

## **G.A.H. (Refrigeration) Limited**

Annual Report and Financial Statements

Year Ended

31 March 2019

Company Number 02778816

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# **G.A.H. (Refrigeration) Limited**

## **Company Information**

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<b>Directors</b>	R L Ramsey J E H Reader J Reader D J Buckles
<b>Company secretary</b>	R L Ramsey
<b>Registered number</b>	02778816
<b>Registered office</b>	16 The Havens Ransomes Europark Ipswich Suffolk IP3 9SJ
<b>Trading address</b>	Building 846 Bentwaters Park Rendlesham Woodbridge Suffolk IP12 2TW
<b>Independent auditor</b>	Stephenson Smart (East Anglia) Limited 22-26 King Street King's Lynn Norfolk PE30 1HJ

# **G.A.H. (Refrigeration) Limited**

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# **G.A.H. (Refrigeration) Limited**

## **Strategic Report For the Year Ended 31 March 2019**

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The directors present their strategic report together with the audited financial statements for the year ended 31 March 2019.

### **Business review**

The company continued to grow through to the end of March 2019. This gave an increase in turnover of £1,747,784 (10.7%), increasing from £16,243,266 in 2018 to £17,991,050.

The transportation of temperature sensitive goods in the UK and Europe continues to grow in line with predictions. The rise in the temperature controlled deliveries of Pharmaceutical goods is continuing in line with GDPR legislation. The GAH systems, designed specifically for these applications, have been independently tested in high and very low ambient conditions leading them to be specified with some leading pharmaceutical delivery companies. This rise is set to continue throughout 2020/2021.

Home delivery systems for supermarkets has continued to rise with GAH supplying further systems into major supermarkets. Changes in strategic alliances is forcing individual supermarkets to increase their fleets rather than relying on shared resource which will increase the overall numbers GAH supply. This rise is substantial and sustainable with replacement vehicles as well as growth.

The European Home delivery market however is still slow to gather momentum but with large potential. A leading UK technology company delivering food products in the UK exclusively using GAH refrigeration systems continue to sell their platform into European countries. These are already in Germany, Spain and Belgium with new trials underway in Sweden. In addition, the systems will be trialled in the USA and Canada.

Our latest e-fridge systems can be applied to Diesel, petrol PHEV or all vehicles. Progress is being made with the vehicle manufacturers and tests are ongoing with Letters Of No Objection being sought. E-fridge models are being produced in two sizes with multiple variants for applications in all areas and for fitment on vehicles where compressor drive is not possible. Some orders will replace direct drive GAH systems others will be new business.

GAH Transport Refrigeration systems offer savings in weight, power consumption and noise levels. New control methods have been introduced into our standard products offering benefits to both the customers and GAH. The next addition to this will be to introduce connectivity opening a further revenue stream opportunity for 2020/2021.

Low GWP (Global Warming Potential) refrigerants are fully introduced however GAH are working with refrigerant manufacturers to source refrigerants with lower figures making our systems more attractive to potential end users and fleets looking for a greener image.

After sales activities have again increased in line with the numbers of systems being sold each year (5%). Contract numbers have remained steady with an associated increase in turnover and profit. Staff levels has remained unchanged. Service rates for new contracts have been increased in line with additional costs and are due to rise in Q1 2020.

Planned extensions to service intervals has started but not universally accepted yet. Connectivity will help with the possibilities of a virtual service and a real service. Tests on virtual servicing will begin Q2 of 2020.

# G.A.H. (Refrigeration) Limited

## Strategic Report (continued) For the Year Ended 31 March 2019

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### Key personnel succession planning

In line with our upturn in market share and sales, we have invested in succession planning for all key staff and key personnel losses.

### Principal risks and uncertainties

The Directors have reviewed the business and identified the key business risks to the business as follows:

Future trade with Europe, whilst looking fair at present may change as there is still uncertainty surrounding our future post Brexit. The potential though is still high.

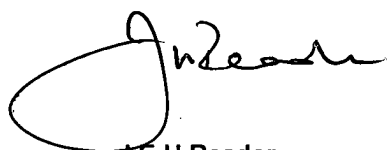
Competitor pricing has stayed aggressive in the UK and Europe. Whilst our sales numbers are high, we can continue where we are currently positioned but, as our units are unique, there is a potential to increase prices in line with the additional features, functions and benefits we provide as a company, not just in the unit but also the office back up and technical help we supply the specialist convertors.

### Financial key performance indicators

The Directors use a variety of performance measures to monitor and manage the business. The performance of the company is measured on turnover, operating profit and profit after tax.

Due to our dedication to innovation, significant resources were invested in R&D and the Directors report that the operating profit has marginally reduced by £38,397 (1.6%) to £2,423,014 (2018: £2,461,411); operating profit expressed as a percentage of turnover has decreased to 13.5% from 15.1% in the prior year. Profit after tax has increased by £33,792 (1.6%) to £2,041,759 (2018: £2,007,967). However, a significant return on that investment is now expected in the new financial year.

This report was approved by the board on *20 Dec 19* and signed on its behalf.



**J E H Reader**  
Director

# **G.A.H. (Refrigeration) Limited**

## **Directors' Report For the Year Ended 31 March 2019**

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The directors present their report together with the audited financial statements for the year ended 31 March 2019.

### **Principal activity**

The principal activity of the company in the year was the manufacture of vehicle refrigeration equipment, along with servicing and maintenance of transport refrigeration units.

### **Business review**

A review of the business and its principal risks and uncertainties is set out in the strategic report on page 1-2 of these financial statements.

### **Results and dividends**

The profit for the year, after taxation, amounted to £2,041,759 (2018 - £2,007,967).

A dividend of £605,880 was paid during the year (2018 - £767,448).

### **Directors**

The directors who served during the year were:

R L Ramsey  
J E H Reader  
J Reader  
D J Buckles

### **Future developments**

The company expects to continue to make satisfactory results taking into consideration the economic conditions likely to exist.

### **Financial risk management**

In common with other businesses, the company aims to minimise financial risk. The main risks arising from the company's financial activities are interest rate risk and credit risk.

The company is exposed to minimal interest rate risks as it usually operates with a positive cash balance due to cash flow planning. The company monitors its cash balances on a regular basis to ensure that all foreseeable future needs can be met from available resources.

The company's credit risk in relation to financial assets is primarily attributable to its trade debtors. Trade debtors are closely monitored to reduce exposure to bad debts as reports are reviewed on a frequent basis detailing customers who are late remitting payments.

### **Research and Development**

During the year, the company carried out research and development activities in the area of pioneering refrigeration solutions. The value of research and development undertaken during the year equated to £295,313 (2018 - £221,740) all of which was eligible for R&D tax relief.

### **Disclosure of information in the strategic report**

In accordance with the Companies Act 2006 (Strategic Report and Directors Report) Regulation 2013, the review of the development and performance of the business, including key performance indicators, is contained in the Strategic Report on page 1.

# G.A.H. (Refrigeration) Limited

## Directors' Report (continued) For the Year Ended 31 March 2019

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### Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Post statement of financial position events

There have been no significant events affecting the company since the year end.

### Auditor

The auditor, Stephenson Smart (East Anglia) Limited, was appointed during the year, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 20 Dec 19 and signed on its behalf.



J E H Reader  
Director

# **G.A.H. (Refrigeration) Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 March 2019**

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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 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 judgements and accounting estimates that are reasonable and prudent;
- 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.



# **G.A.H. (Refrigeration) Limited**

## **Independent Auditor's Report to the Members of G.A.H. (Refrigeration) Limited**

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### **Opinion**

We have audited the financial statements of G.A.H. (Refrigeration) Limited ("the company") for the year ended 31 March 2019 which comprise the statement of comprehensive income, the statement of financial position, the 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 Financial Reporting Standard 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 March 2019 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**

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 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.

# **G.A.H. (Refrigeration) Limited**

## **Independent Auditor's Report to the Members of G.A.H. (Refrigeration) Limited (continued)**

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### **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 the 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 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 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.

# **G.A.H. (Refrigeration) Limited**

## **Independent Auditor's Report to the Members of G.A.H. (Refrigeration) Limited (continued)**

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### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 5, 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 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### **Use of our 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.

**Mr Michael Andrews FCA** (Senior Statutory Auditor)  
For and on behalf of Stephenson Smart (East Anglia) Limited  
Chartered accountants and statutory auditor  
22-26 King Street  
King's Lynn  
Norfolk  
PE30 1HJ



20 Dec 2019

# G.A.H. (Refrigeration) Limited

## Statement of Comprehensive Income For the Year Ended 31 March 2019

	Note	2019 £	As restated 2018 £
Turnover	4	17,991,050	16,243,266
Cost of sales		(13,376,669)	(11,703,721)
<b>Gross profit</b>		<b>4,614,381</b>	<b>4,539,545</b>
Administrative expenses		(2,191,367)	(2,078,134)
<b>Operating profit</b>	5	<b>2,423,014</b>	<b>2,461,411</b>
Interest receivable and similar income	8	14,076	2,373
<b>Profit before tax</b>		<b>2,437,090</b>	<b>2,463,784</b>
Tax on profit	9	(395,331)	(455,817)
<b>Profit for the financial year</b>		<b>2,041,759</b>	<b>2,007,967</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>2,041,759</b>	<b>2,007,967</b>

The notes on pages 12 to 27 form part of these financial statements.

**G.A.H. (Refrigeration) Limited**

Registered number:02778816

**Statement of Financial Position  
As at 31 March 2019**

	Note	2019 £	2019 £	As restated 2018 £	As restated 2018 £
<b>Fixed assets</b>					
Intangible assets	11		6		6
Tangible assets	12		116,979		110,104
Investments	13		1		1
			<u>116,986</u>		<u>110,111</u>
<b>Current assets</b>					
Stocks	14	2,802,862		1,934,082	
Debtors: amounts falling due within one year	15	4,322,323		4,450,449	
Cash at bank and in hand		4,244,863		3,465,735	
		<u>11,370,048</u>		<u>9,850,266</u>	
Creditors: amounts falling due within one year	16	(3,627,785)		(3,336,862)	
<b>Net current assets</b>			<u>7,742,263</u>		<u>6,513,404</u>
<b>Total assets less current liabilities</b>			<u>7,859,249</u>		<u>6,623,515</u>
<b>Provisions for liabilities</b>					
Deferred tax	17	(16,699)		(16,800)	
Other provisions	18	(150,671)		(350,715)	
			<u>(167,370)</u>		<u>(367,515)</u>
<b>Net assets</b>			<u><u>7,691,879</u></u>		<u><u>6,256,000</u></u>
<b>Capital and reserves</b>					
Called up share capital	19		1,122		1,122
Capital redemption reserve	20		180		180
Profit and loss account	20		7,690,577		6,254,698
<b>Total equity</b>			<u><u>7,691,879</u></u>		<u><u>6,256,000</u></u>

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

20 Dec 19


**J E H Reader**  
Director

The notes on pages 12 to 27 form part of these financial statements.

## G.A.H. (Refrigeration) Limited

### Statement of Changes in Equity For the Year Ended 31 March 2019

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2018 (as previously stated)	1,122	180	5,988,359	5,989,661
Prior year adjustment (note 21)	-	-	266,339	266,339
At 1 April 2018 (as restated)	1,122	180	6,254,698	6,256,000
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	2,041,759	2,041,759
<b>Total comprehensive income for the year</b>	-	-	2,041,759	2,041,759
Dividends: equity capital	-	-	(605,880)	(605,880)
<b>Total transactions with owners</b>	-	-	(605,880)	(605,880)
<b>At 31 March 2019</b>	1,122	180	7,690,577	7,691,879

### Statement of Changes in Equity For the Year Ended 31 March 2018

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2017 (as previously stated)	1,122	180	4,791,655	4,792,957
Prior year adjustment (note 21)	-	-	222,524	222,524
At 1 April 2017 (as restated)	1,122	180	5,014,179	5,015,481
<b>Comprehensive income for the year</b>				
Profit for the year (as restated)	-	-	2,007,967	2,007,967
<b>Total comprehensive income for the year</b>	-	-	2,007,967	2,007,967
Dividends: equity capital	-	-	(767,448)	(767,448)
<b>Total transactions with owners</b>	-	-	(767,448)	(767,448)
<b>At 31 March 2018 (as restated)</b>	1,122	180	6,254,698	6,256,000

The notes on pages 12 to 27 form part of these financial statements.

# **G.A.H. (Refrigeration) Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2019**

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### **1. General information**

G.A.H. (Refrigeration) Limited is a private company limited by shares and incorporated in England and Wales under the Companies Act 2006. The address of the registered office is 16 The Havens, Ransomes Europark, Ipswich, Suffolk, IP3 9SJ. The principal place of business is Building 846, Bentwaters Park, Rendlesham, Woodbridge, Suffolk, IP12 2TW. The nature of the company's operations and its principal activities are set out in the directors' report.

### **2. Accounting policies**

#### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Elasta Limited as at 31 March 2019 and these financial statements may be obtained from 16 The Havens, Ransomes Europark, Ipswich, Suffolk, IP3 9SJ.

#### **2.3 Exemption from preparing consolidated financial statements**

The company itself is a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertakings and not about its group.

# **G.A.H. (Refrigeration) Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2019**

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### **2. Accounting policies (continued)**

#### **2.4 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of value added tax and trade discounts.

Turnover is recognised when goods are dispatched.

Turnover from service contracts is recognised evenly across the period to which the contract relates. Service contracts which have a term of twelve months are invoiced monthly in advance at the start of each month.

#### **2.5 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

#### **2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight line method.

Depreciation is provided on the following basis:

Plant and machinery	- 20% straight line
Office equipment	- 20% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

#### **2.7 Operating leases: the company as lessee**

Lease payments are recognised as an expense over the lease term on a straight line basis. The aggregate benefit of any lease incentive is recognised as a reduction to expense over the lease term, on a straight line basis.

#### **2.8 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.



# **G.A.H. (Refrigeration) Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2019**

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### **2. Accounting policies (continued)**

#### **2.9 Research and development cost**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred.

If it is not possible to distinguish between the research phase and the development phase of an internal project the expenditure is treated as if it were all incurred in the research phase only.

#### **2.10 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct materials, and where applicable, a proportion of direct labour costs.

#### **2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### **2.12 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

# **G.A.H. (Refrigeration) Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2019**

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### **2. Accounting policies (continued)**

#### **2.13 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the income statement.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an 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.

#### **2.14 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# **G.A.H. (Refrigeration) Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2019**

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### **2. Accounting policies (continued)**

#### **2.15 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other operating income'.

#### **2.16 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

#### **2.17 Pensions**

##### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the company in independently administered funds.

#### **2.18 Interest income**

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

# **G.A.H. (Refrigeration) Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2019**

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### **2. Accounting policies (continued)**

#### **2.19 Provisions for liabilities**

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

#### **2.20 Warranty provision**

Warranty provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **2.21 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# G.A.H. (Refrigeration) Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

Other key sources of estimation uncertainty:

- Stock provision (see note 14)

A provision is made for obsolete and slow moving stock taking into account the expected net realisable value of the individual items. An assessment is made based on the length of the time the item has been held within stock.

- Bad debt provision (see note 15)

A provision is made for debtors balances no longer recoverable. This assessment is performed by the directors on an individual balance basis. The assessment includes a number of factors including the directors knowledge of the customer and other information available.

- Deferred income (see note 16)

Deferred income is released to the statement of comprehensive income over the term of service contract. An estimate is made by the directors in relation to how evenly the services will be provided.

- Warranty provision (see note 18)

A provision is made for costs expected to be incurred in the future as a result of goods sold. In this assessment the directors review the actual costs incurred in relation to warranty claims in the past 12 months, making adjustments for expected levels of sales.

### 4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £	2018 £
Principal activity	<u>17,991,050</u>	<u>16,243,266</u>
	2019 £	2018 £
United Kingdom	17,918,502	16,128,192
Rest of Europe	72,548	115,074
	<u>17,991,050</u>	<u>16,243,266</u>

# G.A.H. (Refrigeration) Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 5. Operating profit

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Research and development charged as an expense	45,094	35,413
Depreciation of tangible fixed assets	35,076	29,740
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	12,000	5,000
Exchange differences	(260)	(9,213)
Other operating lease rentals	19,838	27,110
	<u>112,748</u>	<u>98,050</u>

### 6. Employees

Staff costs, including directors' remuneration, were as follows:

	2019 £	2018 £
Wages and salaries	5,215,171	4,783,505
Social security costs	397,207	357,669
Cost of defined contribution scheme	101,375	77,485
	<u>5,713,753</u>	<u>5,218,659</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2019 No.	2018 No.
Factory and engineering staff	93	79
Management and administrative staff	37	36
	<u>130</u>	<u>115</u>

# G.A.H. (Refrigeration) Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	313,636	301,834
Company contributions to defined contribution pension schemes	34,773	32,728
	<u>348,409</u>	<u>334,562</u>

During the year retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £121,887 (2018 - £118,684).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £9,773 (2018 - £12,727).

### 8. Interest receivable and similar income

	2019 £	2018 £
Bank interest receivable	<u>14,076</u>	<u>2,373</u>

Interest receivable is derived from financial assets measured at amortised cost.

### 9. Taxation

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profits for the year	394,231	455,441
Adjustments in respect of previous periods	1,201	(8)
<b>Total current tax</b>	<u>395,432</u>	<u>455,433</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(101)	384
<b>Taxation on profit on ordinary activities</b>	<u>395,331</u>	<u>455,817</u>

# G.A.H. (Refrigeration) Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 9. Taxation (continued)

#### Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>2,437,090</u>	<u>2,463,784</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	463,047	468,119
Effects of:		
Expenses not deductible for tax purposes	3,913	842
Adjustment in respect of prior period	1,201	(8)
Changes in provisions leading to an increase/(decrease) in the tax charge	113	(46)
Research and development expenditure	(72,943)	(13,090)
<b>Total tax (credit)/charge for the year</b>	<u><b>395,331</b></u>	<u><b>455,817</b></u>

#### Factors that may affect future tax charges

Reductions in the UK Corporation tax rate from 20% to 17% (19% effective from 1 April 2017 and 17% effective from 1 April 2020) have been substantively enacted. This will impact the company's future tax charge accordingly. The deferred tax liability at 31 March 2019 has been calculated based on the rates substantively enacted at the date of the statement of financial position.

### 10. Dividends

	2019 £	2018 £
Final proposed for the prior year	201,960	161,568
Interim dividends paid	403,920	605,880
	<u><b>605,880</b></u>	<u><b>767,448</b></u>

A final dividend was proposed for the year of £Nil (2018 - £201,960), which has not been accrued for as it was declared after the statement of financial position date



# G.A.H. (Refrigeration) Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 11. Intangible assets

	Patents £
<b>Cost</b>	
At 1 April 2018	6
At 31 March 2019	6
<b>Net book value</b>	
At 31 March 2019	6
At 31 March 2018	6

### 12. Tangible fixed assets

	Plant and machinery £	Office equipment £	Total £
<b>Cost</b>			
At 1 April 2018	82,160	175,564	257,724
Additions	24,732	17,218	41,950
Disposals	-	(83,369)	(83,369)
At 31 March 2019	106,892	109,413	216,305
<b>Depreciation</b>			
At 1 April 2018	42,705	104,915	147,620
Charge for the year	14,464	20,612	35,076
Disposals	-	(83,370)	(83,370)
At 31 March 2019	57,169	42,157	99,326
<b>Net book value</b>			
At 31 March 2019	49,723	67,256	116,979
At 31 March 2018	39,455	70,649	110,104

# G.A.H. (Refrigeration) Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 13. Fixed asset investments

	Investments in subsidiary undertakings £
<b>Cost</b>	
At 1 April 2018	1
At 31 March 2019	1
<b>Net book value</b>	
At 31 March 2019	1
At 31 March 2018	1

#### Subsidiary undertakings

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding	Principal activity
G.A.H. (Refrigeration Products) Limited	Ordinary	100%	Dormant

The registered address of G.A.H. (Refrigeration Products) Limited is BDO LLP 16 The Havens, Ransomes Europark, Ipswich, IP3 9SJ.

### 14. Stocks

	2019 £	2018 £
Raw materials and consumables	2,546,887	1,583,740
Finished goods and goods for resale	255,975	350,342
	<u>2,802,862</u>	<u>1,934,082</u>

Stock recognised in cost of sales during the year as an expense was £6,931,198 (2018 - £6,101,531).

Stocks are stated after provision for impairment of £274,446 (2018 - £413,689).

# G.A.H. (Refrigeration) Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 15. Debtors: amounts falling due within one year

	2019 £	As restated 2018 £
Trade debtors	3,617,879	3,694,075
Amounts owed by undertakings under common control	246,023	459,365
Other debtors	135,401	114,170
Prepayments and accrued income	284,078	150,796
Tax recoverable	38,942	32,042
	<b>4,322,323</b>	<b>4,450,448</b>

The impairment loss recognised in the profit or loss for the year in respect of bad and doubtful trade debtors was £24,939 (2018 - gain of £29,577).

Included within other debtors due within one year is a loan to a director, amounting to £135,401 (2018 - £114,170). During the year, the greatest balance outstanding was £135,401 (2018 - £114,170). Amounts repaid during the year totalled £Nil. Interest is not charged on the loan made to the director.

Trade debtors are stated after provisions for impairment of £88,250 (2018 - £80,251).

### 16. Creditors: amounts falling due within one year

	2019 £	As restated 2018 £
Trade creditors	2,442,901	2,152,110
Amounts owed to group undertakings	95,500	95,500
Corporation tax	260,873	245,441
Other taxation and social security	577,669	604,137
Other creditors	38,942	32,042
Accruals and deferred income	211,900	207,632
	<b>3,627,785</b>	<b>3,336,862</b>

A cross guarantee is in place with the bank in respect of the bank borrowings of associated companies.

At the year end, the bank borrowings of G.A.H. (Heating Products) Limited, a company under common control, and hence the potential contingent liability was £Nil (2018 - £188,526).

# G.A.H. (Refrigeration) Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 17. Deferred taxation

	2019 £
1 April 2018	16,800
Charged to profit or loss	(101)
<b>31 March 2019</b>	<b><u>16,699</u></b>

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	<u>16,699</u>	<u>16,800</u>

### 18. Provisions

	Warranty provision £
At 1 April 2018	350,715
Charged to profit or loss	210,885
Utilised in year	(410,929)
<b>At 31 March 2019</b>	<b><u>150,671</u></b>

### 19. Share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
1,122 ordinary shares of £1 each	<u>1,122</u>	<u>1,122</u>

There is a single class of ordinary shares which have full voting rights. There are no restrictions on the distribution of dividends and the repayment of capital.

# **G.A.H. (Refrigeration) Limited**

## **Notes to the Financial Statements For the Year Ended 31 March 2019**

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### **20. Reserves**

The company's capital and reserves are as follows:

#### **Share capital**

The called up share capital represents the nominal value of the shares issued.

#### **Capital redemption reserve**

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

#### **Profit and loss account**

The profit and loss account represents distributable cumulative profits or losses net of dividends paid and other adjustments.

### **21. Prior year adjustment**

A prior year adjustment has been recognised in respect of outstanding amounts owed by an individual who is a director and shareholder. The prior year adjustment is to accurately reflect the amounts owed from the director as at the year end.

This resulted in a reclassification adjustment within the Statement of Comprehensive Income of £77,414 from cost of sales, £28,135 from administrative expenses and £61,734 to taxation, resulting in a net adjustment to profit of £43,815.

Within the Statement of Financial Position, debtors have increased by £378,446, being £232,234 to amounts owed by undertakings under common control, £114,170 to other debtors and £32,042 to tax recoverable. Creditors have increased by £112,107, being £18,331 to other taxation and social security, £32,042 to other creditors and £61,734 to corporation tax.

The net financial impact of the prior year adjustment being that the profit and loss account was understated by £222,524 as at 31 March 2017 and profit for the period was understated by £43,815 as 31 March 2018, therefore total reserves were understated by £266,339 as at 31 March 2018.

### **22. Pension commitments**

The company operates a grouped personal pension scheme, The GAH (Refrigeration) Pension Scheme, covering employees and directors of both G.A.H. (Heating Products) Limited and G.A.H. (Refrigeration) Limited. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end there were outstanding pension contributions of £12,914 (2018 - £6,889).

# G.A.H. (Refrigeration) Limited

## Notes to the Financial Statements For the Year Ended 31 March 2019

### 23. Commitments under operating leases

At 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	167,946	16,677
Later than 1 year and not later than 5 years	182,685	5,406
	<u>350,631</u>	<u>22,083</u>

### 24. Directors advances, credits and guarantees

During the year, net transactions with a director equated to £21,231 (2018 - £114,170) leaving an outstanding balance owed to the company at the balance sheet date of £135,401 (2018 - £114,170). During the year, the greatest balance outstanding was £135,401 (2018 - £114,170). All loans are unsecured and repayable on demand. No interest is charged on the balance arising with the director.

### 25. Related Party Transactions

The company has taken advantage of the exemption within FRS 102 from disclosing transactions with members of the same group that are wholly owned.

During the year, close family of individuals with a significant interest in the company were employed with total remuneration paid of £102,869 (2018 - £92,457).

During the year the company traded with G.A.H. (Heating Products) Limited, a company connected by virtue of the directors.

G.A.H. (Refrigeration) Limited paid rent to G.A.H. (Heating Products) Limited in the year of £146,402 (2018 - £146,402). At the year end, G.A.H. (Heating Products) Limited owed G.A.H. (Refrigeration) Limited £246,023 (2018 - £459,365). Net transactions during the year totaled £213,342.

No further transactions with related parties were undertaken such as are required to be disclosed under FRS 102.

### 26. Ultimate Controlling Party

The company is ultimately controlled by Mr J E H Reader.

Elasta Limited is the company's immediate and ultimate parent undertaking.

The only group for which results of the company are consolidated is that headed by Elasta Limited, the company's parent undertaking, which is registered in England and Wales.

Copies of the consolidated financial statements are available from the registered office, 16 The Havens, Ransomes Europark, Ipswich, Suffolk, IP3 9SJ.