

Company number: 1615021

Dawsongroup Temperature Control Solutions Limited

Annual Report and Accounts

Year ended 31 December 2022



DAWSONGROUP TEMPERATURE CONTROL SOLUTIONS LIMITED

Company number: 1615021

Directors and advisers

Directors

Stephen J Miller
Anthony Coleman, FCA
Adrian J P O'Reilly, ACMA
Roderick P Benham
David Quinn
Jonathan McKie
Stephen D Callahan
Gary Smith

Secretary and registered office

Lucinda Kent, FCA
Delaware Drive, Tongwell, Milton Keynes, MK15 8JH

Auditor

Mazars LLP
The Pinnacle, 160 Midsummer Boulevard, Milton Keynes, MK9 1FF

Bankers

The Royal Bank of Scotland
Corporate and Institutional Banking
2nd Floor
152 Silbury Boulevard
Milton Keynes
MK9 1LT

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DAWSONGROUP TEMPERATURE CONTROL SOLUTIONS LIMITED

Company number: 1615021

Strategic report for the year ended 31 December 2022

The directors present their strategic report for Dawsongroup Temperature Control Solutions Limited for the year ended 31 December 2022.

For further information on key performance indicators and risks and uncertainties please refer to the Dawsongroup plc financial statements (note 17).

Activities and business review

The principal activity of the company is the rental of temperature-controlled products.

The company provides a range of portable cold stores and purpose built systems, principally serving the food manufacturing and pharmaceutical industry. It is the market leader with an outstanding reputation for technical innovation and customer service.

The company again delivered revenue and profit growth despite some major difficulties, particularly in the food sector facing rising energy costs and negative pricing pressure from the supermarkets.

Investment in optimising energy usage has become a key feature of the business over a number of years, and recent significant rises in energy costs have demonstrated that these investments were fortuitous as it secured the company's competitive edge and has driven further investment in seeking alternative energy solutions. Innovations include a cold store incorporating solar panels and a battery that can operate 90% autonomously without an external power source. The company has also supplied a clean room for battery research that maintains an ultra-low level of airborne particulates in a controlled environment.

The company also gained ISO9001, ISO14001 and ISO45001 accreditations.

Risks and uncertainties and financial risk management

The group operates a central finance and treasury function which is responsible for arranging and managing all of the group's financial instruments, comprising borrowings, cash and liquid resources and interest-rate swaps, in the most appropriate manner, at the lowest cost and within the risk management policies agreed upon by the board.

The company minimises credit risk by selecting blue chip companies or by taking deposits where appropriate.

Financial KPIs

Capital expenditure


Capital expenditure on hire fleet amounted to £21.7m (2021: £15.8m).

Approval

This report was approved by the board on 20 July 2023 and signed on its behalf by:


Anthony Coleman (Jul 20, 2023 15:25 GMT+1)

Anthony Coleman
Director


Stephen Miller (Jul 20, 2023 16:38 GMT+1)

Stephen J Miller
Director

DAWSONGROUP TEMPERATURE CONTROL SOLUTIONS LIMITED

Company number: 1615021

Report of the directors for the year ended 31 December 2022

The directors present their report and the audited financial statements of the company for the year ended 31 December 2022.

Directors

The current directors of the company who served throughout the year and to the date of signing this report, unless otherwise stated are set out on page 1.

Directors' indemnity

Appropriate directors' and officers' indemnity insurance cover is in place in respect of all the company's directors.

Results and dividends

Turnover amounted to £35,652,000 (2021: £35,045,000) and the profit before tax was £12,559,000 (2021: £10,010,000). Dividends of £21,500,000 have been paid during the year (2021: £5,000,000).

Employment policies

The company continues to encourage the participation of its employees in the business in which they work. Established communication and consultation procedures exist which aim to ensure that employees are informed about, and involved in, matters which are of interest and concern to them.

The company is an equal opportunities employer and its policies for the recruitment, training, career development and promotion of employees are based on the relevant merits and abilities of the individuals concerned. The policies also allow disabled persons to compete on an equal basis. Any existing employee who becomes disabled is given the training required to ensure that, wherever possible, continuity of employment can be maintained.

The company promotes all aspects of health and safety throughout the group in the interests of its employees.

Future developments

The directors do not expect any material differences going forward.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, therefore they continue to adopt the going concern basis for accounting in preparing the annual financial statements.

For further information regarding the directors' assessment of the going concern status of the company, refer to the accounting policies on page 12 of the financial statements.

**Report of the directors (continued)
for the year ended 31 December 2022**

Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* 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 company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditor

So far as each person who is a director is aware, there is no relevant audit information of which the company's auditor is unaware. Each director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to s487(2) of the Companies Act 2006 the auditor, Mazars LLP, will be deemed to have been re-appointed.

By order of the board on 20 July 2023.


Lucinda Kent (Jul 20, 2023 17:00 GMT+1)

**Lucinda Kent, FCA
Secretary**

Independent auditor's report to the members of Dawsongroup Temperature Control Solutions Limited

Opinion

We have audited the financial statements of Dawsongroup Temperature Control Solutions Limited (the 'company') the year ended 31 December 2022 which comprise the Statement of comprehensive income, Statement of financial position, Statement of changes in equity 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 company's affairs as at 31 December 2022 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.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the audit:

Independent auditor's report to the members of Dawsongroup Temperature Control Solutions Limited

- 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 light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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 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 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006 and FRS 102.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;

Independent auditor's report to the members of Dawsongroup Temperature Control Solutions Limited

- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as UK tax legislation, pension legislation and the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition (which we pinpointed to the cut-off assertion for non-rental income) and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

Our audit procedures in relation to fraud through revenue recognition specific to cut-off for non-rental income included, but were not limited to:


- Assessing management's revenue recognition policy; and
- Agreeing a sample of revenue transactions pre and post year end, to ensure they have been recognized in the appropriate period and in line with the group accounting policy.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.


Stephen Brown (Jul 21, 2023 08:36 GMT+1)

Stephen Brown (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
The Pinnacle
160 Midsummer Boulevard
Milton Keynes
MK9 1FF
Date Jul 21, 2023

DAWSONGROUP TEMPERATURE CONTROL SOLUTIONS LIMITED

Company number: 1615021

**Statement of comprehensive income
for the year ended 31 December 2022**

	Notes	2022 £'000	2021 £'000
Turnover	1	35,652	35,045
Cost of sales		<u>13,222</u>	<u>17,460</u>
Gross profit		22,430	17,585
Administrative expenses		<u>9,598</u>	<u>7,422</u>
Operating profit	2	12,832	10,163
Interest receivable and similar income	3	-	25
Interest payable and similar charges	4	<u>273</u>	<u>178</u>
Profit on ordinary activities before tax		12,559	10,010
Tax	6	<u>3,012</u>	<u>1,865</u>
Profit for the year attributable to owners		<u>9,547</u>	<u>8,145</u>
Total comprehensive income attributable to owners		<u>9,547</u>	<u>8,145</u>

The notes on pages 11 to 24 are an integral part of these financial statements.

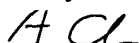
DAWSONGROUP TEMPERATURE CONTROL SOLUTIONS LIMITED

Company number: 1615021


Statement of financial position as at 31 December 2022

	Notes	£'000	2022 £'000	£'000	2021 £'000
Fixed assets					
Tangible assets	7		77,425		63,464
Investments	8		1		1
			<u>77,426</u>		<u>63,465</u>
Current assets					
Inventory	9	750		622	
Debtors	10	6,704		24,014	
Cash at bank and in hand		504		67	
		<u>7,958</u>		<u>24,703</u>	
Creditors due within one year					
Borrowings	11	-		2,598	
Creditors	12	38,351		19,282	
		<u>38,351</u>		<u>21,880</u>	
Net current (liabilities) / assets			<u>(30,393)</u>		<u>2,823</u>
Total assets less current liabilities			<u>47,033</u>		<u>66,288</u>
Creditors due after one year					
Borrowings	11	-		4,892	
Creditors	12	9		18	
			<u>9</u>	<u>18</u>	
			<u>47,024</u>		<u>61,378</u>
Provisions for liabilities and charges	13		2,895		5,296
Net assets			<u>44,129</u>		<u>56,082</u>
Capital and reserves					
Called up share capital	14		50		50
Profit and loss account			44,079		56,032
Equity shareholders' funds			<u>44,129</u>		<u>56,082</u>

The financial statements on pages 8 to 24 were approved and authorised for issue by the board of directors on 20 July 2023.


 Anthony Coleman (Jul 20, 2023 15:25 GMT+1)

A Coleman
 Director


 Stephen Miller (Jul 20, 2023 16:38 GMT+1)

S J Miller
 Director

The notes on pages 11 to 24 are an integral part of these financial statements.

DAWSONGROUP TEMPERATURE CONTROL SOLUTIONS LIMITED

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**Statement of changes in equity
for the year ended 31 December 2022**

	Called up share capital	Profit and loss account	Equity shareholders' funds
	£'000	£'000	£'000
At 1 January 2021	50	52,887	52,937
Profit for the financial year	-	8,145	8,145
Other comprehensive income	-	-	-
Total comprehensive income	-	8,145	8,145
Dividends paid	-	(5,000)	(5,000)
At 31 December 2021	<u>50</u>	<u>56,032</u>	<u>56,082</u>
Profit for the financial year	-	9,547	9,547
Other comprehensive income	-	-	-
Total comprehensive income	-	9,547	9,547
Dividends paid	-	(21,500)	(21,500)
At 31 December 2022	<u>50</u>	<u>44,079</u>	<u>44,129</u>

Reserves*Profit and loss account*

The profit and loss account reserve represents cumulative profits and losses less dividends paid of the company.

The notes on pages 11 to 24 are an integral part of these financial statements.

**Notes to the financial statements
for the year ended 31 December 2022**

Accounting policies

General information

Dawsongroup Temperature Control Solutions Limited ("the company") is a private company, limited by shares, incorporated in England and Wales. The address of its registered office is Delaware Drive, Tongwell, Milton Keynes, MK15 8JH and the principal place of business is Fulwood Industrial Estate, Sutton-In-Ashfield, Nottinghamshire, NG17 6AF. The principal activity of the company is the rental of temperature-controlled products.

These financial statements have been presented in Pounds Sterling as this is the company's functional currency, being the primary economic environment in which the company operates. The level of rounding used throughout the financial statements is to the nearest thousand. The financial statements present information about the company as an individual undertaking and not about its group.

Basis of preparation

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 applicable legislation, as set out in the Companies Act 2006 and The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. These financial statements have been prepared under the historical cost convention.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including the notification of and no objection to, the use of exemptions by the company's shareholders. In preparing the financial statements, the company has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 *Related Party Disclosures*;
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 *Statement of Financial Position*; and
- from presenting a statement of cash flows, as required by Section 7 *Statement of Cash Flows*.

On the basis that equivalent disclosures are given in the consolidated financial statements the company has also taken advantage of the exemption not to provide:

- certain disclosure requirements of Section 11 *Basic Financial Instruments*.

Details of where the consolidated financial statements, in which the company is included, can be obtained as set out in note 17.

Basis of consolidation

The company is a wholly owned subsidiary of Dawsongroup plc, a company registered in England and Wales which has prepared group accounts in accordance with applicable accounting standards. Therefore the company has taken advantage of the exemption available under section 400 of the Companies Act 2006 not to prepare consolidated financial statements.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

Accounting policies

Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The directors have reviewed forecasts for a period of not less than 12 months from the date of the audit opinion and are confident that the company will be able to pay its liabilities as they fall due. Confirmation has been received from the ultimate parent company that the intercompany loan as disclosed in note 12 will not be recalled within the next 12 months. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts for the provision of services and the sale of goods in the normal course of business, net of discounts and other sales-related taxes.

Rental income from operating leases and contract hire activities is recognised on a straight-line basis over the term of the relevant lease.

Income from the sale of vehicles and equipment is recognised when the company has transferred the significant risks and rewards of ownership to the buyer, which is usually the date that delivery of the vehicles and equipment is taken.

Taxation

The tax expense for the year comprises current and deferred tax. Tax currently payable, relating to UK corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided to write down the cost of fixed assets by equal instalments, which for widespan units includes capitalised direct labour and directly attributable overheads, to their estimated residual values up to the period of their estimated useful lives with the company in accordance with the table below:

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

Accounting policies

Tangible fixed assets and depreciation (continued)

	Useful life	Residual value
Hire fleet:		
Purpose built portable cold stores	9 - 20 years	0 - 25%
Other temperature-controlled products	3 - 12.5 years	0% - 15%
Inflatables	8 - 10 years	Nil
Other:		
Commercial vehicles	5 years	20% - 25%
Trailers	10 - 12.5 years	2.5% - 15%
Plant and equipment	5 - 10 years	Nil
Portable office buildings	7 - 10 years	2.5% - 15%
Computer hardware	4 years	Nil
Cars	5 years	15%

Tangible assets are tested for impairment where an indication of impairment exists at the reporting date.

Impairment of assets

At each reporting date, the company reviews the carrying value of its 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.

The recoverable amount of an asset is the higher of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. The present value calculation involves estimating the future cash inflows and outflows to be derived from continuing use of the asset, and from its ultimate disposal, applying an appropriate discount rate to those future cash flows.

Where the recoverable amount of an asset is less than the carrying amount an impairment loss is recognised immediately in profit or loss. An impairment loss recognised for all assets is reversed in a subsequent year if, and only if, the reasons for the impairment loss have ceased to apply.

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Inventory

Inventory is stated at the lower of cost, using the first in first out method, and selling price less costs to complete and sell.

Financial instruments

Financial assets and liabilities are recognised when the company becomes party to the contractual provisions of the financial instrument. The company holds basic financial instruments, which comprise cash at bank and in hand, trade and other debtors, borrowings and trade and other creditors. The company has chosen to apply the measurement and recognition provisions of Section 11 *Basic Financial Instruments*.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

Accounting policies

Financial assets – classified as basic financial instruments

The Company has chosen to apply the measurement and recognition provisions of Section 11 *Basic Financial Instruments*.

Cash and Cash equivalents

Cash and cash equivalents include cash at bank and in hand and other short-term highly liquid investments with original maturities of three months or less which are classified as current asset investments.

Trade and other debtors

Trade and other debtors are initially recognised at the transaction price, including any transaction costs, and are subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Amounts that are receivable within one year are measured at the undiscounted amount of the amount expected to be receivable, net of any impairment. The company has chosen to apply the measurement and recognition provisions of Section 11 *Basic Financial Instruments*.

Financial liabilities – classified as basic financial instruments

Trade and other creditors and borrowings

Short term trade and other creditors and borrowings are measured at the transaction price. Other financial liabilities which constitute financing transactions are initially and subsequently measured at the present value of the future payments, discounted at a market rate of interest.

Employee benefits

Retirement benefits

The company operates a defined contribution pension scheme, the assets of which are held separately from those of the company in funds administered by insurance companies. Contributions to the defined contribution pension scheme are charged to the profit or loss in the year to which the contributions relate.

Long-term incentive schemes

The company operates a long-term incentive scheme for certain employees. Liabilities for the scheme are recognised when the company has an obligation to make payments as a result of a past event, and are measured at the present value of the obligation at the end of each reporting date. The scheme is an unfunded scheme.

Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

The company as a lessee

Fixed assets obtained under finance leases are treated in the same way as hire purchase contracts, that is as though they were purchased outright and depreciated accordingly. The outstanding capital element of such leases is included within borrowings in the statement of financial position. The interest element of leasing payments is charged to profit and loss over the period of the finance lease in accordance with the "sum of digits" method. Interest costs on fixed rate hire purchase contracts are also accounted for by this method.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

Accounting policies

Leases (continued)

Operating leases

The company as a lessor

Amounts due from lessees under operating leases are credited to income on a straight-line basis over the term of the relevant lease.

The company as a lessee

Rentals payable under operating leases are charged to statement of comprehensive income on a straight-line basis over the term of the relevant lease. Any benefits receivable as an incentive to enter into an operating lease are spread on a straight-line basis over the lease term.

Asset purchase rebates

Rebates and bonuses from manufacturers and distributors are credited to the statement of comprehensive income over a three to five year period from the date of installation of the relevant assets to coincide with their expected life within the company.

Foreign currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities which are translated at the rate ruling at the date of the statement of financial position. Differences arising on translation of such items are dealt with in the statement of comprehensive income.

Critical accounting judgements and key sources of estimation uncertainty

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

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

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

(i) Assessing indicators of impairment (Note 7)

In assessing whether there have been any indicators of impairment of assets or investments in subsidiaries, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

Accounting policies

Key sources of estimation uncertainty

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

(i) Residual values and useful economic lives of tangible assets (Note 7)

The company depreciates tangible assets over their estimated useful lives. In determining appropriate useful lives of assets, the directors have considered historic performance as well as future expectations for factors such as the expected usage of the asset, physical wear and tear, technical and commercial obsolescence and legal limitations on the usage of the asset such as lease terms. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied to determine the residual values for tangible assets. When determining the residual values, the directors have assessed the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. At each reporting date, the directors also assess whether there have been any indicators, such as a change in how the asset is used, significant unexpected wear and tear and changes in market prices, which suggest previous estimates may differ from current expectations. Where this is the case, the residual value and/or useful life is amended and accounted for on a prospective basis.

(ii) Recoverability of debtors (Note 10)

A provision for debtors is established where it is estimated that the debtors are not considered to be fully recoverable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

(iii) Employee benefits – long-term incentive schemes (Notes 5 and 13)

The company operates a long-term incentive scheme in respect of directors and certain senior employees.

The company's obligation under this scheme at the reporting date is calculated using a number of assumptions including expected retention rates, achievement of annually set targets and estimated salary increases. The directors have estimated these assumptions based on historical experience and future expectations of market conditions.

1 Turnover

The turnover is attributable to the principal activity of rental and contract hire of temperature-controlled products. The company operates in the UK and substantially the whole of its turnover is to the UK market.

Notes to the financial statements (continued)
for the year ended 31 December 2022

1 Turnover (continued)

Analysis by category

An analysis of turnover by category is as follows:

	2022 £'000	2021 £'000
Operating lease rental income	31,527	27,721
Sale of equipment	4,125	7,324
	<u>35,652</u>	<u>35,045</u>

2 Operating profit

	2022 £'000	2021 £'000
This is stated after charging:		
Depreciation – owned assets	5,720	5,975
Repairs and maintenance	4,279	3,700
Auditors' remuneration – audit services	54	32
Assets hired in	440	319
Operating lease – rental of property	<u>124</u>	<u>40</u>
and after crediting:		
Exchange gain	32	3
Profit on disposal of fixed assets	<u>524</u>	<u>550</u>

3 Interest receivable and similar income

	2022 £'000	2021 £'000
Group interest receivable	-	25
	<u>-</u>	<u>25</u>

4 Interest payable and similar charges

	2022 £'000	2021 £'000
On borrowings wholly repayable within five years:		
Group interest payable	233	-
Asset finance arrangements	40	178
	<u>273</u>	<u>178</u>

All asset finance arrangements are repayable by instalments.

Notes to the financial statements (continued)
for the year ended 31 December 2022

5 Directors and employees

Employees

Average number of employees, including directors, during the year was as follows:

	2022	2021
	Number	Number
Management	4	5
Sales and administration	70	71
Fitters and others	52	55
	<u>126</u>	<u>131</u>

The payroll costs of these employees amounted to:

	2022	2021
	£'000	£'000
Wages and salaries	5,567	5,422
Social security costs	593	570
Pension contributions	487	426
	<u>6,647</u>	<u>6,418</u>

Pension scheme

The Dawsongroup of companies operates a defined contribution pension scheme, the assets of which are held separately from those of the company in an independently administered fund. The pension contributions above represent amounts paid by the company to the fund.

No contributions have been prepaid at the year-end (2021: £nil).

The number of directors to whom benefits were accrued under money purchase schemes was 4 (2021: 4).

Directors' emoluments

	2022	2021
	£'000	£'000
Executive remuneration and benefits:	665	650
Pension contributions	84	104
	<u>749</u>	<u>754</u>

	2022	2021
	£'000	£'000
Highest paid director		
- Remuneration and benefits	253	359
- Pension contributions	17	39
	<u>270</u>	<u>398</u>

The emoluments of those directors who are also directors of the parent company are disclosed in the financial statements of Dawsongroup plc. The emoluments of A J P O'Reilly and S D Callahan are included in the financial statements of Dawsongroup Truck and Trailer Limited, a wholly owned subsidiary of Dawsongroup plc.

Notes to the financial statements (continued)
for the year ended 31 December 2022

5 Directors and employees (continued)

The company operates long term incentive schemes in respect of its directors and certain senior employees. In accordance with the accounting policy set out on page 14, provision has been made in the accounts in respect of the directors as per the following table:

	2022 £'000	2021 £'000
Provision as at 1 January	68	175
Charged / (credited) to profit and loss	60	(19)
Utilised	-	(88)
Provision as at 31 December	<u>128</u>	<u>68</u>

6 Tax

	£'000	2022 £'000	£'000	2021 £'000
Tax charge for the year comprises:				
Corporation tax	3,803		1,368	
Adjustments in respect of prior periods	<u>1,558</u>		<u>5</u>	
Total current tax		5,361		1,373
Deferred tax				
Origination and reversal of timing differences	(791)		492	
Adjustment in respect of prior periods	<u>(1,558)</u>		<u>-</u>	
Total deferred tax (see note 13)		<u>(2,349)</u>		<u>492</u>
		<u>3,012</u>		<u>1,865</u>

The UK standard rate of corporation tax for the year is 19% (2021: 19%). The actual charge for the current and previous year differs from the standard rate for the reasons set out in the following reconciliation:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	<u>12,559</u>	<u>10,010</u>
Tax on profit on ordinary activities at standard rate	2,386	1,902
Factors affecting charge for the period		
Difference in tax rates	617	(45)
Expenses not deductible for tax purposes	9	3
Adjustments in respect of prior periods	-	5
Total tax	<u>3,012</u>	<u>1,865</u>

Factors that may affect future tax charges

On 21 May 2021 it was substantively enacted that the rate of corporation tax would increase from 19% to 25% on 6 April 2023. This has therefore been considered when calculating deferred tax at the reporting date. Deferred tax balances at the reporting date have been measured at 25% (2021: 19% for accelerated capital allowances and 25% for all other balances).

Deferred tax expected to reverse in 2023 is £nil.

Notes to the financial statements (continued)
for the year ended 31 December 2022

7 Tangible fixed assets

	Hire fleet £'000	Vehicles, plant and equipment £'000	Total £'000
Cost			
As at 1 January 2022	104,576	1,637	106,213
Additions	21,661	-	21,661
Disposals	(4,564)	-	(4,564)
Transfers to group undertakings	(51)	(53)	(104)
As at 31 December 2022	<u>121,622</u>	<u>1,584</u>	<u>123,206</u>
Depreciation			
As at 1 January 2022	41,537	1,212	42,749
Charge for the year	5,633	87	5,720
Disposals	(2,645)	-	(2,645)
Transfers to group undertakings	(36)	(7)	(43)
As at 31 December 2022	<u>44,489</u>	<u>1,292</u>	<u>45,781</u>
Net book value			
As at 31 December 2022	<u>77,133</u>	<u>292</u>	<u>77,425</u>
As at 31 December 2021	<u>63,039</u>	<u>425</u>	<u>63,464</u>

8 Investments – shares in subsidiary undertakings

Cost	Shares in Subsidiary Undertakings £'000
-------------	--

As at 1 January 2022 and 31 December 2022 1

At 31 December 2022 the investment in subsidiary undertakings represents the cost, less provisions, of the company's 100% holding in the ordinary shares in the following company:

Subsidiary	Country of operation and incorporation	Principal activity
Tectoniks Limited	United Kingdom	Manufacture of inflatables

The registered office of Tectoniks Limited is Unit 1, Kinton Business Park, Nesscliffe, Shrewsbury, Shropshire, SY4 1AZ. 100% of voting rights in the above subsidiary undertaking are ultimately held by Dawsongroup Temperature Control Solutions Limited. Group accounts have not been prepared as Dawsongroup Temperature Control Solutions Limited is a subsidiary of Dawsongroup plc, a company registered in England and Wales. (See note 17).

9 Inventory

	2022 £'000	2021 £'000
Raw materials and consumables	<u>750</u>	<u>622</u>

Notes to the financial statements (continued)
for the year ended 31 December 2022

10 Debtors

	2022 £'000	2021 £'000
Due within one year:		
Trade debtors	2,773	1,689
Other debtors	879	255
Prepayments	282	264
Amounts owed by group undertakings	2,233	267
Loans to group undertakings	537	21,539
	<u>6,704</u>	<u>24,014</u>

Amounts owed by group undertakings are repayable on demand and unsecured.

Loans to group undertakings are unsecured, repayable on demand and receive interest paid at 0.1%.

11 Borrowings

Financial liabilities

	2022 £'000	2021 £'000
Due within one year:		
Asset finance arrangements	-	2,598
	<u>-</u>	<u>2,598</u>

Due after one year:

Borrowings due after more than one year relate to asset finance arrangements which are repayable by instalments as follows:

	2022 £'000	2021 £'000
Between one and two years	-	2,270
Between two and five years	-	2,622
	<u>-</u>	<u>4,892</u>
Gross financial liabilities	<u>-</u>	<u>7,490</u>

Asset finance arrangements comprise hire purchase, finance lease and other similar funding effectively secured on the specific underlying assets. The interest charged on the finance during the year equated to 1.06% (2021: 1.97%).

Notes to the financial statements (continued)
for the year ended 31 December 2022

12 Creditors

	2022 £'000	2021 £'000
Due within one year:		
Trade creditors	8,911	6,769
Tax payable	3,803	1,368
Other tax and social security	975	576
Accruals and other creditors	6,003	4,232
Loans from group undertakings	13,157	2,544
Amounts owed to group undertakings	5,502	3,793
	<u>38,351</u>	<u>19,282</u>
Due after one year:		
Other creditors	<u>9</u>	<u>18</u>

Amounts owed to group undertakings are repayable on demand, unsecured and do not incur interest.

13 Provision for liabilities and charges

	2022 £'000	2021 £'000
Deferred tax	2,384	4,733
Other provisions	511	563
	<u>2,895</u>	<u>5,296</u>
Deferred tax		
Provided in the accounts:		
Accelerated capital allowances	3,125	4,921
Other timing differences	(741)	(188)
Provision for deferred tax	<u>2,384</u>	<u>4,733</u>
	2022 £'000	2021 £'000
Other provisions:		
Long-term incentive schemes	486	538
Miscellaneous	25	25
	<u>511</u>	<u>563</u>

	Deferred tax £'000	Long-term incentive schemes £'000	Miscell- aneous £'000	Total £'000
Movement in the year				
As at 1 January 2022	4,733	538	25	5,296
(Credited) / charged to profit and loss	(2,349)	172	-	(2,177)
Utilised in year	-	(224)	-	(224)
As at 31 December 2022	<u>2,384</u>	<u>486</u>	<u>25</u>	<u>2,895</u>

The net deferred tax liability expected to reverse in 2023 is £nil.

Notes to the financial statements (continued)
for the year ended 31 December 2022

14 Called up share capital

	2022 Number	2021 Number
Authorised:		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
	2022	2021
Allotted, issued and fully paid:	£'000	£'000
Ordinary shares of £1 each	<u>50</u>	<u>50</u>

The ordinary shares carry one voting right per share and no right to fixed income.

15 Financial commitments

Future capital expenditure

	2022 £'000	2021 £'000
Outstanding contracts for capital expenditure	<u>10,150</u>	<u>7,178</u>

Operating lease commitments

The company as lessee

The company had outstanding commitments for future minimum lease payments under non-cancellable operating leases as at the reporting date as follows:

	2022 Land and buildings £'000	2021 Land and buildings £'000
Within one year	292	209
Between one and two years	269	186
Between two to five years	587	559
Over five years	497	684
	<u>1,645</u>	<u>1,638</u>

The company as lessor

The company leases hire fleet to third parties. The future minimum lease payments receivable under those non-cancellable leases are as follows:

	2022 Hire fleet £'000	2021 Hire fleet £'000
Within one year	13,065	10,284
Between one and two years	6,808	5,338
Between two to five years	5,810	4,723
Over five years	271	386
	<u>25,954</u>	<u>20,731</u>

The above table excludes expired contracts and those contracts that are transient in nature. These are all for less than one year.

**Notes to the financial statements (continued)
for the year ended 31 December 2022**

16 Contingent liabilities

The company has entered into a cross guarantee with various other group companies to secure their banking facilities.

17 Parent undertakings

The immediate parent company is Dawsongroup UK Limited and the ultimate parent company is Dawsongroup plc. Throughout the year Dawsongroup plc was controlled by trusts, the beneficiaries of which are P M Dawson and his immediate family.

The largest and smallest group for which the results of the company are consolidated is that headed up by Dawsongroup plc. The consolidated financial statements of Dawsongroup plc can be obtained from:

Dawsongroup plc
Delaware Drive
Tongwell
Milton Keynes
Bucks
MK15 8JH

18 Related party transactions

Advantage has been taken of the exemption conferred by Section 33 *Related Party Disclosures* not to disclose transactions with fellow members of the Dawsongroup plc group where 100% of the voting rights are controlled within the group.