Company Registration No. 01477836 (England and Wales)

MALA INVESTMENTS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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MALA INVESTMENTS LIMITED

COMPANY INFORMATION

Directors	K Crane P F Zumeris
Secretary	L Spong
Company number	01477836
Registered office	Nicholas House River Front Enfield Middlesex EN1 3FG
Auditor	Moore 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 2019

The directors present the strategic report for the year ended 31 March 2019.

Review of business
Turnover for the group has increased significantly from £14,091,077 to £17,130,033 primarily due to the improvement in the UK economy which has benefited the construction industry. The overall gross margin for the group has decreased from 18.17% achieved last year to 6.62% this year.

Despite shareholders' funds having decreased by £690,766, 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

17 DEC 2019

The directors present their annual report and financial statements for the year ended 31 March 2019.

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 F Zumeris

Dividends
During the year the company paid dividends of £nil (2018 - £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 2019

On behalf of the board

....
K Crane
Director 17 DEC 2019
Date: ....

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MALA INVESTMENTS LIMITED

Opinion

We have audited the financial statements of Mala Investments Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the group profit and loss account, the group balance sheet, the company balance sheet, the group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 2019 and of the group's loss 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 the directors' report for the financial year for which the *financial statements are prepared is consistent with the financial statements; and*
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 the 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.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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.

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

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

20/12/2019

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 2019

	Notes	2019 £	2018 £
Turnover	3	17,130,033	14,091,077
Cost of sales		(15,994,777)	(11,530,708)
Gross profit		1,135,256	2,560,369
Distribution costs		(83,618)	(100,808)
Administrative expenses		(1,938,864)	(2,351,476)
Other operating income		9,999	9,999
Operating (loss)/profit	4	(877,227)	118,084
Interest receivable and similar income	8	1	-
(Loss)/profit before taxation		(877,226)	118,084
Tax on (loss)/profit	9	25,647	(25,647)
(Loss)/profit for the financial year	18	(851,579)	92,437
(Loss)/profit for the financial year is attributable to:			
- Owners of the parent company		(690,766)	94,366
- Non-controlling interests		(160,813)	(1,929)
		(851,579)	92,437

MALA INVESTMENTS LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Tangible assets	**10**		20,558		23,068
Current assets					
Stocks	**13**	409,216		149,707	
Debtors	**14**	5,409,028		3,096,180	
Cash at bank and in hand		2,727,776		3,707,721	
		8,546,020		6,953,608	
Creditors: amounts falling due within one year	**15**	(6,309,885)		(3,868,404)	
Net current assets			2,236,135		3,085,204
Total assets less current liabilities			2,256,693		3,108,272
Capital and reserves					
Called up share capital	**17**		118,541		118,541
Profit and loss reserves	**18**		2,094,581		2,785,347
Equity attributable to owners of the parent company			2,213,122		2,903,888
Non-controlling interests			43,571		204,384
			2,256,693		3,108,272

The financial statements were approved by the board of directors and authorised for issue on 17 DEC 2019
and are signed on its behalf by:

K. Crane

....
K Crane
Director

MALA INVESTMENTS LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Investments	11		29,040		29,040
Current assets					
Debtors	14	383,881		408,048	
Cash at bank and in hand		355,017		352,298	
		738,898		760,346	
Creditors: amounts falling due within one year	15	(87,218)		(107,216)	
Net current assets			651,680		653,130
Total assets less current liabilities			680,720		682,170
Capital and reserves					
Called up share capital	17		118,541		118,541
Share premium account			28,436		28,436
Profit and loss reserves	18		533,743		535,193
Total equity			680,720		682,170

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 £1,450 (2018 - £3,651 loss).

The financial statements were approved by the board of directors and authorised for issue on 17 DEC 2019 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 2019

	Notes	2019 £	2019 £	2018 £	2018 £
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	22		(961,306)		616,570
Income taxes paid			(17,522)		(131,800)
Net cash (outflow)/inflow from operating activities			(978,828)		484,770
Investing activities					
Purchase of tangible fixed assets		(1,118)		-	
Interest received		1		-	
Net cash used in investing activities			(1,117)		-
Net (decrease)/increase in cash and cash equivalents			(979,945)		484,770
Cash and cash equivalents at beginning of year			3,707,721		3,222,951
Cash and cash equivalents at end of year			2,727,776		3,707,721

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.

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.

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.

Deferred tax is recognised on differences between the value of assets (other than goodwill) and liabilities recognised in a business combination accounted for using the purchase method and the amounts that can be deducted or assessed for tax, considering the manner in which the carrying amount of the asset or liability is expected to be recovered or settled. The deferred tax recognised is adjusted against goodwill or negative goodwill.

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 2019. 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 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.4 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.

1.5 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:

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 Accounting policies **(Continued)**

1.6 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.

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.

1.7 Impairment of fixed assets

At each reporting period end date, the group reviews the carrying amounts of its tangible 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.

1.8 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.

1.9 Cash and cash equivalents

Cash and cash equivalents 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 Accounting policies **(Continued)**

1.10 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.

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.

1 Accounting policies **(Continued)**

Basic financial 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.

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 though 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.

1.11 Equity instruments

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

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 profit or loss 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 leased asset are consumed.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

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

4 Operating (loss)/profit

	2019	2018
	£	£
Operating (loss)/profit for the year is stated after charging:		
Depreciation of owned tangible fixed assets	3,628	4,071

5 Auditor's remuneration

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

6 Employees

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

	Group		Company	
	2019	2018	2019	2018
	Number	Number	Number	Number
	31	32	-	-

Their aggregate remuneration comprised:

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Wages and salaries	906,400	916,718	-	-
Social security costs	-	27,880	-	-
Pension costs	28,756	14,237	-	-
	935,156	958,835	-	-

7 Directors' remuneration

	2019	2018
	£	£
Remuneration for qualifying services	-	133,519

As total directors' remuneration was less than £200,000 in the current and previous years, no disclosure is provided for highest paid directors in those periods.

8 Interest receivable and similar income

	2019	2018
	£	£
Interest income		
Interest on bank deposits	1	-

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	1	-

9 Taxation

	2019	2018
	£	£
Current tax		
UK corporation tax on profits for the current period	-	25,647
Adjustments in respect of prior periods	(25,647)	-
Total current tax	(25,647)	25,647

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

	2019	2018
	£	£
(Loss)/profit before taxation	(877,226)	118,084
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(166,673)	22,436
Tax effect of expenses that are not deductible in determining taxable profit	2,530	2,601
Unutilised tax losses carried forward	138,202	60
Permanent capital allowances in excess of depreciation	293	549
Other adjustments	1	1
Taxation (credit)/charge	(25,647)	25,647

10 Tangible fixed assets

Group	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 April 2018	199,691	332,323	532,014
Additions	-	1,118	1,118
At 31 March 2019	199,691	333,441	533,132
Depreciation and impairment			
At 1 April 2018	199,057	309,889	508,946
Depreciation charged in the year	95	3,533	3,628
At 31 March 2019	199,152	313,422	512,574
Carrying amount			
At 31 March 2019	539	20,019	20,558
At 31 March 2018	634	22,434	23,068

The company had no tangible fixed assets at 31 March 2019 or 31 March 2018.

11 Fixed asset investments

		Group		Company	
		2019	2018	2019	2018
	Notes	£	£	£	£
Investments in subsidiaries	12	-	-	29,040	29,040

Movements in fixed asset investments

Company	Shares in group undertakings
	£
Cost or valuation	
At 1 April 2018 and 31 March 2019	29,040
Carrying amount	
At 31 March 2019	29,040
At 31 March 2018	29,040

12 Subsidiaries

Details of the company's subsidiaries at 31 March 2019 are as follows:

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

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 Designs Limited	(330)	8,414
Mala Electrical Limited	(612,162)	545,740
Mala Maintenance Limited	(77,722)	337,159
Mala Management Limited	-	100
Mala Mechanical Services Limited	18,465	367,481
Mala Special Works Limited	(178,380)	346,262

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.

13 Stocks

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Work in progress	409,216	149,707	-	-

14 Debtors

	Group 2019	2018	Company 2019	2018
Amounts falling due within one year:	£	£	£	£
Trade debtors	5,241,528	2,941,915	-	-
Corporation tax recoverable	50,022	32,500	24,375	32,500
Amounts due from group undertakings	-	-	258,345	258,345
Other debtors	67,478	46,765	51,161	42,203
	5,359,028	3,021,180	333,881	333,048
Amounts falling due after more than one year:				
Other debtors	50,000	75,000	50,000	75,000
Total debtors	5,409,028	3,096,180	383,881	408,048

15 Creditors: amounts falling due within one year

	Group 2019	2018	Company 2019	2018
	£	£	£	£
Trade creditors	4,308,712	2,551,034	-	-
Amounts owed to group undertakings	-	-	60	60
Corporation tax payable	1,628	27,275	-	-
Other taxation and social security	88,863	63,376	-	-
Other creditors	219,005	235,853	2,778	2,778
Accruals and deferred income	1,691,677	990,866	84,380	104,378
	6,309,885	3,868,404	87,218	107,216

Included within trade creditors are trade balances of £850,563 (2018 - £740,151) owed to Mala Engineering Limited, a company in which K Crane and P F Zumeris are directors and shareholders.

16 Retirement benefit schemes

	2019	2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	28,756	14,237

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

17 Share capital

	Group and company	
	2019	2018
Ordinary share capital	£	£
Issued and fully paid		
119 Ordinary shares of £1 each	119	119
Preference share capital		
Issued and fully paid		
118,422 Preference shares of £1 each	118,422	118,422

The preference shares are irredeemable and carry a dividend at a rate of 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 2019, the shareholders waived their entitlement to the accumulated dividends.

18 Reserves

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
At the beginning of the year	2,785,347	2,690,980	535,193	538,844
Profit/(loss) for the year	(690,766)	94,366	(1,450)	(3,651)
At the end of the year	2,094,581	2,785,346	533,743	535,193

19 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 2019, the borrowings amounted to £nil (2018 - £nil).

20 Operating lease commitments

Lessee

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

	Group		Company	
	2019	2018	2019	2018
	£	£	£	£
Within one year	29,342	29,342	-	-
Between two and five years	64,794	94,216	-	-
In over five years	-	-	-	-
	94,136	123,558	-	-

21 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 (2018 - £9,999).

During the year, the company was charged rent of £9,999 (2018 - £9,999) by the Mala Directors' Pension Fund. At 31 March 2019, the company owed the Pension Fund £77,778 (2018 - £77,778).

In the previous year, a loan of £125,000 was provided to a director of the company. During the year, the director repaid £25,000 towards the loan. At 31 March 2019, the amount due to the company was £75,000 (2018: £100,000).

At 31 March 2019, the net amount due to the company by its subsidiaries and Mala Engineering Limited was £276,321 (2018 - £275,350).

22 Cash (absorbed by)/generated from group operations

	2019	2018
	£	£
(Loss)/profit for the year after tax	(851,579)	92,437
Adjustments for:		
Taxation (credited)/charged	(25,647)	25,647
Investment income	(1)	-
Depreciation and impairment of tangible fixed assets	3,628	4,071
Movements in working capital:		
(Increase)/decrease in stocks	(259,509)	132,772
(Increase)/decrease in debtors	(2,295,326)	477,917
Increase/(decrease) in creditors	2,467,128	(116,274)
Cash (absorbed by)/generated from operations	(961,306)	616,570