
WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 MARCH 2021

WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED
REGISTERED NUMBER: 00457930

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	4	391,148	395,462
		<u>391,148</u>	<u>395,462</u>
Current assets			
Stocks		65,559	57,688
Debtors: amounts falling due within one year	5	1,467,930	1,682,658
Cash at bank and in hand	6	587,620	513,661
		<u>2,121,109</u>	<u>2,254,007</u>
Creditors: amounts falling due within one year	7	(561,963)	(753,950)
Net current assets		<u>1,559,146</u>	<u>1,500,057</u>
Total assets less current liabilities		<u>1,950,294</u>	<u>1,895,519</u>
Creditors: amounts falling due after more than one year	8	(200,747)	(220,162)
Provisions for liabilities			
Deferred tax	11	(31,802)	(31,802)
		<u>(31,802)</u>	<u>(31,802)</u>
Pension liability		(257,000)	(257,000)
Net assets		<u><u>1,460,745</u></u>	<u><u>1,386,555</u></u>
Capital and reserves			
Called up share capital		625	625
Profit and loss account		1,460,120	1,385,930
		<u><u>1,460,745</u></u>	<u><u>1,386,555</u></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 year in question in accordance with section 476 of the Companies Act 2006.

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.

WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED
REGISTERED NUMBER: 00457930

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2021

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 15 December 2021.

L Hutchinson
Director

The notes on pages 3 to 13 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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 profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.4 Finance costs

Finance costs are charged to profit or loss 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 profit or loss in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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 profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. 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 Statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets at the reporting 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 YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.7 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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 reporting 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 Statement of financial position 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 reporting 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 profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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 reporting 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 profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position 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 Statement of financial position.

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 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, initially and subsequently, at the undiscounted amount of the cash or other consideration expected

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.14 Financial instruments (continued)

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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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 year was 30 (2020 - 30).

WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

4. Tangible fixed assets

	Freehold property £	Plant and machinery £	Motor vehicles £	Office equipment £	Total £
Cost or valuation					
At 1 April 2020	350,000	46,720	309,819	182,010	888,549
Additions	-	-	90,227	2,165	92,392
Disposals	-	-	(105,283)	-	(105,283)
At 31 March 2021	<u>350,000</u>	<u>46,720</u>	<u>294,763</u>	<u>184,175</u>	<u>875,658</u>
Depreciation					
At 1 April 2020	121,917	38,194	180,530	152,446	493,087
Charge for the year on owned assets	7,000	1,705	45,955	6,347	61,007
Disposals	-	-	(69,584)	-	(69,584)
At 31 March 2021	<u>128,917</u>	<u>39,899</u>	<u>156,901</u>	<u>158,793</u>	<u>484,510</u>
Net book value					
At 31 March 2021	<u>221,083</u>	<u>6,821</u>	<u>137,862</u>	<u>25,382</u>	<u>391,148</u>
At 31 March 2020	<u>228,083</u>	<u>8,526</u>	<u>129,289</u>	<u>29,564</u>	<u>395,462</u>

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

	2021 £	2020 £
Motor vehicles	-	7,698
	<u>-</u>	<u>7,698</u>

5. Debtors

	2021 £	2020 £
Trade debtors	630,764	844,768
Amounts owed by group undertakings	811,000	741,000
Other debtors	-	75,510

WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

5. Debtors (continued)

Prepayments and accrued income	26,166	21,380
	<u>1,467,930</u>	<u>1,682,658</u>

6. Cash and cash equivalents

	2021	2020
	£	£
Cash at bank and in hand	587,620	513,661
	<u>587,620</u>	<u>513,661</u>

7. Creditors: Amounts falling due within one year

	2021	2020
	£	£
Bank loans	19,054	18,978
Trade creditors	285,611	296,033
Corporation tax	89,793	182,698
Other taxation and social security	80,216	131,673
Obligations under finance lease and hire purchase contracts	-	11,844
Other creditors	6,656	6,888
Accruals and deferred income	80,633	105,836
	<u>561,963</u>	<u>753,950</u>

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

	2021	2020
	£	£
Bank loans	200,747	220,162
	<u>200,747</u>	<u>220,162</u>

WATFORD REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

9. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
Amounts falling due within one year		
Bank loans	19,054	18,978
	<u>19,054</u>	<u>18,978</u>
Amounts falling due 2-5 years		
Bank loans	200,747	220,162
	<u>200,747</u>	<u>220,162</u>
	<u>219,801</u>	<u>239,140</u>

10. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	<u>587,620</u>	<u>513,661</u>

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

11. Deferred taxation

	2021 £
At beginning of year	(31,802)
Charged to profit or loss	-
At end of year	<u>(31,802)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

11. Deferred taxation (continued)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(31,802)	(31,802)
	<u>(31,802)</u>	<u>(31,802)</u>

12. 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 £67,963 (2020: £33,830). Contributions totalling £6,658 (2020: £6,889) were payable to the fund at the balance sheet date and are included in creditors.

The Company operates a Defined benefit pension scheme.

The pension cost and provision for the period ending 31 March 2021 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 £5,000 per month. The contributions during the period amounted to £Nil (2020: £68,800). At the balance sheet date the estimated total assets and liabilities were £1,546,000 and £1,803,000 respectively, resulting in an estimated shortfall of £257,000.

	2021 £	2020 £
Present value of plan liabilities	(257,000)	(257,000)
Net pension scheme liability	<u>(257,000)</u>	<u>(257,000)</u>

Total

Mortality rates

Surplus

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

13. Related party transactions

At the balance sheet date the company was owed £811,000 (2020: £741,000) by its parent company.

At the balance sheet date the company was owed £nil (2020: £75,510) by the directors of the company.

14. Controlling party

The company is controlled by K & L Holdings Limited, a company incorporated in England and Wales.

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