related bonus schemes.

The company's policy regarding health and safety is to ensure that, as far as is practical there is a working environment that will minimise the risk to health and safety of employees and those persons who are authorised to be on its premises.

SUPPLIER PAYMENT POLICY

It is Company policy to agree and clearly communicate the terms of payment as part of the commercial arrangements negotiated with suppliers and then to pay according to those terms based upon the timely receipt of an accurate invoice.

The Company's trade creditor days for the year ended 31 December 2009 were 55 days (2008: 66 days), calculated in accordance with the requirements set down in the Companies Act 2006. This represents the ratio, expressed in days, between the amounts invoiced to the Company by its suppliers in the period and the amounts due, at the period end, to trade creditors within one year.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare financial statements in accordance with IFRS as adopted by the EU and applicable law.

The financial statements are required by law to give a true and fair view of the state of affairs of the Company.

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;
- state whether they have been prepared in accordance with IFRS as adopted by the EU; and
- 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 that 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 2006. They are also responsible for systems of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The nine directors who held office at the date of approval of the Directors' report confirm, so far as they are individually aware :

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

AUDITORS

With effect from 1 October 2009, Chadwick LLP merged its business with that of Mazars LLP, following which Chadwick resigned as auditors to the company. The directors appointed Mazars LLP to fill the casual vacancy caused by their resignation and, in accordance with section 489 of the Companies Act 2006 a resolution to reappoint Mazars LLP will be put to the members.

…………………………..
H Sharratt
Company Secretary

Date:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOLAIR EQUIPMENT LIMITED

We have audited the financial statements of Coolair Equipment Limited for the year ended 31 December 2009 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flow, the Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors. This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's web-site at www.frc.org.uk/apb/scope/UKNP.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or we have not received all the information and explanations we require for our audit.

Pamela Dawes (Senior statutory auditor)
for and on behalf of Mazars LLP, Chartered Accountants (Statutory auditor)

Lexicon House
Mount Street
Manchester
M2 5NT

Date:

	Note	2009 £'000	2008 £'000
Revenue	**2**	20,550	27,758
Cost of sales		(17,072)	(22,188)
Gross profit		3,478	5,570
Administrative expenses		(3,349)	(4,403)
Share of profit of associate	**9**	9	41
Gain on disposal of investment in associate	**9**	120	-
Operating profit	**3**	258	1,208
Financial income	**5**	1	1
Financial expenses	**6**	(8)	(36)
Net financing costs		(7)	(35)
Profit before income tax		251	1,173
Income tax expense	**7**	(39)	(346)
Profit for the year attributable to equity shareholders		212	827
Other comprehensive income		-	-
Total comprehensive income attributable to equity shareholders		212	827

The notes on pages 12 to 26 form part of these financial statements

	Note	2009 £'000	2008 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	**8**	118	127
Investments in equity accounted investees	**9**	-	296
Other investments	**10**	1	1
Trade and other receivables	**12**	724	797
Deferred tax assets	**15**	3	5
Total non-current assets		846	1,226
Current assets			
Inventories	**11**	68	61
Trade and other receivables	**12**	4,710	5,350
Cash and cash equivalents	**13**	1,627	2
Total current assets		6,405	5,413
TOTAL ASSETS		7,251	6,639
LIABILITIES			
Current liabilities			
Other interest bearing loans	**13**	-	(15)
Trade and other payables	**14**	(3,612)	(3,318)
Current tax liabilities		(37)	(211)
Accruals and deferred income		(647)	(352)
Total current liabilities		(4,296)	(3,896)
Non-current liabilities		-	-
Total non-current liabilities		-	-
TOTAL LIABILITIES		(4,296)	(3,896)
NET ASSETS		2,955	2,743
EQUITY			
Share capital	**16**	76	76
Share premium		24	24
Retained earnings		2,855	2,643
Total equity attributable to equity shareholders		2,955	2,743

The financial statements were approved by the Board and were authorised for issue on
They were signed on its behalf by:

…………………………..
J J Otterson
Director

The notes on pages 12 to 26 form part of these financial statement

COOLAIR EQUIPMENT LIMITED
CASHFLOW STATEMENT
YEAR ENDED 31 DECEMBER 2009

	Note	**2009** **£'000**	2008 £'000
Cash flows from operating activities			
Profit before taxation		251	1,173
Adjustments for non-cash operating transactions:			
Depreciation	**8**	20	23
Financial income	**5**	(1)	(1)
Financial expense	**6**	8	36
Share of profit of associate	**9**	(9)	(41)
Profit on disposal of investment in associate		(120)	-
Changes in working capital:			
Decrease in trade and other receivables		713	956
(Increase)/decrease in inventories		(7)	2
Increase/(decrease) in trade and other payables		590	(1,005)
Cash generated from operations		1,445	1,143
Interest paid	**6**	(8)	(36)
Income tax paid		(212)	(498)
Net cash generated from operating activities		1,225	609
Cash flows from investing activities			
Interest received	**5**	1	1
Acquisition of property, plant and equipment		(11)	(10)
Proceeds from disposal of investments		425	-
Net cash generated from/(used in) investing activities		415	(9)
Cash flows from financing activities			
Dividends paid		-	-
Repayment of borrowings		-	(635)
Net cash absorbed by financing activities		-	(635)
Net increase/(decrease) in cash and equivalents		1,640	(35)
Opening cash and cash equivalents		(13)	22
Closing cash and cash equivalents	**13**	1,627	(13)

The notes on pages 12 to 26 form part of these financial statements

Year ended 31 December 2008	**Share capital £'000**	**Share premium £'000**	**Retained earnings £'000**	**Total £'000**
Balance at 1 January 2008	76	24	1,816	1,916
Profit for the period	-	-	827	827
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	827	827
Dividends paid	-	-	-	-
Balance at 31 December 2008	76	24	2,643	2,743

Year ended 31 December 2009	**Share capital £'000**	**Share premium £'000**	**Retained earnings £'000**	**Total £'000**
Balance at 1 January 2009	76	24	2,643	2,743
Profit for the period	-	-	212	212
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	-	-	212	212
Dividends paid	-	-	-	-
Balance at 31 December 2009	76	24	2,855	2,955

<u>Share premium</u>

The share premium reserve represents the consideration that has been received in excess of the nominal value of shares on issue of new ordinary share capital, less permitted expenses.

<u>Retained earnings</u>
The retained earnings reserve represents profit and losses retained in previous and the current period.

The notes on pages 12 to 26 form part of these financial statements

1. ACCOUNTING POLICIES

The financial statements of Coolair Equipment Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted by the Company are set out below.

Consolidation

The Company has not prepared consolidated accounts as its parent Company; Current Sound Limited has prepared group accounts.

Corporate information

The Company is a limited company incorporated and domiciled in the United Kingdom.

Going concern

At the date of the approval of the financial statements, the directors have satisfied themselves that the Company will continue in business for the foreseeable future. On this basis, the going concern basis of accounting continues to be applied in the preparation of the financial statements.

Associates (equity accounted)

Associates are those in which the Company has significant influence, but not control, over the financial and operating policies. Associates are accounted for using the equity method (equity accounted investees). The financial statements include the Company's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the company, from the date that significant influence commences until the date significant influence ceases. When the company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the company has an obligation or has made payments on behalf of the investee.

Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, rebates and sales-related taxes. Sales of goods are recognised when goods have been delivered and title in those goods has passed. Rebates are recognised at their anticipated level as soon as any liability is expected to arise.

Revenue from the sale of services is recognised when the amount of revenue can be measured reliably; it is probable that the economic benefits associated with the transaction will be received by the Company and the costs to complete the transaction can be measured reliably.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on the basis set out below over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The depreciation rates applied are as follows:

Land and buildings	- 4% per annum on cost
Furniture, fittings & equipment	- 20% per annum on cost

Leased assets

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership to the Company. All other leases are classified as operating leases.

Lease payments in respect of assets held under operating leases are charged directly to the income statement. Payments made to acquire operating leases are treated as prepayments and charged to income during the period of the lease**.**

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources will be required to settle that obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present values where the effect is material.

Financial Instruments

Financial instruments are measured initially at cost, which is the fair value of whatever was paid or received to acquire or incur them. Acquisition costs include transaction costs.

After initial recognition, financial assets and liabilities are classified into the following categories: fair value through profit or loss; loans and receivables. A description of these measurement bases is as follows:

Fair value through profit or loss
Investments which are held for trading are accounted for at fair value through profit or loss. Investments are treated as held for trade if they are:

(i) acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
(ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit taking; or
(iii) a derivative not designated and effective as a hedging instrument.

The Company has held no such investments during the current or prior year.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments and which are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are sold or impaired, as well as through the amortisation process.

Financial liabilities
Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities' measured at amortised cost**.**

Other financial liabilities
Other financial liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Subsequently they are measured at amortised cost, using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. The principal financial assets and liabilities of the Company are as follows:

Trade receivables
Trade receivables are initially recognised at fair value and then are stated at amortised cost using the effective interest method, less provision for impairment.

Cash and equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included as they are an integral part of the Company's cash management.

Trade payables
Trade payables are initially recognised at fair value and are then stated at amortised cost using the effective interest method.

Interest bearing loans and borrowings
Interest bearing bank loans and overdrafts and other loans are recognised initially at fair value. All borrowings are subsequently stated at amortised cost, using the effective interest method, with the difference between initial net proceeds and redemption values recognised in the income statement over the period to redemption.

Impairment of assets

The carrying amounts of the Company's assets, other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.
An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit and loss. If the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short term highly liquid investments. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and calculated as the cost of materials. Net realisable value is based on estimated selling price less additional costs to completion and disposal. Inventories comprise primarily of goods for resale.

Taxation

Income tax expense represents the sum of the current tax and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, together with any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for; the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Pensions

The Company operates a number of defined contribution schemes for which the amount charged to income in respect of pension costs and other post-retirement benefits is the amount of the contributions payable in the year. Differences between contributions payable and paid are accrued or prepaid.

Use of estimates and judgements

The preparation of financial statements in compliance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and revenue and expenses during the period. Management evaluates its estimates on an ongoing basis using historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Adoption of new and revised Standards

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

IAS 1 (revised 2007) Presentation of Financial Statements	IAS 1 (2007) has introduced a number of changes to the format and content of the financial statements.
IFRS 8 Operating Segments	IFRS 8, Operating Segments is a disclosure standard that has resulted in a redesignation of the Company's reportable segments in replacement of IAS 14, Segmental Reporting. IFRS 8 sets out disclosure requirements concerning the operating segments in which an entity operates and its major customers. Adoption of this standard did not change the analysis of the Company's results and performance significantly. All other standards, amendments and interpretations becoming effective during the year are not relevant to the Company's operations.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended)/IAS 27 (amended)	*Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate*
IFRS 3 (revised 2008)	*Business Combinations*
IAS 27 (revised 2008)	*Consolidated and Separate Financial Statements*
IAS 28 (revised 2008)	*Investments in Associates*
IFRIC 17	*Distributions of Non-cash Assets to Owners*
Improvements to IFRSs (April 2009)	

The directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Company except for treatment of acquisition of subsidiaries and associates when IFRS 3 (revised 2008), IAS 27 (revised 2008) and IAS 28 (revised 2008) come into effect for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009.

2. REVENUE

	2009 **£'000**	2008 £'000
Continuing Operations		
Sale of goods and rendering of services	20,550	27,758
Other Operating Income		
Dividend income	-	-
Interest income	1	1
Share of profit of equity accounted investee	9	41
Profit on disposal of investments	120	-
Total revenue	20,680	27,800

3. OPERATING PROFIT

Operating profit is stated after charging:	**2009** **£'000**	2008 £'000
Depreciation of tangible fixed assets		
- Owned assets	20	23
Loss on disposal of tangible fixed assets		
Impairments on trade receivables	13	807
Cost of inventory	10,166	13,640
Directors' remuneration	1,017	1,080
Operating lease rentals		
- Plant and machinery	134	155
- Other operating leases	73	73
Auditors' remuneration		
- Fees payable to the Company's auditor for the audit of the Company's annual accounts	20	20
Tax services	2	2
Other services	6	-

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Staff costs incurred in respect of these employees were:	**2009 £'000**	2008 £'000
Wages and salaries	3,190	3,691
Social security costs	310	363
Pension costs	111	107
	3,611	4,161

The average number of employees (including directors) was:	No.	No.
Engineers	49	63
Warehouse and distribution	1	2
Sales	14	14
Management and administration	23	23
	87	102

The aggregate remuneration paid to or accrued to directors for services in all capacities during the year is as follows:

	2009 £	2008 £
Emoluments	1,017	1,080
Pension costs	81	84
	1,098	1,164

During the year retirement benefits were accruing to 8 directors (2008: 8) in respect of money purchase pension schemes.

The highest paid director received remuneration of £93,747 (2008 - £95,062).

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £6,060 (2008 - £Nil).

5. FINANCIAL INCOME

	2009 £'000	2008 £'000
Bank interest receivable	1	1
	1	1

6. FINANCIAL EXPENSES

	2009 £'000	2008 £'000
Bank overdraft interest payable	1	-
Bank loan interest payable	-	27
Other loan interest payable	7	9
	8	36

7. INCOME TAX

Recognised in the income statement	**2009 £'000**	2008 £'000
Current income tax:		
UK Corporation tax charge on profits for the year	37	351
Deferred income tax :		
Origination and reversal of temporary differences	2	(5)
Income tax expense	39	346

Reconciliation of effective tax rate

	2009 £'000	2008 £'000
Profit on ordinary activities before tax	251	1,173
Profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 21% (2008: 30%)	53	352
Effects of:		
Expenses not deductible for tax purposes chargeable to income	13	36
Change in unrecognised temporary differences	-	(1)
Marginal relief	-	(29)
Expenses deductible for tax purposes not chargeable to income	(27)	(12)
	39	346

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings £'000	**Furniture, fittings and equipment £'000**	**Total £'000**
Cost			
At 1 January 2008	123	639	762
Additions	-	10	10
At 31 December 2008	123	649	772
Depreciation			
At 1 January 2008	30	593	622
Charge for the period	5	18	23
At 31 December 2008	35	611	645
Net book value			
At 31 December 2008	88	39	127
At 31 December 2007	93	47	140

8. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land and buildings £'000	Furniture, fittings and equipment £'000	Total £'000
Cost			
At 1 January 2008	123	649	772
Additions	-	11	11
At 31 December 2009	123	661	783
Depreciation			
At 1 January 2009	35	611	646
Charge for the period	5	15	20
At 31 December 2009	40	626	666
Net book value			
At 31 December 2009	83	35	118
At 31 December 2008	88	39	127

The Company holds no assets on hire purchase contract (2008: nil)

9. EQUITY ACCOUNTED INVESTEES

	2009 £'000	2008 £'000
At 1 January	296	255
Share of Profit	9	41
Disposal in associate	(305)	-
At 31 December	-	296

The company's share of profit in Coolair Services Limited, its equity accounted investee for the year was £8,918 (2008: £40,960). On 3 April 2009 the company disposed of the entire shareholding in Coolair Services Limited for a consideration of £425,000. Cash included in the associate disposed of at the year end was £737,460 (2008: 819,936). The Company made a gain on disposal of £119,859.

The associate was incorporated in the United Kingdom.

9. EQUITY ACCOUNTED INVESTEES (continued)

Summary financial information for equity accounted investees, not adjusted for the percentage ownership held by the company is as follows:

		Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
	%	£	£	£	£	£	£
2009							
Coolair Services Limited	-	1,733,309	201,550	1,934,859	(763,927)	(26,462)	(790,389)
2008 Coolair Services Limited	29	2,380,840	185,566	2,566,406	(1,499,389)	(45,554)	(1,544,943)

		Revenue	Expense	Profit / (Loss)
	%	£	£	£
2009				
Coolair Services Limited	-	3,190,981	(3,067,974)	123,007
2008 Coolair Services Limited	29	3,681,277	(3,640,317)	40,960

10. OTHER INVESTMENTS

	Shares in group undertakings £'000
Cost	
Brought forward and at 31 December 2009	128
Impairment	
Brought forward and at 31 December 2009	127
Net Book Value	
At 31 December 2009	1
At 31 December 2008	1

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows:

Name of company	Country of incorporation	Holding	Proportion held	Nature of business
Complete Building Services Engineering Limited	England	Ordinary	100	Dormant

10. OTHER INVESTMENTS (continued)

The company's investment in Complete Building Services Engineering Limited is £2, and at 31 December 2009 its profits for the year were £nil (2008: £Nil), and its net assets as at that date were £2,251 (2008: £2,251). On 31 July 2006 the assets and trade were hived up into Coolair Equipment Limited and since that date the company has ceased to trade.

Under the provision of section 400 of the Companies Act 2006 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

11. INVENTORIES

	2009	2008
	£'000	£'000
Finished goods	68	61
	68	61

There is no inventory write down provision at year end (2008: £Nil)

12. TRADE AND OTHER RECEIVABLES

	2008	2009
	£'000	£'000
Due after more than one year		
Trade receivables	724	797
Due within one year		
Trade receivables	5,107	5,984
Less: provision for impairment of trade receivables	(856)	(934)
Net trade receivables	4,251	5,050
Trade receivables due from related parties	320	134
Prepayments and accrued income	112	130
Other receivables	27	36
	4,710	5,350

Movement in the allowance for doubtful debts:

	2009	2008
	£'000	£'000
Balance at 1 January	934	194
Amounts utilised in the year	(91)	(67)
Increase/(decrease) in allowance recognised in the income statement	13	807
Balance at 31 December	856	934

12. TRADE AND OTHER RECEIVABLES (continued)

Allowance account for credit losses

The Company has recognised a provision for bad and doubtful debts, which at the balance sheet date amounted to £856k. Management consider that these balances are impaired based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and sales documentation.

The maximum exposure to credit risk for trade receivables is represented by their carrying amount. The Company does not hold any collateral as security. In determining the recoverability of a trade receivable the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. The Company does not have a significant concentration of credit risk, as its customer base is large and unrelated.

The directors consider the carrying amount of the current trade and other receivables balances to approximate to their fair value.

Trade receivables due after one year relate to retentions. The directors consider the balance to be stated at fair value.

13. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following for the purpose of the cashflow statement;

	2009 £'000	2008 £'000
Cash and cash equivalents	1,627	2
Bank overdrafts	-	(15)
	1,627	(13)

The directors consider the carrying amount of the cash and cash equivalent balances to approximate to their fair value.

14. TRADE AND OTHER PAYABLES

	2009 £'000	2008 £'000
Trade payables	2,495	2,605
Trade payables due to related parties	484	50
Other payables and accrued expenses	633	663
	3,612	3,318

The directors consider the carrying amount of the trade and other payables balances to approximate to their fair value.

15. DEFERRED TAX

	Accelerated tax depreciation £'000	Other temporary differences £'000	Total current deferred tax asset/ (liability) **£'000**
At 1 January 2007	6	4	10
(Charged)/credited to Income Statement	(4)	1	(3)
At 1 January 2008	2	5	7
(Charged) to Income Statement	(2)	-	(2)
At 1 January 2009	-	5	5
(Charged)/credited to Income Statement	1	(3)	(2)
At 31 December 2009	1	2	3

16. CALLED UP SHARE CAPITAL

	2009 **£'000**	2008 £'000
Authorised:		
110,000 Ordinary shares of £1 each	110	110
Allotted, issued and fully paid:		
76,000 Ordinary shares of £1 each	76	76

17. RELATED PARTY TRANSACTIONS

During the year the company entered into related party transactions as follows:

Supplied management services to Coolair Services Limited of £14,433 (2008: £45,170) with flexible payment terms. Sales to and purchases from Coolair Services Limited were £437,644 (2008: £565,165) and £1,111,235 (2008: £1,404,588) respectively. All transactions were at arms length and carried out in the normal course of business. At the year end there was £67,350 (2008: £128,498) due to Coolair Equipment Limited. Coolair Services Limited is an associate in which Coolair Equipment Limited previously held a 29% equity shareholding. The company's entire shareholding in Coolair Services Limited was disposed of on 3 April 2009.

Sales to and purchases from G8 Limited (a company related to Coolair Services Limited by nature of common directorships) were £42 and £1,018,526, respectively (2008: £24,470 and £1,037,189). All transactions were at arms length and carried out in the normal course of business. At the year end there was £226,779 due from Coolair Equipment Limited (2008: £50,010).

Sales to and purchases from Thermotech Limited (a company related to Coolair Services Limited by nature of common directorships) were £Nil (2008: £15,288 and £1,370). All transactions were at arms length and carried out in the normal course of business. At the year end there was £Nil due to Coolair Equipment Limited (2008: £5,181).

17. RELATED PARTY TRANSACTIONS (continued)

During 2003 the company entered into a twelve year contract to lease the Midlands business property from Coolair Equipment Limited Directors Retirement Benefit Scheme. This scheme is a small self administered scheme of which the following directors are trustees; RS Mayers, MJ Bintliff, WT Boardman, and JJ Otterson. During the 2005 the pension scheme sold the property to an independent third party, and as part of this arrangement the pension scheme agreed to pay the rental charges of Coolair Equipment for the first two years of the new lease.

The company rent the current Globe Lane premises from Coolair Services Limited for an annual rental of £37,500.

There were no directors' loan accounts outstanding at the year end (2008: M J Bintliff - £3,000).

18. COMMITMENTS

Capital commitments

At 31 December 2009 and 31 December 2009 the Company had no commitments for capital expenditure contracted but not provided for in the financial statements.

Leasing commitments

The Company has various finance leases for land and buildings and other equipment . These leases have terms of renewal but no purchase option or escalation clauses.

At 31 March 2010 the Company had total non-cancellable commitments under operating leases as follows:

	2009	2008
	£'000	£'000
Land and Buildings		
Leases terminating within one year	73	73
Leases terminating between two and five years	142	195
Leases terminating after more than five years	55	74
Other equipment		
Leases terminating within one year	78	134
Leases terminating between two and five years	-	78
	348	554

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the benefit of employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £111,686 (2008: £107,351). There were outstanding contributions of £10,477 (2008: £7,632) at the end of the year which are included within creditors.

20. CAPITAL MANAGEMENT

The Company aims to manage its capital so as to ensure that it continues to operate as a going concern and to maintain sufficient financial flexibility to undertake planned investments, whilst providing an adequate return to shareholders.

The Company also aims to optimise its capital structure in order to reduce the cost of capital and support the Company's operations. The Company's capital structure represents the equity

20. CAPITAL MANAGEMENT (continued)

attributable to the shareholders of the Company together with borrowings and cash and cash equivalents.

Borrowings previously held have been fully repaid as they are no longer needed for financing. No further debt finance has been required as the Company generates enough cash to finance operations.

21. RISK MANAGEMENT

Financial risk management
The Company manages financial risks relating to the companies within the Group through a centralised Treasury function which monitors the risks through (describe ways in which the risks are monitored, i.e. internal risk reports) and acts accordingly. The principal risks to which the Company is exposed are credit risk and liquidity risk. The Company seeks to minimise the effects of these risks.

Credit risk
Credit risk is the risk that a counter-party will cause a financial loss to the Company by failing to discharge its obligation to the Company. The Company manages its exposure to this risk by applying Board-approved limits to the amount of credit exposure to any one counterparty and employs strict minimum credit worthiness criteria as to the choice of counterparty, thereby ensuring that there are no significant concentrations.

The maximum exposure to credit risk for receivables and other financial assets is represented by their carrying amount.

Liquidity risk
Liquidity risk is the risk that companies within the Company will encounter difficulty in meeting obligations associated with financial liabilities. To counter this risk, the Company operates with a high level of interest cover and at low levels of net debt relative to its capitalisation. In addition, it benefits from strong cash flow from its normal trading activities.

Foreign exchange risk
Foreign exchange risk is considered to be none for the Company, this is because the Company does not carry out any transactions with foreign operations or entities and thus there is no exposure to changes in exchange rates.

Interest rate risk
The Company is exposed to interest rate risk as it holds significant cash balances. The bank balances have an interest rate of 0.30% below the NatWest Base Rate. The rate is currently 0.50%. The Company has used a sensitivity analysis technique that measures the estimated change to the income statement and equity of a 1% change in the base rate, with all other variables remaining constant. This analysis is provided for illustrative purposes only. Profit for the year ending 31 December 2009 would have increase by £6k (2008: £Nil).

22. ULTIMATE PARENT UNDERTAKING

The company is a 100% subsidiary of Current Sound Limited. Copies of the parent company accounts are available from Companies House, Crown Way, Maindy, Cardiff.