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Company Registration No. 01477836 (England and Wales)

MALA INVESTMENTS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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MALA INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	K Crane P Zumeris
Secretary	L Spong
Company number	01477836
Registered office	Nicholas House River Front Enfield Middlesex EN1 3FG
Auditor	Moore Stephens Northern Home Counties Limited Nicholas House River Front Enfield Middlesex EN1 3FG

MALA INVESTMENTS LIMITED

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MALA INVESTMENTS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report for the year ended 31 March 2017.

Review of business

Turnover for the group has increased significantly from £10,689,568 to £13,845,748. This is primarily due to the improvement in the UK economy which has benefited the construction industry. However, the overall gross margin for the group has fallen from 20.98% achieved last year to 16.29% this year.

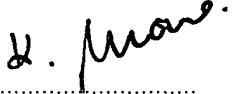
Shareholders' funds have increased by £353,992 and the financial position of the group remains strong with significant cash reserves at the year-end.

Looking ahead, the economic climate in the UK appears uncertain which is fuelled largely by continuing fears over Brexit. The directors remain cautious in their outlook.

The directors consider the following to be the principal risks and uncertainties facing the group;

- fears over Brexit, reducing confidence in the economy which will in turn affect the construction industry
- market competition

On behalf of the board



K Crane

Director

12/12/2017

MALA INVESTMENTS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2017.

Principal activities

The company's principal activity continued to be that of a holding company. The company's subsidiaries continued to trade in the installation, sale or maintenance of commercial air conditioning, refrigeration and heating equipment or provide services complimentary to these trades. The directors expect to continue with the group's principal activities in the next year.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

K Crane
P Zumeris

Dividends

During the year the company paid dividends of £nil (2016 - £nil).

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

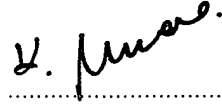
Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

MALA INVESTMENTS LIMITED

DIRECTORS' REPORT (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2017**

On behalf of the board



.....
K Crane

Director

Date: 12/12/2017

MALA INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MALA INVESTMENTS LIMITED

We have audited the financial statements of Mala Investments Limited for the year ended 31 March 2017 which comprise the Group Profit And Loss Account, the Group Balance Sheet, the Company Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 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 other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, 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, and the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

MALA INVESTMENTS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF MALA INVESTMENTS LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and Directors' Report.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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; or



Francis Corbishley (Senior Statutory Auditor)
for and on behalf of Moore Stephens Northern Home Counties
Limited

20/12/2017

Chartered Accountants
Statutory Auditor

Nicholas House
River Front
Enfield
Middlesex
EN1 3FG

MALA INVESTMENTS LIMITED

GROUP PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Turnover	2	13,845,748	10,689,568
Cost of sales		(11,589,087)	(8,445,950)
Gross profit		2,256,661	2,243,618
Distribution costs		(66,062)	(59,526)
Administrative expenses		(1,726,916)	(1,884,865)
Other operating income		9,999	9,999
Operating profit	3	473,682	309,226
Interest receivable and similar income	7	528	-
Profit before taxation		474,210	309,226
Tax on profit	8	(99,300)	(61,401)
Profit for the financial year	15	374,910	247,825
Profit for the financial year is attributable to:			
- Owners of the parent company		353,992	215,967
- Non-controlling interests		20,918	31,858
		374,910	247,825

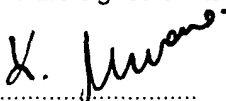
MALA INVESTMENTS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Tangible assets	9		27,139		31,928
Current assets					
Stocks		282,479		155,662	
Debtors	12	3,574,097		3,974,206	
Cash at bank and in hand		3,222,951		3,363,055	
		<u>7,079,527</u>		<u>7,492,923</u>	
Creditors: amounts falling due within one year	13	<u>(4,090,831)</u>		<u>(4,883,926)</u>	
Net current assets			2,988,696		2,608,997
Total assets less current liabilities			<u>3,015,835</u>		<u>2,640,925</u>
Capital and reserves					
Called up share capital	14		118,541		118,541
Profit and loss reserves	15		2,690,980		2,336,988
Equity attributable to owners of the parent company			2,809,521		2,455,529
Non-controlling interests			206,314		185,396
			<u>3,015,835</u>		<u>2,640,925</u>

The financial statements were approved by the board of directors and authorised for issue on 12/12/2017 and are signed on its behalf by:



 K Crane
 Director

MALA INVESTMENTS LIMITED

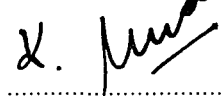
COMPANY BALANCE SHEET

AS AT 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments	10		29,040		29,040
Current assets					
Debtors	12	433,048		275,548	
Cash at bank and in hand		353,450		483,164	
		<u>786,498</u>		<u>758,712</u>	
Creditors: amounts falling due within one year	13	<u>(129,717)</u>		<u>(97,217)</u>	
Net current assets			<u>656,781</u>		<u>661,495</u>
Total assets less current liabilities			<u>685,821</u>		<u>690,535</u>
Capital and reserves					
Called up share capital	14		118,541		118,541
Share premium account			28,436		28,436
Profit and loss reserves	15		<u>538,844</u>		<u>543,558</u>
Total equity			<u>685,821</u>		<u>690,535</u>

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £4,714 (2016 - £1,290 loss).

The financial statements were approved by the board of directors and authorised for issue on 12/12/2017 and are signed on its behalf by:



K Crane
Director

Company Registration No. 01477836

MALA INVESTMENTS LIMITED

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	19		(111,732)		634,611
Income taxes paid			(28,900)		-
Net cash (outflow)/inflow from operating activities			(140,632)		634,611
Investing activities					
Proceeds on disposal of tangible fixed assets		-		4,599	
Interest received		528		-	
Net cash generated from investing activities			528		4,599
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(140,104)		639,210
Cash and cash equivalents at beginning of year			3,363,055		2,723,845
Cash and cash equivalents at end of year			3,222,951		3,363,055

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Mala Investments Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. Its registered office is located at Nicholas House, River Front, Enfield, Middlesex, EN1 3FG.

The group consists of Mala Investments Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These group and company financial statements for the year ended 31 March 2017 are the first financial statements of Mala Investments Limited and the group prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. The date of transition to FRS 102 was 1 April 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements for parent company information presented within the consolidated financial statements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured, measurement and carrying amount of liabilities for cash-settled share-based payments, explanation of modifications to arrangements;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.2 Basis of consolidation

In the parent company financial statements, the cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued and liabilities incurred or assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognised as goodwill. The cost of the combination includes the estimated amount of contingent consideration that is probable and can be measured reliably, and is adjusted for changes in contingent consideration after the acquisition date. Provisional fair values recognised for business combinations in previous periods are adjusted retrospectively for final fair values determined in the 12 months following the acquisition date. Investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment.

The consolidated financial statements incorporate those of Mala Investments Limited and all of its subsidiaries (ie entities that the group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes.

All financial statements are made up to 31 March 2017. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the group.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Short leasehold properties	15% reducing balance
Plant and machinery	15%-33% reducing balance
Computer equipment	25% straight line
Motor vehicles	25% reducing balance

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

1.5 Fixed asset investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

1.8 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset if, and only if, there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

2 Turnover and other revenue

Consolidated turnover and results were derived wholly from activities within the UK.

3 Operating profit

	2017	2016
	£	£
Operating profit for the year is stated after charging:		
Depreciation	4,789	5,703
Profit on disposal of fixed assets	-	(2,997)
	<u> </u>	<u> </u>

4 Auditor's remuneration

As in previous years, the auditors' remuneration for the group was paid by a related company, Mala Engineering Limited.

5 Employees

The average monthly number of persons (including directors) employed by the group and company during the year was:

	Group 2017 Number	2016 Number	Company 2017 Number	2016 Number
Total employees	<u>29</u>	<u>20</u>	<u>2</u>	<u>2</u>

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

5 Employees (Continued)

Their aggregate remuneration comprised:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Wages and salaries	791,522	950,225	-	-
Social security costs	8,301	44,867	-	-
Pension costs	13,369	5,903	-	-
	<u>813,192</u>	<u>1,000,995</u>	<u>-</u>	<u>-</u>

6 Directors' remuneration

	2017 £	2016 £
Remuneration paid to directors	<u>31,251</u>	<u>217,651</u>

As total directors' remuneration was less than £200,000 in the year ended 31 March 2017, no disclosure of remuneration for the highest paid director is provided (2016 - £108,826).

7 Interest receivable and similar income

	2017 £	2016 £
Other interest receivable and similar income	<u>528</u>	<u>-</u>

8 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	<u>99,300</u>	<u>61,401</u>

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

8 Taxation

(Continued)

The actual charge for the year can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

	2017 £	2016 £
Profit before taxation	474,210	309,226
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	94,842	61,845
Tax effect of expenses that are not deductible in determining taxable profit	3,724	945
Tax effect of utilisation of tax losses not previously recognised	-	(1,810)
Permanent capital allowances in excess of depreciation	670	357
Other adjustments	64	64
Taxation charge for the year	99,300	61,401

9 Tangible fixed assets

Group	Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 April 2016 and 31 March 2017	199,691	332,323	532,014
Depreciation and impairment			
At 1 April 2016	198,814	301,272	500,086
Depreciation charged in the year	132	4,657	4,789
At 31 March 2017	198,946	305,929	504,875
Carrying amount			
At 31 March 2017	745	26,394	27,139
At 31 March 2016	877	31,051	31,928

10 Fixed asset investments

	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments	-	-	29,040	29,040

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

10 Fixed asset investments (Continued)

Movements in fixed asset investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 April 2016 and 31 March 2017	29,040
Carrying amount	
At 31 March 2017	29,040
At 31 March 2016	29,040

11 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Mala Electrical Limited	England and Wales	Ordinary	75
Mala Mechanical Services Limited	England and Wales	Ordinary	100
Mala Special Works Limited	England and Wales	Ordinary	100
Mala Maintenance Limited	England and Wales	Ordinary	90
Mala Designs Limited	England and Wales	Ordinary	100
Mala Management Limited	England and Wales	Ordinary	80

The aggregate capital and reserves and the profit for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £	Capital and Reserves £
Mala Electrical Limited	(2,094)	1,153,171
Mala Mechanical Services Limited	(7,857)	350,575
Mala Special Works Limited	175,482	400,290
Mala Maintenance Limited	214,411	445,998
Mala Designs Limited	(318)	9,062
Mala Management Limited	-	100

Mala Management Limited and Mala Designs Limited do not trade. All of the other companies trade in the installation, sale or maintenance of commercial air conditioning, refrigeration and heating equipment or provide services complimentary to these trades.

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

12 Debtors

	Group 2017 £	2016 £	Company 2017 £	2016 £
Amounts falling due within one year:				
Trade debtors	3,237,834	3,942,821	-	-
Corporation tax recoverable	32,500	-	32,500	-
Amounts due from group undertakings	-	-	258,345	258,345
Other debtors	203,763	31,385	42,203	17,203
	<u>3,474,097</u>	<u>3,974,206</u>	<u>333,048</u>	<u>275,548</u>
Amounts falling due after more than one year:				
Other debtors	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Total debtors	<u>3,574,097</u>	<u>3,974,206</u>	<u>433,048</u>	<u>275,548</u>

Included within trade debtors are trade balances of £999,242 (2016 - £2,091,151) owed by Mala Engineering Limited, a company in which K Crane and P F Zumeris are directors and shareholders.

13 Creditors: amounts falling due within one year

	Group 2017 £	2016 £	Company 2017 £	2016 £
Trade creditors	3,032,984	3,421,659	-	-
Amounts due to group undertakings	-	-	60	60
Corporation tax payable	133,428	63,029	32,500	-
Other taxation and social security	-	20,542	-	-
Other creditors	924,419	1,378,696	97,157	97,157
	<u>4,090,831</u>	<u>4,883,926</u>	<u>129,717</u>	<u>97,217</u>

Included within trade creditors are trade balances of £915,383 (2016 - £786,580) owed to Mala Engineering Limited, a company in which K Crane and P F Zumeris are directors and shareholders.

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

14 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
119 Ordinary shares of £1 each	119	119
	<u> </u>	<u> </u>
Preference share capital		
Issued and fully paid		
118,422 Preference shares of £1 each	118,422	118,422
	<u> </u>	<u> </u>

The preference shares are irredeemable and carry a dividend at a rate of 2% below the base rate of National Westminster Bank plc. The shares carry no voting rights and rank prior to the ordinary shares on winding up for the amounts paid up on preference shares together with any arrears of the fixed dividends calculated to the date of such repayment. As at 31 March 2017, the shareholders waived their entitlement to the accumulated dividends.

15 Reserves

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
At the beginning of the year	2,336,988	2,121,021	543,558	544,848
Profit/(loss) for the year	353,992	215,967	(4,714)	(1,290)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At the end of the year	2,690,980	2,336,988	538,844	543,558
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

16 Financial commitments, guarantees and contingent liabilities

The company has given a cross guarantee and a debenture securing the bank borrowings of its subsidiary undertakings and Mala Engineering Limited, a company in which K Crane and P F Zumeris are directors and shareholders. At 31 March 2017, the borrowings amounted to £nil (2016 - £nil).

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

17 Operating lease commitments

Lessee

At the reporting end date the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	Group 2017 £	2016 £	Company 2017 £	2016 £
Within one year	18,015	11,168	-	-
Between two and five years	61,796	7,356	-	-
	<u>79,811</u>	<u>18,524</u>	<u>-</u>	<u>-</u>

18 Related party transactions

The company's controlling party is K Crane and M A Crane jointly.

During the year, the company charged Mala Engineering Limited rent of £9,999 (2016 - £9,999).

During the year, the company was charged rent of £9,999 (2016- £9,999) by the Mala Directors' Pension Fund. At 31 March 2017, the company owed the Pension Fund £77,778 (2016 - £77,778).

During the year, a loan of £125,000 (2016 - £nil) was provided to a director of the company. The loan remained outstanding at the year-end.

At 31 March 2017, the net amount due to the company by its subsidiaries and Mala Engineering Limited was £275,488 (2016 - £275,488).

MALA INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2017**

19 Cash generated from group operations

	2017	2016
	£	£
Profit for the year after tax	374,910	247,825
Adjustments for:		
Taxation charged	99,300	61,401
Investment income	(528)	-
Gain on disposal of tangible fixed assets	-	(2,997)
Depreciation and impairment of tangible fixed assets	4,789	5,703
Movements in working capital:		
(Increase) in stocks	(126,817)	(90,251)
Decrease/(increase) in debtors	400,108	(2,381,378)
(Decrease)/increase in creditors	(863,494)	2,794,308
Cash (absorbed by)/generated from operations	(111,732)	634,611
