
WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE PERIOD ENDED 31 MARCH 2018

WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED
REGISTERED NUMBER: 00457930

BALANCE SHEET
AS AT 31 MARCH 2018

	Note	31 March 2018 £	31 October 2016 £
Fixed assets			
Tangible assets	4	420,804	402,086
		<u>420,804</u>	<u>402,086</u>
Current assets			
Stocks	5	87,748	72,492
Debtors: amounts falling due within one year	6	1,447,798	1,526,719
Cash at bank and in hand	7	327,437	388,098
		<u>1,862,983</u>	<u>1,987,309</u>
Creditors: amounts falling due within one year	8	(623,779)	(741,422)
		<u>1,239,204</u>	<u>1,245,887</u>
Net current assets		<u>1,239,204</u>	<u>1,245,887</u>
Total assets less current liabilities		<u>1,660,008</u>	<u>1,647,973</u>
Creditors: amounts falling due after more than one year	9	(301,727)	(297,026)
		<u>1,358,281</u>	<u>1,350,947</u>
Provisions for liabilities			
Deferred taxation	12	(16,820)	(16,820)
		<u>(16,820)</u>	<u>(16,820)</u>
Net assets excluding pension liability		<u>1,341,461</u>	<u>1,334,127</u>
Pension asset		(166,000)	(304,480)
		<u>1,175,461</u>	<u>1,029,647</u>
Net assets		<u>1,175,461</u>	<u>1,029,647</u>
Capital and reserves			
Called up share capital		625	625
Profit and loss account		1,174,836	1,029,022
		<u>1,175,461</u>	<u>1,029,647</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the period in question in accordance with section 476 of Companies Act 2006.

WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED
REGISTERED NUMBER: 00457930

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2018

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 10 December 2018.

L Hutchinson
Director

The notes on pages 3 to 15 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

1. General information

Watford Refrigeration and Air Conditioning Limited is a company limited by shares, incorporated in England and Wales.

The principal activity of the company was the installation of refrigeration and air conditioning equipment.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 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; and
- 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.

2.3 Interest income

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.4 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.

2.5 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.6 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 payment obligations.

The contributions are recognised as an expense in the Statement of comprehensive income 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.

Defined benefit pension plan

The Company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including but not limited to age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The liability recognised in the Balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the balance sheet date less the fair value of plan assets at the balance sheet date (if any) out of which the obligations are to be settled.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating to the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- a) the increase in net pension benefit liability arising from employee service during the period; and
- b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as a 'finance expense'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge 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.

2.8 Tangible fixed assets

Tangible fixed assets under the cost model 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

Freehold property	- over 50 years
Plant and machinery	- 20% reducing balance
Motor vehicles	- 25% reducing balance
Office equipment	- 20% reducing balance

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 in the Statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.9 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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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 profit or loss.

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, 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 debtors and creditors, are measured,

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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 the 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.

2.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

3. Employees

The average monthly number of employees, including directors, during the period was 30 (2016 - 30).

WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018**

4. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 November 2016	350,000	46,720	265,140	150,957	812,817
Additions	-	-	171,637	9,005	180,642
Disposals	-	-	(131,422)	-	(131,422)
At 31 March 2018	350,000	46,720	305,355	159,962	862,037
Depreciation					
At 1 November 2016	98,000	28,133	151,180	133,418	410,731
Charge for the period on owned assets	9,917	5,266	61,336	7,521	84,040
Charge for the period on financed assets	-	-	33,481	-	33,481
Disposals	-	-	(87,019)	-	(87,019)
At 31 March 2018	107,917	33,399	158,978	140,939	441,233
Net book value					
At 31 March 2018	<u>242,083</u>	<u>13,321</u>	<u>146,377</u>	<u>19,023</u>	<u>420,804</u>
At 31 October 2016	<u>252,000</u>	<u>18,587</u>	<u>113,960</u>	<u>17,539</u>	<u>402,086</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	31 March 2018 £	31 October 2016 £
Motor vehicles	52,410	25,931
	<u>52,410</u>	<u>25,931</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

5. Stocks

	31 March 2018 £	31 October 2016 £
Finished goods and goods for resale	6,500	6,500
Long term contract balances	81,248	65,992
	<u>87,748</u>	<u>72,492</u>

Long term contract balances consist of:

	31 March 2018 £	31 October 2016 £
Costs to date less provision for losses	81,248	65,992
	<u>81,248</u>	<u>65,992</u>

6. Debtors

	31 March 2018 £	31 October 2016 £
Trade debtors	686,352	809,362
Other debtors	741,000	683,105
Prepayments and accrued income	20,446	34,252
	<u>1,447,798</u>	<u>1,526,719</u>

7. Cash and cash equivalents

	31 March 2018 £	31 October 2016 £
Cash at bank and in hand	327,435	388,098
	<u>327,435</u>	<u>388,098</u>

WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

8. Creditors: Amounts falling due within one year

	31 March 2018 £	31 October 2016 £
Bank loans	16,193	25,709
Trade creditors	254,701	266,963
Corporation tax	130,201	119,511
Other taxation and social security	79,214	136,246
Obligations under finance lease and hire purchase contracts	14,672	5,356
Other creditors	19,598	20,241
Accruals and deferred income	109,200	167,396
	<u>623,779</u>	<u>741,422</u>

9. Creditors: Amounts falling due after more than one year

	31 March 2018 £	31 October 2016 £
Bank loans	255,876	269,801
Net obligations under finance leases and hire purchase contracts	45,851	27,225
	<u>301,727</u>	<u>297,026</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

10. Loans

Analysis of the maturity of loans is given below:

	31 March 2018 £	31 October 2016 £
Amounts falling due within one year		
Bank loans	16,193	25,709
	<u>16,193</u>	<u>25,709</u>
Amounts falling due 2-5 years		
Bank loans	255,876	269,801
	<u>255,876</u>	<u>269,801</u>
	<u>272,069</u>	<u>295,510</u>

11. Financial instruments

	31 March 2018 £	31 October 2016 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>327,435</u>	<u>388,098</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

12. Deferred taxation

	2018 £
At beginning of year	(16,820)
Charged to profit or loss	-
At end of year	<u>(16,820)</u>

The provision for deferred taxation is made up as follows:

	31 March 2018 £	31 October 2016 £
Accelerated capital allowances	(16,820)	(16,820)
	<u>(16,820)</u>	<u>(16,820)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

13. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £39,342 (2016: £28,512). Contributions totalling £5,035 (2016: £5,679) were payable to the fund at the balance sheet date and are included in creditors.

The Company operates a Defined benefit pension scheme. The assets of the scheme are held separately from those of the company, being invested with insurance companies.

The pension cost and provision for the period ending 31 March 2018 are based on the advice of a professionally qualified actuary. the most recent formal valuation is dated 1 February 2018. The scheme closed for further accrual of benefit to the members on 31 May 2004.

Contributions are being made at a rate of £8,400 per month. The contributions during the period amounted to £142,800 (2016: £100,800). At the balance sheet date the estimated total assets and liabilities were £1,546,000 and £1,712,000 respectively, resulting in an estimated shortfall of £166,000.

	31 March 2018 £	31 October 2016 £
Fair value of plan assets	1,546,000	963,000
Present value of plan liabilities	(1,712,000)	(1,267,480)
Net pension scheme liability	(166,000)	(304,480)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 MARCH 2018

14. Controlling party

The company is controlled by K & L Holdings Limited, a company incorporated in the United Kingdom.

15. First time adoption of FRS 102

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.

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