Coolair Equipment Limited

Registered number: 02883010

Directors' report and financial statements

For the year ended 31 December 2012

COOLAIR EQUIPMENT LIMITED

COMPANY INFORMATION

DIRECTORS	J J Otterson H Sharratt A A Garstang N Gibbard S Valentine J Garstang
REGISTERED NUMBER	02883010
REGISTERED OFFICE	Coolair House Globe Lane Dukinfield Cheshire SK16 4UJ
INDEPENDENT AUDITORS	Mazars LLP Chartered Accountants & Statutory Auditors The Lexicon 10/12 Mount Street Manchester M2 5NT
BANKERS	National Westminster Bank plc 1 Spinningfields Square Deansgate Manchester M3 3AP

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COOLAIR EQUIPMENT LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' 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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The focus of the business is the supply and installation of air conditioning systems plus latterly commercial heating products.

2012 saw turnover dip back to average levels the company has been experiencing since the start of the current recession, with 2011 being an anomalously good year. Despite this dip in turnover however, performance exceeded expectations with a healthy pre-tax profit of £598,000 being reported.

£1 million of turnover this year was generated from the installation of commercial heating products. This new and developing market is an ideal fit for Coolair as the technologies & methodologies involved greatly overlap with those applying to air conditioning systems. Coolair are working closely with key suppliers to develop joint strategies to grow our share in this market. This is seen as our principal growth area over the next 5 year period.

The key event of 2012 was a third phase of re-structuring, identical to those of 2006 and 2010. Since 2006, Coolair has had a long-term plan to re-purchase all the shares from its senior shareholders as they reach retirement age, and pass these on to the younger generation of management to secure the company's future. April 2012 saw this process completed with the new management team (all long-serving employees) now fully in place. The dividend reflected in these accounts relates entirely to this re-structuring and share re-purchase.

Cash flow remains healthy with no reliance on external finance. The fall in average cash holdings as reported below relates solely to the share re-structuring and is in line with long-term plans. As reported last year, the increasing trend of business failures across the construction sector appears to be continuing, with bad debts representing a key business risk. Two material write-offs were suffered during 2012 (£220,000 and £164,000) but were partly counteracted by £136,000 of debts previously provided against being recovered.

In addition to the universal KPIs of turnover and gross margin the company considers its specific KPIs to be:-

- Order levels
- Sales generated per salesman
- Average cash levels

Levels of secured orders are crucial to short-term planning of labour requirements and purchasing levels but more importantly provide the key indication of upturn or downturn in future workload, enabling management to react quickly and make appropriate changes on a strategic level. Average monthly order levels over the last 5 years have been £6.1M (from £6.5M last year) and levels at each of the last two year ends were:-

	December 2012	December 2011
Secured orders	£5,415,720	£4,934,586

Coolair firmly believe that our sales force is our best asset. Average sales per salesman is an indicator of the state of the market plus when this figure drops it also indicates that there may be problems with individual performance which need to be rectified. We would not expect this figure to drop below £1M without good reason, and at each of the last two year ends the levels were:-

	December 2012	December 2011
Average sales per salesman	£1.20M	£1.39M

Coolair trade with no reliance on external finance. Average monthly cash levels are the key indicator not just of trading conditions but of the strength and durability of our customer base. Average cash holdings (measured on a monthly basis) over the last 5 years have been £739,739 (up from £434,829 last year) and holdings at each of the last two year ends were:-

	December 2012	December 2011
Average monthly cash balance	£185,200	£832,854

The Board are optimistic about the long term future growth and direction of Coolair and see our focus remaining on providing the best quality air conditioning design & installation service. Combined with this, growth will be generated organically through entry in to the emerging commercial heating market in partnership with our key suppliers.

RESULTS

The profit for the year, after taxation, amounted to £403,879 (2011 - £651,172).

DIRECTORS

The directors who served during the year were:

J J Otterson
H Sharratt
MJ Bintiff (resigned 27 April 2012)
A A Garstang
N Gibbard
J Garstang (appointed 27 April 2012)
M Gorton (resigned 14 December 2012)
NS Parker (resigned 27 April 2012)

The director who was appointed after the year end was:
S Valentine (appointed 15 January 2013)

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 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 and all outstanding retention balances in excess of three years old. The company has no significant debt concentration of credit risk, with exposure spread over a significant number of customers.

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 are cash balances which earn interest at variable rates. Interest cash flows are not material for day to day working capital requirements.

PROVISION OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

....
H Sharratt
Director

Date:

Coolair House
Globe Lane
Dukinfield
Cheshire
SK16 4UJ

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COOLAIR EQUIPMENT LIMITED

We have audited the financial statements of Coolair Equipment Limited for the year ended 31 December 2012 which comprise the Profit and loss account, the Balance sheet, the Cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' responsibilities statement set out on page 1, 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 and express an opinion on 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 Auditors' 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON THE OTHER MATTER 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 matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

Ian Wrightson (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants & Statutory Auditors and

The Lexicon
10/12 Mount Street
Manchester
M2 5NT

Date:

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
TURNOVER	1,2	22,995,014	26,391,767
Cost of sales		(18,543,837)	(21,818,080)
GROSS PROFIT		4,451,177	4,573,687
Administrative expenses		(3,844,935)	(3,653,435)
OPERATING PROFIT	3	606,242	920,252
Interest receivable and similar income		5,078	3,527
Interest payable and similar charges	6	(13,013)	(809)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		598,307	922,970
Tax on profit on ordinary activities	7	(194,428)	(271,798)
PROFIT FOR THE FINANCIAL YEAR	15	403,879	651,172

All amounts relate to continuing operations.

There were no recognised gains and losses for 2012 or 2011 other than those included in the Profit and loss account.

The notes on pages 10 to 19 form part of these financial statements.

COOLAIR EQUIPMENT LIMITED
Registered number: 02883010

BALANCE SHEET
AS AT 31 DECEMBER 2012

	Note	£	2012 £	£	2011 £
FIXED ASSETS					
Tangible assets	8		953,975		123,050
CURRENT ASSETS					
Stocks	9	80,533		57,025	
Debtors	10	7,985,943		7,588,344	
Cash at bank and in hand		156,177		1,253,770	
		8,222,653		8,899,139	
CREDITORS: amounts falling due within one year	11	(7,072,657)		(5,931,157)	
NET CURRENT ASSETS			1,149,996		2,967,982
TOTAL ASSETS LESS CURRENT LIABILITIES			2,103,971		3,091,032
CREDITORS: amounts falling due after more than one year	12		(512,678)		(210,000)
PROVISIONS FOR LIABILITIES					
Deferred tax	13		(10,400)		(4,018)
NET ASSETS			1,580,893		2,877,014
CAPITAL AND RESERVES					
Called up share capital	14		76,000		76,000
Capital redemption reserve	15		24,000		24,000
Profit and loss account	15		1,480,893		2,777,014
SHAREHOLDERS' FUNDS	16		1,580,893		2,877,014

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

....
H Sharratt
Director

The notes on pages 10 to 19 form part of these financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
Net cash flow from operating activities	18	1,351,624	805,329
Returns on investments and servicing of finance	19	(7,935)	2,718
Taxation		(246,158)	(180,254)
Capital expenditure and financial investment	19	(884,959)	(16,246)
Equity dividends paid		(1,700,000)	-
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(1,487,428)	611,547
Financing	19	389,835	-
(DECREASE)/INCREASE IN CASH IN THE YEAR		(1,097,593)	611,547

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET (DEBT)/ FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
(Decrease)/Increase in cash in the year	(1,097,593)	611,547
Cash inflow from increase in debt and lease financing	(389,835)	-
MOVEMENT IN NET (DEBT)/ FUNDS IN THE YEAR	(1,487,428)	611,547
Net funds at 1 January 2012	1,253,770	642,223
NET (DEBT)/FUNDS AT 31 DECEMBER 2012	(233,658)	1,253,770

The notes on pages 10 to 19 form part of these financial statements.

1. ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 TURNOVER

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 GOING CONCERN

The financial statements have been prepared on the going concern basis.

The company's business activities are set out in the Directors Report on page 1. The financial position of the company along with its cashflows, liquidity and borrowing facilties have been reviewed by the directors and as a result the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

1.4 TANGIBLE FIXED ASSETS AND DEPRECIATION

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

Freehold property	-	4% straight line
Leasehold improvements	-	4% straight line
Land	-	Not depreciated
Fixtures & fittings	-	20% straight line

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1.5 OPERATING LEASES

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

1.6 STOCKS

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1. ACCOUNTING POLICIES (continued)

1.7 LONG-TERM CONTRACTS

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

1.8 DEFERRED TAXATION

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.9 PENSIONS

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

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

All turnover arose within the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging:

	2012 £	2011 £
Depreciation of tangible fixed assets:		
- owned by the company	54,034	23,743
Auditors' remuneration	20,000	20,000
Auditors' remuneration - non-audit	2,950	8,000
Operating lease rentals:		
- plant and machinery	2,950	2,333
- other operating leases	68,353	104,040

4. STAFF COSTS

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

	2012 £	2011 £
Wages and salaries	3,223,454	3,006,924
Social security costs	73,407	308,347
Pension costs	147,034	139,781
	3,443,895	3,455,052

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

	2012 No.	2011 No.
Engineers	46	46
Warehouse and distribution	1	1
Sales	18	17
Management and administration	19	20
	84	84

5. DIRECTORS' REMUNERATION

	2012 £	2011 £
Emoluments	505,778	695,939
Company pension contributions to defined contribution pension schemes	71,193	72,860

During the year retirement benefits were accruing to 6 directors (2011 - 6) in respect of defined contribution pension schemes.
The highest paid director received remuneration of £110,677 (2011 - £136,888).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,000 (2011 - £12,360).

6. INTEREST PAYABLE

	2012 £	2011 £
On bank loans and overdrafts	13,013	70
Other interest payable	-	739
	13,013	809

7. TAXATION

	2012 £	2011 £
ANALYSIS OF TAX CHARGE IN THE YEAR		
CURRENT TAX (see note below)		
UK corporation tax charge on profit for the year	188,046	269,459
Adjustments in respect of prior periods	-	1,934
TOTAL CURRENT TAX	188,046	271,393
DEFERRED TAX (see note 13)		
Origination and reversal of timing differences	6,382	405
TAX ON PROFIT ON ORDINARY ACTIVITIES	194,428	271,798

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is the same as (2011 - the same as) the standard rate of corporation tax in the UK of 24% (2011 - 28%) as set out below:

	2012 £	2011 £
Profit on ordinary activities before tax	598,307	922,970
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 28%)	143,594	258,432
EFFECTS OF:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	39,381	35,233
Capital allowances for year in excess of depreciation	(144)	(1,353)
Small company relief	-	(7,122)
Change in tax rate	5,215	(15,731)
Other timing differences leading to an increase (decrease) in taxation	-	1,934
CURRENT TAX CHARGE FOR THE YEAR (see note above)	188,046	271,393

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

8. TANGIBLE FIXED ASSETS

	Freehold property £	Leasehold Improvements £	Motor vehicles £	Fixtures & fittings £	Total £
COST					
At 1 January 2012	-	122,941	-	144,653	267,594
Additions	837,080	-	11,440	36,439	884,959
At 31 December 2012	837,080	122,941	11,440	181,092	1,152,553
DEPRECIATION					
At 1 January 2012	-	49,854	-	94,690	144,544
Charge for the year	27,898	4,908	3,332	17,896	54,034
At 31 December 2012	27,898	54,762	3,332	112,586	198,578
NET BOOK VALUE					
At 31 December 2012	809,182	68,179	8,108	68,506	953,975
At 31 December 2011	-	73,087	-	49,963	123,050

9. STOCKS

	2012 £	2011 £
Finished goods and goods for resale	80,533	57,025

10. DEBTORS

	2012 £	2011 £
DUE AFTER MORE THAN ONE YEAR		
Trade debtors	989,600	817,086
DUE WITHIN ONE YEAR		
Trade debtors	6,809,037	6,592,085
Other debtors	30,408	55,101
Prepayments and accrued income	156,898	124,072
	7,985,943	7,588,344

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Bank loan	87,157	-
Trade creditors	4,042,505	3,617,213
Corporation tax	207,329	269,459
Social security and other taxes	1,016,773	1,148,321
Other creditors	1,133,115	99,323
Accruals and deferred income	585,778	796,841
	7,072,657	5,931,157

The bank loan is secured by a first legal charge over Coolair House, Globe Lane Dukinfield.

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2012 £	2011 £
Bank loan	302,678	-
Other creditors	210,000	210,000
	512,678	210,000

Creditors include amounts not wholly repayable within 5 years as follows:

	2012 £	2011 £
Deferred consideration	210,000	210,000

The bank loan is secured by a first legal charge over Coolair House, Globe Lane Dukinfield.

13. DEFERRED TAXATION

	2012 £	2011 £
At beginning of year	4,018	3,613
Charge for year	6,382	405
At end of year	10,400	4,018

13. DEFERRED TAXATION (continued)

The provision for deferred taxation is made up as follows:

	2012 £	2011 £
Accelerated capital allowances	13,349	4,018
Other timing differences	(2,949)	-
	10,400	4,018

14. SHARE CAPITAL

	2012 £	2011 £
ALLOTTED, CALLED UP AND FULLY PAID		
76,000 Ordinary shares of £1 each	76,000	76,000

15. RESERVES

	Capital redempt'n reserve £	Profit and loss account £
At 1 January 2012	24,000	2,777,014
Profit for the year		403,879
Dividends: Equity capital		(1,700,000)
At 31 December 2012	24,000	1,480,893

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2012 £	2011 £
Opening shareholders' funds	2,877,014	2,225,842
Profit for the year	403,879	651,172
Dividends (Note 17)	(1,700,000)	-
Closing shareholders' funds	1,580,893	2,877,014

17. DIVIDENDS

	2012 £	2011 £
Dividends paid on equity capital	1,700,000	-

On 27 April 2012, Coolair Equipment Limited proposed and paid a dividend of £22.36 per ordinary share (£1,700,000) to the shareholder. No additional dividends have been proposed at the year end (2011: £nil).

18. NET CASH FLOW FROM OPERATING ACTIVITIES

	2012 £	2011 £
Operating profit	606,242	920,252
Depreciation of tangible fixed assets	54,034	23,743
(Increase) in stocks	(23,508)	(9,671)
(Increase)/decrease in debtors	(397,599)	412,330
Increase/(decrease) in creditors	1,112,455	(541,325)
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,351,624	805,329

19. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2012 £	2011 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	5,078	3,527
Interest paid	(13,013)	(809)
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	(7,935)	2,718

	2012 £	2011 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Purchase of tangible fixed assets	(884,959)	(16,246)

	2012 £	2011 £
FINANCING		
New secured loans	389,835	-

20. ANALYSIS OF CHANGES IN NET FUNDS/ (DEBT)

	1 January **2012**	Cash flow	Other non-cash changes	31 December **2012**
	£	**£**	**£**	**£**
Cash at bank and in hand	1,253,770	(1,097,593)	-	156,177
DEBT:				
Debts due within one year	-	(389,835)	302,678	(87,157)
Debts falling due after more than one year	-	-	(302,678)	(302,678)
NET FUNDS/ (DEBT)	1,253,770	(1,487,428)	-	(233,658)

21. 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 £147,034 (2011: £139,781). There were outstanding contributions of £Nil (2011: £12,823) at the end of the year which are included within creditors.

22. OPERATING LEASE COMMITMENTS

At 31 December 2012, the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2012	**2011**	**2012**	**2011**
	£	**£**	**£**	**£**
EXPIRY DATE:				
Within 1 year	15,000	11,250	139,429	84,924
Between 2 and 5 years	19,850	-	-	-
After more than 5 years	-	19,850	-	-

Total aggregate commitments held under non-cancellable operating leases at 31 December 2012 relating to land and buildings is £92,304 (2011: £112,154) and other operating leases is £139,429 (2011: £84,924). This is based upon the assumption that the leases will all run to their expiration date and therefore does not account for any break clauses that may be in place. It also excludes any increases in rent that may be payable following any scheduled rent reviews implicit in the lease agreement.

23. RELATED PARTY TRANSACTIONS

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 existing and former directors are trustees; RS Mayers, MJ Bintliff, WT Boardman and JJ Otterson. During 2005, the pension scheme sold half of the property. However the part occupied by Coolair Equipment Limited continues to be owned by the directors pension scheme. As a result, rental payments were made on an arm's length basis to the scheme for this property totalling £15,000 (2011: £15,000).

No other transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent is Coolair Management Company Limited, who own 100% of the share capital of Coolair Equipment Limited. Copies of the parent company accounts are available from Companies House, Crown Way, Maindy, Cardiff.

On 27 April 2012 Generation Two Limited purchased 100% of the share capital of Coolair Management Company Limited, making it the ultimate parent undertaking. Copies of the ultimate parent company accounts are available from Companies House, Crown Way, Maindy, Cardiff.

25. EQUITY ACCOUNTED INVESTEES

	2012 £	2011 £
At 1 January	-	296,223
Share of Profit	-	8,918
Disposal in associate	-	(305,141)
At 31 December	-	-

The company's share of profit in Coolair Services Limited, its equity accounted investee for the year, was £Nil (2011: £Nil).

Coolair Equipment Limited

Management information

For the year ended 31 December 2012

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Page	2012 £	2011 £
Turnover	22	22,995,014	26,391,767
Cost of sales	22	(18,543,837)	(21,818,080)
Gross profit		4,451,177	4,573,687
Gross profit %		19.4 %	17.3 %
Less: Overheads			
Administration expenses	23	(3,844,935)	(3,653,435)
Operating profit		606,242	920,252
Interest receivable	23	5,078	3,527
Interest payable	23	(13,013)	(809)
Profit for the year		598,307	922,970

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012	2011
	£	£
Turnover		
Sales	22,995,014	26,391,767

	2012	2011
	£	£
Cost of sales		
Opening stocks - finished goods	57,025	47,354
Purchases	12,870,697	14,500,147
Direct manufacturing costs	7,596	12,175
Wages and salaries	1,302,946	1,277,644
Subcontract labour	4,164,678	5,773,344
Closing stocks - finished goods	(80,533)	(57,025)
Hire of plant and equipment	221,428	264,441
	18,543,837	21,818,080

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
Administration expenses		
Directors salaries	505,778	679,476
Directors pension costs - money purchase schemes	71,193	72,860
Staff salaries	1,385,612	1,021,084
Staff private health insurance	29,118	28,720
Staff national insurance	73,407	308,347
Staff pension costs - money purchase schemes	75,841	66,921
Staff training	24,956	28,041
Staff welfare	8,104	6,860
Commissions payable	433,859	-
Motor running costs	48,679	59,280
Motor vehicle leasing (operational)	2,950	2,333
Entertainment	98,809	123,117
Printing and stationery	62,562	49,350
Telephone and fax	45,803	41,374
Advertising and promotion	24,802	13,324
Legal and professional	133,683	246,314
Auditors' remuneration	20,000	20,000
Auditors' remuneration - non-audit	2,950	8,000
Bank charges	19,805	12,090
Bad debts	382,777	490,842
Sundry expenses	5,894	5,460
Management charge receivable	(32,250)	(14,450)
Rent - operating leases	68,353	104,040
Light and heat	20,223	16,155
Insurances	147,260	128,919
Repairs and maintenance	68,849	85,415
Sundry establishment expenses	29,399	22,125
Depreciation	54,034	23,743
Conference expenses	32,485	3,695
	3,844,935	3,653,435

	2012 £	2011 £
Interest receivable		
Bank interest receivable	5,078	3,527

	2012 £	2011 £
Interest payable		
Bank overdraft interest payable	624	70
Bank loan interest payable	12,389	-
Other interest	-	739
	13,013	809