

# **Coolair Equipment Limited**

Registered number: 02883010

## **Directors' report and financial statements**

**For the year ended 31 December 2010**

# COOLAIR EQUIPMENT LIMITED

## COMPANY INFORMATION

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### DIRECTORS

J J Otterson  
H Sharratt  
M J Bintliff  
W T Boardman (resigned 31 August 2010)  
A A Garstang  
N Gibbard  
M Gorton  
R S Mayers (resigned 31 August 2010)  
N S Parker

### COMPANY NUMBER

02883010

### REGISTERED OFFICE

Coolair House  
Globe Lane  
Dukinfield  
Cheshire  
SK16 4UJ

### AUDITORS

Mazars LLP  
Chartered Accountants & Registered Auditors  
The Lexicon  
10/12 Mount Street  
Manchester  
M2 5NT

### BANKERS

National Westminster Bank plc  
1 Spinningfields Square  
Deansgate  
Manchester  
M3 3AP

# COOLAIR EQUIPMENT LIMITED

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## COOLAIR EQUIPMENT LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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The directors present their report and the financial statements for the year ended 31 December 2010.

#### 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 remains the supply and installation of air conditioning systems across the UK commercial sector.

2010 saw a marginal increase in turnover despite the continuing recessionary conditions in the UK. Trading within the construction industry remained extremely competitive, although towards the end of 2010 signs of an up-turn were becoming apparent as the order book recovered to levels last experienced in 2008. For this reason, further growth is forecast for 2011.

The Board are pleased to report a growth in profits which has been achieved under difficult trading conditions by a combination of cost management and increased emphasis on the pricing of contracts.

Cash flow also remains healthy with no reliance on external finance. However, during the course of the year it was noted that payment terms started to extend slightly with additional day-to-day debt management being required. In addition bad debts rose compared with the previous year as, has been well documented, many companies across the construction sector ceased trading due to the recession.

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 & 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 £6.3M and levels at each of the last two year ends were:-

	December 2010	December 2009
Secured orders	£6,373,503	£4,467,595

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 2010	December 2009
Average sales per salesman	£1.13M	£0.98M

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 £176,924 and holdings at each of the last two year ends were:-

	December 2010	December 2009
Average monthly cash balance	£430,136	£744,233

The Board are extremely optimistic about the future growth and direction of Coolair and have a ten year strategy in place. Central to this is the continued introduction of new young employees in to sales and technical roles. Two additional roles were created at the beginning of 2010 with more planned for 2011 and beyond.

## COOLAIR EQUIPMENT LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2010

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#### RESULTS

The profit for the year, after taxation, amounted to £339,948 (2009 - £211,396).

#### DIRECTORS

The directors who served during the year were:

J J Otterson  
H Sharratt  
M J Bintliff  
W T Boardman (resigned 31 August 2010)  
A A Garstang  
N Gibbard  
M Gorton  
R S Mayers (resigned 31 August 2010)  
N S Parker

#### 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 plus all outstanding retention balances in excess of three years old. The company has no significant debt concentration of credit risk, with exposure spread over approximately 450 customers in 2010.

##### **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 to day working capital requirements.

**COOLAIR EQUIPMENT LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 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.

**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 on \_\_\_\_\_ and signed on its behalf.

.....  
**H Sharratt**  
Director

Coolair House  
Globe Lane  
Dukinfield  
Cheshire  
SK16 4UJ

## **COOLAIR EQUIPMENT LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COOLAIR EQUIPMENT LIMITED**

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We have audited the financial statements of Coolair Equipment Limited for the year ended 31 December 2010 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 Statement of directors' responsibilities set out on page 3, 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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **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 2010 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.

## COOLAIR EQUIPMENT LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF COOLAIR EQUIPMENT LIMITED

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#### 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.

Pamela Dawes (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditors

The Lexicon  
10/12 Mount Street  
Manchester  
M2 5NT

Date:

**COOLAIR EQUIPMENT LIMITED****PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	Note	2010 £	2009 £
<b>TURNOVER</b>	1,2	21,481,310	20,549,976
Cost of sales		<u>(17,476,794)</u>	<u>(17,072,240)</u>
<b>GROSS PROFIT</b>		4,004,516	3,477,736
Administrative expenses		<u>(3,479,664)</u>	<u>(3,349,676)</u>
<b>OPERATING PROFIT</b>	3	524,852	128,060
Income from other participating interests		-	8,918
Profit on disposal of investments		-	119,859
Interest receivable and similar income		4,507	1,762
Interest payable and similar charges	6	<u>(2,972)</u>	<u>(8,231)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		526,387	250,368
Tax on profit on ordinary activities	7	<u>(186,439)</u>	<u>(38,972)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	15	<u><u>339,948</u></u>	<u><u>211,396</u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2010 or 2009 other than those included in the Profit and loss account.

The notes on pages 9 to 18 form part of these financial statements.

**COOLAIR EQUIPMENT LIMITED**  
Registered number: 02883010

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2010**

	Note	£	2010 £	£	2009 £
<b>FIXED ASSETS</b>					
Tangible assets	8		130,547		117,647
Investments			-		2
			<u>130,547</u>		<u>117,649</u>
<b>CURRENT ASSETS</b>					
Stocks	9	47,354		68,044	
Debtors	10	8,000,674		5,438,098	
Cash at bank and in hand		642,222		1,626,934	
		<u>8,690,250</u>		<u>7,133,076</u>	
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(6,255,342)</u>		<u>(4,295,914)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,434,908</u>		<u>2,837,162</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>2,565,455</u>		<u>2,954,811</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12		(336,000)		-
<b>PROVISIONS FOR LIABILITIES</b>					
Deferred tax	13		<u>(3,613)</u>		<u>-</u>
<b>NET ASSETS</b>			<u><u>2,225,842</u></u>		<u><u>2,954,811</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	14		76,000		76,000
Capital redemption reserve	15		24,000		24,000
Profit and loss account	15		<u>2,125,842</u>		<u>2,854,811</u>
<b>SHAREHOLDERS' FUNDS</b>	16		<u><u>2,225,842</u></u>		<u><u>2,954,811</u></u>

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

.....  
**N S Parker**  
Director

The notes on pages 9 to 18 form part of these financial statements.

**COOLAIR EQUIPMENT LIMITED****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	Note	2010 £	2009 £
Net cash flow from operating activities	17	153,971	1,443,834
Returns on investments and servicing of finance	18	1,535	2,449
Taxation		(37,520)	(211,752)
Capital expenditure and financial investment	18	(33,781)	293,996
Acquisitions and disposals	18	-	110,941
Equity dividends paid		(1,068,917)	-
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>		<u>(984,712)</u>	<u>1,639,468</u>

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**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT  
FOR THE YEAR ENDED 31 DECEMBER 2010**

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	2010 £	2009 £
(Decrease)/Increase in cash in the year	<u>(984,712)</u>	<u>1,639,468</u>
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<u>(984,712)</u>	<u>1,639,468</u>
Net funds/(debt) at 1 January 2010	<u>1,626,934</u>	<u>(12,534)</u>
<b>NET FUNDS AT 31 DECEMBER 2010</b>	<u><u>642,222</u></u>	<u><u>1,626,934</u></u>

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The notes on pages 9 to 18 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010

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**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, exclusive of Value Added Tax and trade discounts.

**1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

Land and buildings	-	4% straight line
Fixtures & fittings	-	20% straight line

**1.4 INVESTMENTS**

Investments held as fixed assets are shown at cost less provision for impairment.

**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.

**1.7 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.

## COOLAIR EQUIPMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 1. ACCOUNTING POLICIES (continued)

##### 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:

	2010 £	2009 £
Depreciation of tangible fixed assets:		
- owned by the company	20,881	20,269
Auditors' remuneration	20,000	20,000
Auditors' remuneration - non-audit	6,000	6,000
Operating lease rentals:		
- plant and machinery	214,943	219,293
- other operating leases	102,070	97,596
	<u>214,943</u>	<u>219,293</u>

## COOLAIR EQUIPMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 4. STAFF COSTS

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

	2010 £	2009 £
Wages and salaries	3,018,566	3,189,934
Social security costs	277,178	309,573
Other pension costs	152,686	111,686
	<u>3,448,430</u>	<u>3,611,193</u>

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

	2010 No.	2009 No.
Engineers	43	49
Warehouse and distribution	1	1
Sales	13	14
Management and administration	23	23
	<u>80</u>	<u>87</u>

#### 5. DIRECTORS' REMUNERATION

	2010 £	2009 £
Emoluments	<u>795,807</u>	<u>1,017,335</u>
Company pension contributions to defined contribution pension schemes	<u>107,963</u>	<u>80,983</u>

During the year retirement benefits were accruing to 6 directors (2009 - 8) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £140,445 (2009 - £93,747).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £12,360 (2009 - £6,060).

#### 6. INTEREST PAYABLE

	2010 £	2009 £
On bank loans and overdrafts	5	579
Other interest payable	2,967	7,652
	<u>2,972</u>	<u>8,231</u>

**COOLAIR EQUIPMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**7. TAXATION**

	2010 £	2009 £
<b>ANALYSIS OF TAX CHARGE IN THE YEAR</b>		
<b>CURRENT TAX</b> (see note below)		
UK corporation tax charge on profit for the year	179,033	37,520
<b>DEFERRED TAX</b> (see note 13)		
Origination and reversal of timing differences	7,406	1,452
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<u>186,439</u>	<u>38,972</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is higher than (2009 - lower than) the standard rate of corporation tax in the UK of 28% (2009 - 21%). The differences are explained below:

	2010 £	2009 £
Profit on ordinary activities before tax	<u>526,387</u>	<u>250,368</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 21%)	147,388	52,577
<b>EFFECTS OF:</b>		
Non-tax deductible amortisation of goodwill and impairment	40,977	13,076
Capital allowances for year in excess of depreciation	(7,406)	(1,452)
Profit on disposal of investment, covered by substantial shareholding exemption	-	(27,043)
Small company relief	(1,822)	-
Change in tax rate	(104)	362
<b>CURRENT TAX CHARGE FOR THE YEAR</b> (see note above)	<u>179,033</u>	<u>37,520</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**COOLAIR EQUIPMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**8. TANGIBLE FIXED ASSETS**

	L/Term Leasehold Property £	Fixtures & fittings £	Total £
<b>COST</b>			
At 1 January 2010	122,941	660,500	783,441
Additions	-	23,635	23,635
Disposals	-	(555,728)	(555,728)
	<u>122,941</u>	<u>128,407</u>	<u>251,348</u>
At 31 December 2010	122,941	128,407	251,348
<b>DEPRECIATION</b>			
At 1 January 2010	40,037	625,757	665,794
Charge for the year	4,909	15,972	20,881
On disposals	-	(565,874)	(565,874)
	<u>44,946</u>	<u>75,855</u>	<u>120,801</u>
At 31 December 2010	44,946	75,855	120,801
<b>NET BOOK VALUE</b>			
At 31 December 2010	<u>77,995</u>	<u>52,552</u>	<u>130,547</u>
At 31 December 2009	<u>82,904</u>	<u>34,743</u>	<u>117,647</u>

**9. STOCKS**

	2010 £	2009 £
Finished goods and goods for resale	<u>47,354</u>	<u>68,044</u>

**10. DEBTORS**

	2010 £	2009 £
<b>DUE AFTER MORE THAN ONE YEAR</b>		
Trade debtors	664,269	723,591
<b>DUE WITHIN ONE YEAR</b>		
Trade debtors	7,162,952	4,251,469
Amounts owed by group undertakings	-	319,623
Other debtors	53,200	27,500
Prepayments and accrued income	120,253	112,122
Deferred tax asset (see note 13)	-	3,793
	<u>8,000,674</u>	<u>5,438,098</u>

**COOLAIR EQUIPMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**11. CREDITORS:  
AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2010 £	2009 £
Trade creditors	4,124,841	2,485,325
Amounts owed to group undertakings	-	483,652
Corporation tax	178,320	36,807
Social security and other taxes	775,027	632,162
Other creditors	329,157	10,478
Accruals and deferred income	847,997	647,490
	<u>6,255,342</u>	<u>4,295,914</u>

Included in other creditors are loans from the two directors who resigned during the year. In total, £444k is outstanding at the year end (2009: £nil) of which £126k is due in more than one year (see note 12).

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

	2010 £	2009 £
Other creditors	336,000	-
	<u>336,000</u>	<u>-</u>

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

	2010 £	2009 £
Deferred consideration	210,000	-
	<u>210,000</u>	<u>-</u>

**13. DEFERRED TAXATION**

	2010 £	2009 £
At beginning of year	3,793	5,245
Charged for year	(7,406)	(1,452)
	<u>(3,613)</u>	<u>3,793</u>

The deferred taxation balance is made up as follows:

	2010 £	2009 £
Accelerated capital allowances	3,613	3,793
	<u>3,613</u>	<u>3,793</u>

**COOLAIR EQUIPMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010**

**14. SHARE CAPITAL**

	2010 £	2009 £
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
76,000 Ordinary shares of £1 each	76,000	76,000

**15. RESERVES**

	Capital redempt'n reserve £	Profit and loss account £
At 1 January 2010	24,000	2,854,811
Profit for the year		339,948
Dividends: Equity capital		(858,917)
Deferred consideration		(210,000)
At 31 December 2010	24,000	2,125,842

**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2010 £	2009 £
Opening shareholders' funds	2,954,811	2,743,415
Profit for the year	339,948	211,396
Dividends	(1,068,917)	-
Closing shareholders' funds	2,225,842	2,954,811

**17. NET CASH FLOW FROM OPERATING ACTIVITIES**

	2010 £	2009 £
Operating profit	524,852	128,060
Depreciation of tangible fixed assets	20,881	20,269
Decrease/(increase) in stocks	20,690	(7,254)
(Increase)/decrease in debtors	(2,885,992)	898,681
Decrease/(increase) in amounts owed by group undertakings	319,623	(185,944)
Increase in creditors	2,637,569	156,380
(Decrease)/increase in amounts owed to group undertakings	(483,652)	433,642
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	153,971	1,443,834

COOLAIR EQUIPMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2010

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

	2010 £	2009 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	4,507	1,762
Interest paid	(2,972)	(8,231)
Income from investments in related companies	-	8,918
	<u>1,535</u>	<u>2,449</u>
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
	2010 £	2009 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(23,635)	(11,145)
Sale of tangible fixed assets	(10,146)	-
Sale of trade investments	-	305,141
	<u>(33,781)</u>	<u>293,996</u>
<b>NET CASH (OUTFLOW)/INFLOW FROM CAPITAL EXPENDITURE</b>		
	2010 £	2009 £
<b>ACQUISITIONS AND DISPOSALS</b>		
Purchase of share in associates'	-	(8,918)
Sale of share in associates'	-	119,859
	<u>-</u>	<u>110,941</u>
<b>NET CASH INFLOW FROM ACQUISITIONS AND DISPOSALS</b>		

19. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2010 £	Cash flow £	Other non-cash changes £	31 December 2010 £
Cash at bank and in hand	1,626,934	(984,712)	-	642,222
<b>NET FUNDS</b>	<u>1,626,934</u>	<u>(984,712)</u>	<u>-</u>	<u>642,222</u>

20. 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 £152,686 (2009: £111,686). There were outstanding contributions of £11,157 (2009: £10,478) at the end of the year which are included within creditors.

## COOLAIR EQUIPMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 21. OPERATING LEASE COMMITMENTS

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2010	2009	2010	2009
	£	£	£	£
<b>EXPIRY DATE:</b>				
Within 1 year	37,500	73,000	-	78,000
Between 2 and 5 years	13,500	142,000	84,924	-
After more than 5 years	19,850	55,000	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

Total aggregate commitments held under non-cancellable operating leases at 31 December 2010 relating to land and buildings is £182,004 (2009: £254,354) and other operating leases is £226,464 (2009: £77,895). 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.

#### 22. RELATED PARTY TRANSACTIONS

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

Two former directors (WT Boardman & RS Mayers) loaned £260,000 and £290,000 respectively to the company on 31 August 2010. A total of £106,000 has been repaid during the year, leaving an outstanding creditor at the year end of £444,000 (2009: £nil), £126,000 is due in more than one year.

On 3 April 2009 Coolair Equipment Limited disposed of their 29% associate shareholding in Coolair Services Limited. During the year, Coolair Equipment Limited supplied management services to Coolair Services Limited of £23,027 (2009: £14,433) with flexible payment terms. Sales to and purchases from Coolair Services Limited were £463,370 (2009: £437,644) and £970,964 (2009: £1,111,235) respectively. All transactions were at arms length and were carried out in the normal course of business. At the year end there was £48,583 (2009: £67,350) due to Coolair Equipment Limited.

Sales to and purchases from G8 Limited (a company related to Coolair Services Limited by nature of common directorships) were £nil and £665,393, respectively (2009: £42 and £1,018,526). All transactions were at arms length and carried out in the normal course of business. At the year end there was £26,164 due from Coolair Equipment Limited (2009: £226,779).

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 the property however the part occupied by Coolair Equipment Limited continues to be owned by the directors pension scheme. As a result, rental payments are made to the scheme on this property.

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

## COOLAIR EQUIPMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2010

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#### 23. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

On 31 December 2010 the company became a 100% subsidiary of Coolair Management Company Limited. Copies of the parent company accounts are available from Companies House, Crown Way, Maindy, Cardiff.

#### 24. EQUITY ACCOUNTED INVESTEEES

	2010 £	2009 £
At 1 January	-	296,223
Share of Profit	-	8,918
Disposal in associate	-	(305,141)
	<hr/>	<hr/>
At 31 December	-	-
	<hr/> <hr/>	<hr/> <hr/>

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