

# **Coolair Equipment Limited**

Registered number: 02883010

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

**For the year ended 31 December 2015**

# COOLAIR EQUIPMENT LIMITED

## COMPANY INFORMATION

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**Directors**

J Otterson  
H Sharratt  
A Garstang  
J Garstang  
N Gibbard  
S Valentine

**Registered number**

02883010

**Registered office**

Coolair House  
Globe Lane  
Dukinfield  
Cheshire  
SK16 4UJ

**Independent auditor**

Mazars LLP  
Chartered Accountants & Statutory Auditor  
The Lexicon  
Mount Street  
Manchester  
M2 5NT

**Bankers**

National Westminster Bank plc  
1 Spinningfields Square  
Deansgate  
Manchester

# COOLAIR EQUIPMENT LIMITED

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# COOLAIR EQUIPMENT LIMITED

## STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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### Introduction

The Directors present their Strategic Report for Coolair Equipment Limited ("Coolair") for the year ended 31 December 2015.

### Business review

The focus of the business remains the supply and installation of air conditioning systems and commercial heating products.

The Board are delighted to report that 2015 was a second record breaking year in a row for Coolair with turnover exceeding £28M for the first time in our history. In our 35th year of trading, our focus has been to protect & reaffirm the ethos of the company whilst looking to the changes we must make to grow and remain competitive and financially secure in the future. We have seen a small growth in sales right across the group with no additions to our sales force and pleasingly margins have continued to progress back up towards levels we would expect in any "non-recessionary" year. These factors combined to generate a very healthy 7% increase in pre-tax profit to £1,356,375.

Once again most of 2015's turnover came from our traditional air conditioning market as commercial heating products remain slow to take off in the UK, as reported in the previous year. Coolair were awarded MSC Accreditation early in 2016 for our Southern region, which is where we expect to see the most immediate growth in commercial heating contracts. This will be rolled out across the other offices as and when we see signs of an increase in demand.

Due to the healthy profits generated in 2015 and their re-investment in the business, cash flow grows increasingly healthy with no dependence on external finance. We are seeing a continually improving trend in payment terms from customers and debt recovery difficulties which have been experienced over the last few years appear to be easing.

### 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.

# COOLAIR EQUIPMENT LIMITED

## STRATEGIC REPORT (continued) FOR THE YEAR ENDED 31 DECEMBER 2015

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### Financial key performance indicators

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

- Secured order levels;
- Sales generated per salesman; and
- 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 £6.5m (2014: £6.2m) and levels at each of the last two year ends were:-

|                | December 2015 | December 2014 |
|----------------|---------------|---------------|
| Secured orders | £6,255,398    | £7,477,358    |

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 2015 | December 2014 |
|----------------------------|---------------|---------------|
| Average sales per salesman | £1.41m        | £1.32m        |

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 £536,945 (down from £585,196 last year) and holdings at each of the last two year ends were:-

|                              | December 2015 | December 2014 |
|------------------------------|---------------|---------------|
| Average monthly cash balance | £201,408      | £382,137      |

The Board are extremely positive about the long term future growth and direction of Coolair. Our staff remain our most important asset and we retain a good mix of youth and experience, both of which we see as equal in importance to sustaining a successful company and providing a consistent service to our clients in to the long term future.

This report was approved by the board on *7th Sept 2016* and signed on its behalf.



**H Sharratt**  
Director

# COOLAIR EQUIPMENT LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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The Directors present their report and the financial statements for the year ended 31 December 2015.

### Directors' responsibilities statement

The Directors are responsible for preparing the Strategic report, 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; 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 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.

### Results and dividends

The profit for the year, after taxation, amounted to £1,035,683 (2014 - £941,378).

The Directors proposed that no dividends shall be paid in 2015 (2014: £nil)

### Directors

The Directors who served during the year were:

J Otterson  
H Sharratt  
A Garstang  
J Garstang  
N Gibbard  
S Valentine

### Future developments

The Board are optimistic about the long term future growth and direction of Coolair and in 2014 developed a Mission Statement: "To create the ideal indoor environment for people to live, work and play, now and always." This emphasises our commitments to:-

- partnering with our customers and suppliers to provide the best solutions for their needs;
- quality installation and after care of both cooling and heating products in the commercial environment; and
- sustainability of both the environment and of Coolair as a company long into the future.

# COOLAIR EQUIPMENT LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

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### Disclosure of information to auditor

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 auditor is 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 relevant audit information and to establish that the Company's auditor is aware of that information.

### Post balance sheet events

There have been no significant events affecting the Company since the year end.

### Auditors

The auditor, 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 *7th Sept 2016* and signed on its behalf.



**H Sharratt**  
Director

# COOLAIR EQUIPMENT LIMITED

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

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We have audited the financial statements of Coolair Equipment Limited for the year ended 31 December 2015 which comprise the Statement of Comprehensive Income, the Balance Sheet, 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 United Kingdom Accounting Standards FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland."

### **Respective responsibilities of Directors and auditor**

As explained more fully in the Directors' responsibilities statement 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://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 2015 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 Strategic Report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.



# COOLAIR EQUIPMENT LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS 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.



Neil Barton (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants & Statutory Auditor and

The Lexicon  
Mount Street  
Manchester  
M2 5NT

Date: 8 SEPTEMBER 2016

# COOLAIR EQUIPMENT LIMITED

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

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|  | Note | 2015<br>£        | 2014<br>£        |
|--|------|------------------|------------------|
| Turnover                                       | 4    | 28,216,990       | 27,961,511       |
| Cost of sales                                  |      | (22,487,923)     | (22,822,153)     |
| <b>Gross profit</b>                            |      | <u>5,729,067</u> | <u>5,139,358</u> |
| Administrative expenses                        |      | (4,367,895)      | (3,860,074)      |
| <b>Operating profit</b>                        | 5    | <u>1,361,172</u> | <u>1,279,284</u> |
| Interest receivable and similar income         | 9    | 2,782            | 2,767            |
| Interest payable and expenses                  | 10   | (7,579)          | (12,282)         |
| <b>Profit before tax</b>                       |      | <u>1,356,375</u> | <u>1,269,769</u> |
| Tax on profit                                  | 11   | (320,692)        | (328,391)        |
| <b>Profit for the year</b>                     |      | <u>1,035,683</u> | <u>941,378</u>   |
| <br>   |      |                  |                  |
| <b>Total comprehensive income for the year</b> |      | <u>1,035,683</u> | <u>941,378</u>   |

The notes on pages 11 to 30 form part of these financial statements.

# COOLAIR EQUIPMENT LIMITED

Registered number: 02883010

## BALANCE SHEET AS AT 31 DECEMBER 2015

|   | Note | 2015<br>£               | 2014<br>£               |
|---|------|-------------------------|-------------------------|
| <b>Fixed assets</b>                                     |      |                         |                         |
| Tangible assets   | 12   | 699,834                 | 717,814                 |
| Investment property                                     |      | 193,925                 | 193,925                 |
|   |      | <u>893,759</u>          | <u>911,739</u>          |
| <b>Current assets</b>                                   |      |                         |                         |
| Stocks  | 14   | 48,159                  | 59,191                  |
| Debtors: amounts falling due after more than one year   | 15   | 743,116                 | 663,092                 |
| Debtors: amounts falling due within one year            | 15   | 7,257,703               | 7,033,684               |
| Cash at bank and in hand                                | 16   | 829,075                 | 470,098                 |
|   |      | <u>8,878,053</u>        | <u>8,226,065</u>        |
| Creditors: amounts falling due within one year          | 17   | (5,729,735)             | (6,016,478)             |
| <b>Net current assets</b>                               |      | <u>3,148,318</u>        | <u>2,209,587</u>        |
| <b>Total assets less current liabilities</b>            |      | <u>4,042,077</u>        | <u>3,121,326</u>        |
| Creditors: amounts falling due after more than one year | 18   | (210,121)               | (325,053)               |
| <b>Net assets</b>                                       |      | <u><u>3,831,956</u></u> | <u><u>2,796,273</u></u> |
| <b>Capital and reserves</b>                             |      |                         |                         |
| Called up share capital                                 | 22   | 76,000                  | 76,000                  |
| Capital redemption reserve                              | 23   | 24,000                  | 24,000                  |
| Profit and loss account                                 | 23   | 3,731,956               | 2,696,273               |
|   |      | <u><u>3,831,956</u></u> | <u><u>2,796,273</u></u> |

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

7th Sept 2016



**H Sharratt**  
Director

The notes on pages 11 to 30 form part of these financial statements.

# COOLAIR EQUIPMENT LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

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|  | Share<br>capital<br>£ | Capital<br>redemption<br>reserve<br>£ | Retained<br>earnings<br>£ | Total equity<br>£ |
|--|-----------------------|---------------------------------------|---------------------------|-------------------|
| At 1 January 2015                              | 76,000                | 24,000                                | 2,696,273                 | 2,796,273         |
| <b>Comprehensive income for the year</b>       |                       |                                       |                           |                   |
| Profit for the year                            | -                     | -                                     | 1,035,683                 | 1,035,683         |
| <b>Total comprehensive income for the year</b> | -                     | -                                     | 1,035,683                 | 1,035,683         |
| <b>At 31 December 2015</b>                     | <b>76,000</b>         | <b>24,000</b>                         | <b>3,731,956</b>          | <b>3,831,956</b>  |

# COOLAIR EQUIPMENT LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

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|  | Share<br>capital | Capital<br>redemption<br>reserve | Retained<br>earnings | Total equity     |
|--|------------------|----------------------------------|----------------------|------------------|
|  | £                | £                                | £                    | £                |
| At 1 January 2014                              | 76,000           | 24,000                           | 1,754,895            | 1,854,895        |
| <b>Comprehensive income for the year</b>       |                  |                                  |                      |                  |
| Profit for the year                            | -                | -                                | 941,378              | 941,378          |
| <b>Total comprehensive income for the year</b> | -                | -                                | 941,378              | 941,378          |
| <b>At 31 December 2014</b>                     | <u>76,000</u>    | <u>24,000</u>                    | <u>2,696,273</u>     | <u>2,796,273</u> |

The notes on pages 11 to 30 form part of these financial statements.

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 1. General information

Coolair Equipment Limited ('the company') is a limited company incorporated in England and Wales (registered number 02883010). The address of the registered office and principal place of business is:

Coolair House  
Globe Lane  
Dukinfield  
Cheshire  
SK16 4UJ

The company is a wholly-owned subsidiary of Coolair Management Company Limited, a company which is incorporated in England and Wales. The ultimate parent undertaking is Generation Two Limited, a company also incorporated in England and Wales.

The principal activity of the company is the supply and installation of air conditioning systems and commercial heating products.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 28.

The functioning currency of the company is Pounds Sterling as this is the currency of the primary economic environment in which the Company operates.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

#### 2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);  
the requirements of Section 7 Statement of Cash Flows;  
the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);  
the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;  
the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;  
the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and  
the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Generation Two Limited as at 31 December 2015 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff.

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 2. Accounting policies (continued)

#### 2.3 Transition to FRS102

This is the first financial year that the company has presented its financial statements in accordance with FRS 102 "The Financial Reporting Framework Applicable in the UK and Republic of Ireland" ("FRS 102"). For financial years up to and including the year ending 31 December 2014, the company prepared its financial statements in accordance with the UK GAAP.

#### 2.4 Going concern

These financial statements have been prepared on a going concern basis.

The current economic conditions present increased risks for all business. In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projection for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

Based on this assessment, the directors consider that the Company maintains an appropriate level of liquidity, sufficient to meet the demands of the business including any capital and servicing obligations of external debt liabilities.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 2. Accounting policies (continued)

#### 2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **Rendering of services**

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 2.6 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.



# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 2. Accounting policies (continued)

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

|                        |                     |
|------------------------|---------------------|
| Freehold property      | - 4% straight line  |
| Leasehold improvements | - 4% straight line  |
| Motor vehicles         | - 33% straight line |
| Fixtures & fittings    | - 20% straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

#### 2.7 Operating leases: Lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

#### 2.8 Operating leases: Lessor

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

#### 2.9 Investment property

Investment property is carried at fair value determined annually and is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

#### 2.10 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

#### 2.11 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 2015

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### 2. Accounting policies (continued)

#### 2.12 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.14 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.15 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 2. Accounting policies (continued)

#### 2.16 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.17 Pensions

##### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the Profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

#### 2.18 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

#### 2.19 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they are incurred.

#### 2.20 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance sheet.

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 2. Accounting policies (continued)

#### 2.21 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future period.

#### Critical judgements in applying the Company's accounting policies

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

##### (i) Assessing indicators of impairment

In assessing whether there have been any indicators of impaired assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

##### (ii) Recognition of deferred tax assets

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

#### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

##### (i) Recoverability of Debtors

The Company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the directors consider the ageing of the debtors, past experience of recoverability, the credit profile of the client plus any known contractual problems. Provision is made for all debtors in dispute with clients, plus all retentions exceeding three years in age.

##### (ii) Determining residual values and useful economic lives of property, plant and equipment.

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be made by management.

##### (iii) Valuation of investment properties

Investment properties are valued annually using a yield of methodology using market rental values capitalised at a market capitalisation rate, but there is an inevitable degree of judgment involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 4. Analysis of turnover

An analysis of turnover by class of business is as follows:

|                                  | 2015<br>£         | 2014<br>£         |
|----------------------------------|-------------------|-------------------|
| Installation of air conditioning | 28,216,990        | 27,961,511        |
|                                  | <u>28,216,990</u> | <u>27,961,511</u> |

All turnover arose within the United Kingdom.

### 5. Operating profit

The operating profit is stated after charging:

|   | 2015<br>£      | 2014<br>£      |
|---|----------------|----------------|
| Depreciation of tangible fixed assets   | 80,346         | 82,937         |
| Fees payable to the Company's auditor and its associates for the audit of the company's annual financial statements | 20,000         | 19,500         |
| Other operating lease rentals   | 127,347        | 73,352         |
| Defined contribution pension cost   | 201,473        | 146,649        |
|   | <u>201,473</u> | <u>146,649</u> |

### 6. Auditor's remuneration

|   | 2015<br>£     | 2014<br>£     |
|---|---------------|---------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts | 20,000        | 19,500        |
|   | <u>20,000</u> | <u>19,500</u> |
| <b>Fees payable to the Company's auditor and its associates in respect of:</b>                          |               |               |
| Other services relating to taxation   | 3,200         | 4,500         |
| All other services  | 4,000         | -             |
|   | <u>7,200</u>  | <u>4,500</u>  |

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 7. Employees

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

|                                     | 2015<br>£        | 2014<br>£        |
|-------------------------------------|------------------|------------------|
| Wages and salaries                  | 3,491,207        | 3,061,243        |
| Social security costs               | 305,996          | 294,134          |
| Cost of defined contribution scheme | 201,473          | 146,649          |
|                                     | <u>3,998,676</u> | <u>3,502,026</u> |

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

|                               | 2015<br>No. | 2014<br>No. |
|-------------------------------|-------------|-------------|
| Engineers                     | 48          | 48          |
| Warehouse and distribution    | 1           | 1           |
| Sales                         | 20          | 19          |
| Management and administration | 24          | 21          |
|                               | <u>93</u>   | <u>89</u>   |

### 8. Directors' remuneration

|   | 2015<br>£      | 2014<br>£      |
|---|----------------|----------------|
| Directors' emoluments   | 677,181        | 601,251        |
| Company contributions to defined contribution pension schemes | 71,800         | 69,360         |
|   | <u>748,981</u> | <u>670,611</u> |

During the year retirement benefits were accruing to 6 Directors (2014 - 6) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £153,849 (2014 - £135,855).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £11,300 (2014 - £12,000).

### 9. Interest receivable

|                           | 2015<br>£    | 2014<br>£    |
|---------------------------|--------------|--------------|
| Other interest receivable | 2,782        | 2,767        |
|                           | <u>2,782</u> | <u>2,767</u> |

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 10. Interest payable and similar charges

|                       | 2015<br>£    | 2014<br>£     |
|-----------------------|--------------|---------------|
| Bank interest payable | 7,579        | 12,282        |
|                       | <u>7,579</u> | <u>12,282</u> |

### 11. Taxation

|  | 2015<br>£      | 2014<br>£       |
|--|----------------|-----------------|
| <b>Corporation tax</b>                           |                |                 |
| Current tax on profits for the year              | 309,247        | 339,609         |
|  | <u>309,247</u> | <u>339,609</u>  |
| <b>Total current tax</b>                         | <u>309,247</u> | <u>339,609</u>  |
| <b>Deferred tax</b>                              |                |                 |
| Origination and reversal of timing differences   | 9,623          | (11,218)        |
| Adjustment for prior period                      | 1,822          | -               |
| <b>Total deferred tax</b>                        | <u>11,445</u>  | <u>(11,218)</u> |
| <b>Taxation on profit on ordinary activities</b> | <u>320,692</u> | <u>328,391</u>  |



# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 11. Taxation (continued)

#### Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20% (2014 - 21.49%). The differences are explained below:

|   | 2015<br>£      | 2014<br>£      |
|---|----------------|----------------|
| Profit on ordinary activities before tax  | 1,356,375      | 1,269,769      |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 21.49%) | 274,619        | 272,913        |
| <b>Effects of:</b>  |                |                |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                     | 31,109         | 40,785         |
| Capital allowances for year in excess of depreciation   | -              | (4,746)        |
| Fixed asset differences   | -              | 13,855         |
| Fixed asset differences   | 12,644         | (11,218)       |
| Adjustments to tax charge in respect of prior periods   | 1,822          | -              |
| Short term timing difference leading to an increase (decrease) in taxation                                    | -              | 16,802         |
| Adjust opening deferred tax to average rate of 20.25%   | (261)          | -              |
| Adjust closing deferred tax to average rate of 20.25%   | 759            | -              |
| <b>Total tax charge for the year</b>  | <b>320,692</b> | <b>328,391</b> |

#### 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 2015

### 12. Tangible fixed assets

|                          | Freehold<br>property<br>£ | Leasehold<br>improvement<br>£ | Motor<br>vehicles<br>£ | Fixtures &<br>fittings<br>£ | Total<br>£ |
|--------------------------|---------------------------|-------------------------------|------------------------|-----------------------------|------------|
| <b>Cost or valuation</b> |                           |                               |                        |                             |            |
| At 1 January 2015        | 643,155                   | 122,939                       | 11,440                 | 299,530                     | 1,077,064  |
| Additions                | 26,712                    | 5,500                         | -                      | 30,154                      | 62,366     |
| At 31 December 2015      | 669,867                   | 128,439                       | 11,440                 | 329,684                     | 1,139,430  |
| <b>Depreciation</b>      |                           |                               |                        |                             |            |
| At 1 January 2015        | 94,864                    | 64,577                        | 10,957                 | 188,852                     | 359,250    |
| Charge for the period    | 33,839                    | 5,032                         | 483                    | 40,992                      | 80,346     |
| At 31 December 2015      | 128,703                   | 69,609                        | 11,440                 | 229,844                     | 439,596    |
| <b>Net book value</b>    |                           |                               |                        |                             |            |
| At 31 December 2015      | 541,164                   | 58,830                        | -                      | 99,840                      | 699,834    |
| At 31 December 2014      | 548,291                   | 58,362                        | 483                    | 110,678                     | 717,814    |

The net book value of land and building may be further analysed as follows:

|                | 2015<br>£ | 2014<br>£ |
|----------------|-----------|-----------|
| Freehold       | 541,164   | 548,291   |
| Long leasehold | 58,830    | 58,362    |
|                | 599,994   | 606,653   |

### 13. Investment property

|                            | Freehold<br>investment<br>property<br>£ |
|----------------------------|---|
| <b>Valuation</b>           |   |
| At 1 January 2015          | 193,925                                 |
| <b>At 31 December 2015</b> | 193,925                                 |

The 2015 valuations were made by the Directors, on an open market value for existing use basis.

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 14. Stocks

|                                     | 2015<br>£     | 2014<br>£     |
|-------------------------------------|---------------|---------------|
| Finished goods and goods for resale | 48,159        | 59,191        |
|                                     | <u>48,159</u> | <u>59,191</u> |

Stock recognised in cost of sales during the year as an expense was £12,759,236 (2015: £13,530,510).

### 15. Debtors

|                                     | 2015<br>£      | 2014<br>£      |
|-------------------------------------|----------------|----------------|
| <b>Due after more than one year</b> |                |                |
| Trade debtors                       | 743,116        | 663,092        |
|                                     | <u>743,116</u> | <u>663,092</u> |

|                                | 2015<br>£        | 2014<br>£        |
|--------------------------------|------------------|------------------|
| <b>Due within one year</b>     |                  |                  |
| Trade debtors                  | 7,057,677        | 6,817,272        |
| Other debtors                  | 6,125            | 31,927           |
| Prepayments and accrued income | 182,333          | 161,472          |
| Deferred taxation              | 11,568           | 23,013           |
|                                | <u>7,257,703</u> | <u>7,033,684</u> |

### 16. Cash and cash equivalents

|                          | 2015<br>£      | 2014<br>£      |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | 829,075        | 470,098        |
|                          | <u>829,075</u> | <u>470,098</u> |

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 17. Creditors: Amounts falling due within one year

|                              | 2015<br>£        | 2014<br>£        |
|------------------------------|------------------|------------------|
| Bank loans                   | 95,147           | 95,147           |
| Trade creditors              | 3,729,668        | 3,334,092        |
| Corporation tax              | 309,247          | 339,609          |
| Taxation and social security | 766,171          | 1,025,162        |
| Other creditors              | 37,409           | 295,449          |
| Accruals and deferred income | 792,093          | 927,019          |
|                              | <u>5,729,735</u> | <u>6,016,478</u> |

#### Secured loans

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

### 18. Creditors: Amounts falling due after more than one year

|                 | 2015<br>£      | 2014<br>£      |
|-----------------|----------------|----------------|
| Bank loans      | 20,121         | 115,053        |
| Other creditors | 190,000        | 210,000        |
|                 | <u>210,121</u> | <u>325,053</u> |

#### Secured loans

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

### 19. Loans

Analysis of the maturity of loans is given below:

|  | 2015<br>£     | 2014<br>£      |
|--|---------------|----------------|
| <b>Amounts falling due within one year</b> |               |                |
| Bank loans                                 | 95,147        | 95,147         |
|  | <u>95,147</u> | <u>95,147</u>  |
| <b>Amounts falling due 2-5 years</b>       |               |                |
| Bank loans                                 | 20,121        | 115,053        |
|  | <u>20,121</u> | <u>115,053</u> |

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 20. Financial instruments

|   | 2015<br>£          | 2014<br>£          |
|---|--------------------|--------------------|
| <b>Financial assets</b>   |                    |                    |
| Financial assets measured at fair value through profit or loss        | 829,075            | 470,098            |
| Financial assets that are debt instruments measured at amortised cost | 7,806,918          | 7,512,291          |
|   | <u>8,635,993</u>   | <u>7,982,389</u>   |
| <b>Financial liabilities</b>  |                    |                    |
| Financial liabilities measured at amortised cost                      | (4,864,438)        | (4,976,759)        |
|   | <u>(4,864,438)</u> | <u>(4,976,759)</u> |

Financial assets measured at fair value through profit or loss comprise cash and cash equivalents

Financial assets measured at amortised cost comprise trade and other debtors

Financial Liabilities measured at amortised cost comprise trade and other creditors

### 21. Deferred taxation

|                               | Deferred tax<br>£ |
|-------------------------------|-------------------|
| At 1 January 2015             | 23,013            |
| Charged to the profit or loss | (11,445)          |
| <b>At 31 December 2015</b>    | <u>11,568</u>     |

The deferred tax asset is made up as follows:

|                                | 2015<br>£     | 2014<br>£     |
|--------------------------------|---------------|---------------|
| Accelerated capital allowances | 23,013        | (29,922)      |
| Short term timing difference   | (9,623)       | 51,113        |
| Other timing difference        | -             | 1,822         |
| Adjustment for prior period    | (1,822)       | -             |
|                                | <u>11,568</u> | <u>23,013</u> |

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 22. Share capital

|   | 2015<br>£     | 2014<br>£     |
|---|---------------|---------------|
| <b>Allotted, called up and fully paid</b> |               |               |
| 76,000 Ordinary shares of £1 each         | 76,000        | 76,000        |
|   | <u>76,000</u> | <u>76,000</u> |

### 23. Reserves

#### Capital redemption reserve

The capital redemption reserve represents the historic purchase of own shares.

#### Profit & loss account

This reserve represents the cumulative profits and losses.

### 24. 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 £201,473 (2014: £146,649). There were outstanding contributions of £17,409 (2014: £15,449) at the end of the year which are included within creditors.

### 25. Commitments under operating leases

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

|  | 2015<br>£      | 2014<br>£      |
|--|----------------|----------------|
| Not later than 1 year                        | 92,995         | -              |
| Later than 1 year and not later than 5 years | 80,000         | 186,470        |
| <b>Total</b>                                 | <u>172,995</u> | <u>186,470</u> |

Operating lease expenses in the year totalled £127,347 (2014: £139,324)

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

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### 26. Related party transactions

The Company is a wholly-owned member of Generation Two Limited and as such has taken advantage of the exemption permitted by Section 33 Related Party Disclosures of FRS 102, not to provide disclosures of transactions entered into with other wholly-owned members of the Group.

There are considered to be no key management personnel other than the Directors. Directors remuneration is disclosed in note 8.

### 27. Controlling party

The immediate parent is Coolair Management Company Limited, a company incorporated in England and Wales, 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.

The ultimate parent undertaking of Coolair Equipment Limited is Generation Two Limited, a company incorporated in England and Wales, who own 100% of the share capital of Coolair Management Company Limited. Copies of the consolidated parent company accounts are available from Companies House, Crown Way, Maindy, Cardiff.

# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 28. First time adoption of FRS 102

|   | Note | As previously stated 1 January 2014 | Effect of transition 1 January 2014 | FRS 102 (as restated) 1 January 2014 | As previously stated 31 December 2014 | Effect of transition 31 December 2014 | FRS 102 (as restated) 31 December 2014 |
|---|------|-------------------------------------|-------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|--|
|   |      | £                                   | £                                   | £                                    | £                                     | £                                     | £                                      |
| <b>Fixed assets</b>                                     |      |                                     |                                     |                                      |                                       |                                       |  |
| Tangible assets   |      | 965,850                             | (193,925)                           | 771,925                              | 911,738                               | (193,925)                             | 717,813                                |
| Investment property                                     |      | -                                   | 193,925                             | 193,925                              | -                                     | 193,925                               | 193,925                                |
| Current assets  |      | 8,439,621                           | -                                   | 8,439,621                            | 8,203,052                             | -                                     | 8,203,052                              |
| Creditors: amounts falling due within one year          |      | (6,562,325)                         | -                                   | (6,562,325)                          | (6,016,478)                           | -                                     | (6,016,478)                            |
| <b>Net current assets</b>                               |      | <b>1,877,296</b>                    | <b>-</b>                            | <b>1,877,296</b>                     | <b>2,186,574</b>                      | <b>-</b>                              | <b>2,186,574</b>                       |
| <b>Total assets less current liabilities</b>            |      | <b>2,843,146</b>                    | <b>-</b>                            | <b>2,843,146</b>                     | <b>3,098,312</b>                      | <b>-</b>                              | <b>3,098,312</b>                       |
| Creditors: amounts falling due after more than one year |      | (1,000,046)                         | -                                   | (1,000,046)                          | (325,053)                             | -                                     | (325,053)                              |
| Provisions for liabilities                              |      | 11,795                              | -                                   | 11,795                               | 23,013                                | -                                     | 23,013                                 |
| <b>Net assets</b>                                       |      | <b>1,854,895</b>                    | <b>-</b>                            | <b>1,854,895</b>                     | <b>2,796,272</b>                      | <b>-</b>                              | <b>2,796,272</b>                       |
| Capital and reserves                                    |      | 1,854,895                           | -                                   | 1,854,895                            | 2,796,273                             | -                                     | 2,796,273                              |



# COOLAIR EQUIPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 28. First time adoption of FRS 102 (continued)

|  | Note | As<br>previously<br>stated<br>31<br>December<br>2014<br>£ | Effect of<br>transition<br>31<br>December<br>2014<br>£ | FRS 102<br>(as restated)<br>31<br>December<br>2014<br>£ |
|--|------|---|--|---|
| Turnover   |      | 27,961,511  | -  | 27,961,511  |
| Cost of sales  |      | (22,822,153)  | -  | (22,822,153)  |
|  |      | <u>5,139,358</u>  | -  | <u>5,139,358</u>  |
| Administrative expenses  |      | (3,860,074)   | -  | (3,860,074)   |
| <b>Operating profit</b>  |      | 1,279,284   | -  | 1,279,284   |
| Interest receivable and similar income   |      | 2,767   | -  | 2,767   |
| Interest payable and similar charges   |      | (12,282)  | -  | (12,282)  |
| Taxation   |      | (328,391)   | -  | (328,391)   |
| <b>Profit on ordinary activities after taxation and for<br/>the financial year</b> |      | <u><u>941,378</u></u>                                     | -  | <u><u>941,378</u></u>                                   |

Explanation of changes to previously reported profit and equity:

- 1 This is the first financial year that the company has presented its financial statements in accordance with FRS 102 "The Financial Reporting Framework Applicable in the UK and Republic of Ireland" ("FRS 102"). For financial years up to and including the year ending 31 December 2014, the company prepared its financial statements in accordance with the UK GAAP.

The company's date of transition to FRS 102 is 1 January 2014. The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

There is only one transitional adjustment and this relates to the recognition of the investment property element of a mixed use property. This adjustment has resulted in a decrease in the level of freehold property in the financial statements of £193,925 and the introduction of investment property for the same value.