

**Company registration number 02778816 (England and Wales)**

**G.A.H. (REFRIGERATION) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**



## **G.A.H. (REFRIGERATION) LIMITED**

### **COMPANY INFORMATION**

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<b>Directors</b>	S E W Gilsdorf A B J Mattson J E H Reader
<b>Company number</b>	02778816
<b>Registered office</b>	Quadrant House - Floor 6 4 Thomas More Square London E1W 1YW
<b>Auditor</b>	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
<b>Business address</b>	Building 846 Bentwaters Park Rendlesham Woodbridge Suffolk IP12 2TW

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# **G.A.H. (REFRIGERATION) LIMITED**

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## **G.A.H. (REFRIGERATION) LIMITED**

### **STRATEGIC REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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The directors present the strategic report for the year ended 31 December 2022.

##### **Business review**

During the year ended 31 December 2022, the company turnover was £27,537,771 which has reduced from prior year (year to 31 December 2021 - £32,523,326), this was largely attributable to the company's manufacturing business slowing production and sales in line with vehicle availability issues that were caused by the global semiconductor shortages and disruption caused by the war in Ukraine meaning vehicle manufacturers addressing supply line and logistical issues.

The GAH range is adapting to the continued rise in the number of electric systems with the latest innovations containing 400-volt DC compressors. Overall, the impetus of 400-volt integration into delivery fleets has slowed due to the main grid power infrastructure not moving in line with electric vehicle availability.

Pharmaceutical, single and dual compartment, Heat-Cool systems are an increasing market for GAH due to our system benefits and GDP legislation now being adhered to and monitored.

The home delivery market for fresh and frozen foodstuffs has a pent-up demand with vehicles due for replacement being utilised for longer which is highly inefficient for the operators. Once the supply of vehicles and available space within the converters becomes stable, GAH systems, lighter and more efficient than competitor units, will benefit.

The directors deem the demand for units in both the Fleet and Retail market substantial and sustainable although a slowdown in 2022 was seen for the reasons stated above.

Aftersales activities have increased in line with the new unit supply and vehicle retention.

##### **Principal risks and uncertainties**

The directors have reviewed the business and identified the key business risks to the business as competitor pricing in the UK and Europe.

UK inflation had a detrimental affect on margins forcing unit price increases and service rate increases during 2022 to bring margins back to expected levels.

GAH new system sales are directly affected by the supply of commercial vehicles. 2022 vehicle supply was 14.4% lower than in 2021. Semiconductor shortages had a detrimental effect on our ability to supply however, the semiconductor crisis in the automotive industry has eased as production has increased.

The Russian invasion of Ukraine is still affecting the supply chains for commercial vehicles however, alternative sources of components and new logistic supply lines are taking effect. The UK will see an increase in vehicle availability which, subject to adverse intervention, will be sustained during 2023.

##### **Orders:**

The order book remains solid and has shown increases in line with vehicle availability during Q4.

##### **Production:**

New production methods, line building and guided assembly are now being utilised.

##### **Servicing:**

Service agreements increased by 8.7% during 2022 however inflation affected fixed price contracts.

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## **G.A.H. (REFRIGERATION) LIMITED**

### **STRATEGIC REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **Future Business**

The pent-up demand for systems is starting to be realised. The upturn in home shopping has been sustained in most cases. The period of fleet consolidation is coming to an end with older vehicles started to be replaced in Q4 of 2022. This will continue due to increased vehicle costs as they reach the end of their commercially viable life.

Vehicle availability will be key to new sales with the UK's Society of Motor Manufacturers and Traders (SMMT) forecasting a 13.8% increase in chassis availability through 2023. The directors believe that the company is well placed to fulfil demand as and when vehicle availability fully returns.

#### **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.

The directors report that the operating profit has decreased, by 17.7% to £5,003,536 (31 December 2021 - £6,083,975): operating profit expressed as a percentage of turnover has decreased to 18.2% from 18.7% in the prior period. Profit after tax has decreased by 30.2% to £4,393,934 (31 December 2021 - £6,292,787).

The directors are pleased with the realisation of reduced production costs. These were maximised during 2022 minimising the effects of higher inflation and low vehicle availability. The full effect will be seen throughout 2023 when bulk fleet orders can be manufactured more effectively reducing lead times and placing GAH in a good place to not only retain our position as market leaders but to improve on it.

#### **Key personnel succession planning**

We have invested in succession planning and cross training of all key staff ensuring future retention of knowledge and skills.

On behalf of the board

  
.....  
J E H Reader  
Director

Date: 19/5/23 .....

## **G.A.H. (REFRIGERATION) LIMITED**

### **DIRECTORS' REPORT**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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

#### **Principal activities**

The principal activity of the company continued to be that of manufacturing of vehicle refrigeration equipment, along with servicing and maintenance of transport refrigeration units.

#### **Results and dividends**

The results for the year are set out on page 9.

Ordinary dividends were paid amounting to £1,000,000. The directors do not recommend payment of a further dividend.

#### **Directors**

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

S E W Gilsdorf  
A B J Mattson  
J E H Reader

#### **Auditor**

The auditor, UHY Hacker Young, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of directors' responsibilities**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the 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**

**DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of principal risks and uncertainties.

**Statement of disclosure to auditor**

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

On behalf of the board

  
.....  
J E H Reader  
Director

Date: 19/5/23 .....

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**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 December 2022 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including 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 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.



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**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF G.A.H. (REFRIGERATION) LIMITED**

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**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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the 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, 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.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF G.A.H. (REFRIGERATION) LIMITED**

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**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.

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

Based on our understanding of the Company and the industry in which it operates, we identified that the principal risks of non-compliance with relevant laws and regulations related to Companies Act 2006, UK tax legislation, Health & Safety regulations, GDPR compliance, Vehicle Certification Agency (VCA) (as Type Approval Authority for the United Kingdom) compliance and ISO 9001 certification. Non-compliance with these laws and regulations might have a material effect on the financial statements.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting of unusual journal entries outside the normal course of business and revenue recognition journal entries to manipulate the Company's performance profit measures and other key performance indicators.

Audit procedures performed included: review of the financial statement and disclosures to underlying supporting documentation, review of compliance with the above laws and regulations specifically to GDPR, VCA and ISO 9001 to related ICO registration documentation as a data controller, VCA conformity of production compliance statement and ISO 9001 certificate for the highest standards of quality as a British Manufacturer, enquiries of management and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)**  
**TO THE MEMBERS OF G.A.H. (REFRIGERATION) LIMITED**

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**Use of our report**

This report is made solely to the company's member 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 member those matters we are required to state to the member 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 member, for our audit work, for this report, or for the opinions we have formed.



**Marc Waterman (Senior Statutory Auditor)**  
**For and on behalf of UHY Hacker Young**

Date: 19/5/2023

**Chartered Accountants**  
**Statutory Auditor**

**G.A.H. (REFRIGERATION) LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 31 DECEMBER 2022**

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		<b>2022</b>	<b>2021</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>3</b>	27,537,771	32,523,326
Cost of sales		(19,621,439)	(23,308,431)
<b>Gross profit</b>		<u>7,916,332</u>	<u>9,214,895</u>
Administrative expenses		(2,926,851)	(3,185,017)
Other operating income	<b>3</b>	14,055	54,097
<b>Operating profit</b>	<b>4</b>	<u>5,003,536</u>	<u>6,083,975</u>
Interest receivable and similar income	<b>8</b>	65,772	28,765
<b>Profit before taxation</b>		<u>5,069,308</u>	<u>6,112,740</u>
Tax on profit	<b>9</b>	(675,374)	180,047
<b>Profit for the financial year</b>		<u><u>4,393,934</u></u>	<u><u>6,292,787</u></u>

**G.A.H. (REFRIGERATION) LIMITED****BALANCE SHEET****AS AT 31 DECEMBER 2022**

	Notes	2022 £	£	2021 £	£
<b>Fixed assets</b>					
Intangible assets	11		6		6
Tangible assets	12		408,432		68,325
Investments	13		23,899		1
			<u>432,337</u>		<u>68,332</u>
<b>Current assets</b>					
Stocks	15	6,645,476		6,696,697	
Debtors	16	5,951,972		7,833,325	
Cash at bank and in hand		6,584,311		2,629,735	
		<u>19,181,759</u>		<u>17,159,757</u>	
<b>Creditors: amounts falling due within one year</b>	17	<u>(2,626,234)</u>		<u>(3,380,048)</u>	
<b>Net current assets</b>			<u>16,555,525</u>		<u>13,779,709</u>
<b>Total assets less current liabilities</b>			<u>16,987,862</u>		<u>13,848,041</u>
<b>Provisions for liabilities</b>					
Provisions	18	282,641		579,761	
Deferred tax liability	19	43,007		-	
		<u>(325,648)</u>		<u>(579,761)</u>	
<b>Net assets</b>			<u><u>16,662,214</u></u>		<u><u>13,268,280</u></u>
<b>Capital and reserves</b>					
Called up share capital	21		1,122		1,122
Capital redemption reserve			180		180
Profit and loss reserves			16,660,912		13,266,978
<b>Total equity</b>			<u><u>16,662,214</u></u>		<u><u>13,268,280</u></u>

The financial statements were approved by the board of directors and authorised for issue on 19/5/23 and are signed on its behalf by:

  
 J E H Reader  
 Director

Company Registration No. 02778816

**G.A.H. (REFRIGERATION) LIMITED****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2022**

	Notes	Share capital £	Capital redemption reserve £	Profit and loss reserves £	Total £
<b>Balance at 1 January 2021</b>		1,122	180	10,974,191	10,975,493
<b>Period ended 31 December 2021:</b>					
Profit and total comprehensive income for the period		-	-	6,292,787	6,292,787
Dividends	10	-	-	(4,000,000)	(4,000,000)
<b>Balance at 31 December 2021</b>		1,122	180	13,266,978	13,268,280
<b>Year ended 31 December 2022:</b>					
Profit and total comprehensive income for the year		-	-	4,393,934	4,393,934
Dividends	10	-	-	(1,000,000)	(1,000,000)
<b>Balance at 31 December 2022</b>		1,122	180	16,660,912	16,662,214

## **G.A.H. (REFRIGERATION) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **1 Accounting policies**

##### **Company information**

G.A.H. (Refrigeration) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Quadrant House - Floor 6, 4 Thomas More Square, London, E1W 1YW.

##### **1.1 Accounting convention**

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

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

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

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

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues: Interest income/expense and net gains/losses for financial instruments not measured at fair value; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Sdiptech AB (publ).

These consolidated financial statements are available from <https://www.sdiptech.se/investor-relations/financial-information> or its registered office, Stureplan 13, 111 45 Stockholm, Sweden.

##### **1.2 Going concern**

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

## **G.A.H. (REFRIGERATION) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **1 Accounting policies**

**(Continued)**

##### **1.3 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the period exclusive of value added tax. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (on installation of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

##### **1.4 Research and development expenditure**

Research expenditure is written off against profits in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated.

##### **1.5 Intangible fixed assets other than goodwill**

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

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.

##### **1.6 Tangible fixed assets**

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

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

Plant and equipment	20-50% straight line
Computers	20% straight line

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



## **G.A.H. (REFRIGERATION) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **1 Accounting policies**

**(Continued)**

##### **1.7 Fixed asset investments**

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

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

##### **1.8 Impairment of fixed assets**

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

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

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

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

##### **1.9 Stocks**

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

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

## G.A.H. (REFRIGERATION) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

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#### 1 Accounting policies

(Continued)

##### 1.10 Cash and cash equivalents

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

##### 1.11 Financial instruments

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

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

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### *Basic financial assets*

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

##### *Other financial assets*

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

##### *Impairment of financial assets*

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

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

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

## **G.A.H. (REFRIGERATION) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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##### **1 Accounting policies**

**(Continued)**

###### ***Derecognition of financial assets***

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

###### ***Classification of financial liabilities***

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

###### ***Basic financial liabilities***

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

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

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

###### ***Other financial liabilities***

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

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

###### ***Derecognition of financial liabilities***

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

## **G.A.H. (REFRIGERATION) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **1 Accounting policies**

**(Continued)**

##### **1.12 Equity instruments**

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

##### **1.13 Taxation**

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

###### ***Current tax***

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

###### ***Deferred tax***

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

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

##### **1.14 Provisions**

Provisions are recognised when the company has a legal or constructive present obligation as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

## **G.A.H. (REFRIGERATION) LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2022**

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#### **1 Accounting policies**

**(Continued)**

##### **1.15 Employee benefits**

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

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

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

##### **1.16 Retirement benefits**

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

##### **1.17 Government grants**

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

##### **1.18 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### **2 Judgements and key sources of estimation uncertainty**

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

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

## G.A.H. (REFRIGERATION) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2022

#### 2 Judgements and key sources of estimation uncertainty

(Continued)

##### **Key sources of estimation uncertainty**

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

##### **Stock Provision**

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

##### **Bad debt provision**

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

##### **Deferred Income**

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

##### **Warranty Provision**

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 level of sales.

##### **Dilapidations**

A provision is made for costs expected to be incurred in the future due to contractual requirements under the current lease held. The provision value requires management's best estimate of the costs that will be incurred.

#### 3 Turnover and other revenue

	2022	2021
	£	£
Turnover analysed by class of business		
Sales of goods	18,695,511	25,106,137
Sale of services	8,842,260	7,417,189
	<u>27,537,771</u>	<u>32,523,326</u>

**G.A.H. (REFRIGERATION) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****3 Turnover and other revenue** (Continued)

	2022	2021
	£	£
<b>Turnover analysed by geographical market</b>		
United Kingdom	27,451,252	32,453,024
Rest of the world	86,519	70,302
	<u>27,537,771</u>	<u>32,523,326</u>
	2022	2021
	£	£
<b>Other significant revenue</b>		
Grants received	<u>14,055</u>	<u>54,097</u>

Government grant income recognised directly as income in the current year comprises of claimed to support the costs of new production innovation.

Government grant income recognised directly as income in the prior year comprises of amounts reclaimed from the UK Government under the Coronavirus Job Retention Scheme ("Furlough Grant"), claimed to support the wages costs of those employees furloughed during the COVID-19 pandemic.

There are no unfulfilled conditions or other contingencies attached to the grants recognised as income.

**4 Operating profit**

	2022	2021
	£	£
Operating profit for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	11,995	5,485
Research and development costs	30,060	45,788
Depreciation of owned tangible fixed assets	77,280	45,981
Loss on disposal of tangible fixed assets	<u>366</u>	<u>-</u>

**5 Auditor's remuneration**

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the company	<u>16,425</u>	<u>15,000</u>

**G.A.H. (REFRIGERATION) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****6 Employees**

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

	2022 Number	2021 Number
Factory and engineering staff	129	120
Management and administrative staff	48	45
Total	177	165

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	6,800,140	5,968,341
Social security costs	658,443	563,062
Pension costs	170,881	143,422
	7,629,464	6,674,825

**7 Directors' remuneration**

	2022 £	2021 £
Remuneration for qualifying services	123,600	120,083
Company pension contributions to defined contribution schemes	2,800	2,348
	126,400	122,431

**8 Interest receivable and similar income**

	2022 £	2021 £
<b>Interest income</b>		
Interest on bank deposits	39,402	4,026
Interest receivable from group companies	26,370	24,739
Total income	65,772	28,765



**G.A.H. (REFRIGERATION) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****9 Taxation**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Current tax</b>		
UK corporation tax on profits for the current period	623,821	520,440
Adjustments in respect of prior periods	(6,879)	(690,725)
<b>Total current tax</b>	<b>616,942</b>	<b>(170,285)</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	44,409	(7,932)
Changes in tax rates	14,023	(1,830)
<b>Total deferred tax</b>	<b>58,432</b>	<b>(9,762)</b>
<b>Total tax charge/(credit)</b>	<b>675,374</b>	<b>(180,047)</b>

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Profit before taxation</b>	<b>5,069,308</b>	<b>6,112,740</b>
<b>Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)</b>	<b>963,169</b>	<b>1,161,421</b>
Tax effect of expenses that are not deductible in determining taxable profit	2,386	1,473
Adjustments in respect of prior years	-	(690,725)
Research and development expenditure	7,930	6,621
Fixed asset differences	(20,996)	(445)
Patent box additional deduction	(292,240)	(599,073)
Remeasurement of deferred tax for changes in tax rates	14,023	(3,733)
Movement in deferred tax not recognised	1,102	(55,586)
<b>Taxation charge/(credit) for the year</b>	<b>675,374</b>	<b>(180,047)</b>

**G.A.H. (REFRIGERATION) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****10 Dividends**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Final paid	1,000,000	4,000,000

**11 Intangible fixed assets**

	<b>Patents &amp; licences</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2022 and 31 December 2022	6
<b>Amortisation and impairment</b>	
At 1 January 2022 and 31 December 2022	-
<b>Carrying amount</b>	
At 31 December 2022	6
At 31 December 2021	6

**12 Tangible fixed assets**

	<b>Plant and equipment</b>	<b>Computers</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 January 2022	136,771	165,910	302,681
Additions	370,356	47,397	417,753
Disposals	-	(11,042)	(11,042)
At 31 December 2022	507,127	202,265	709,392
<b>Depreciation and impairment</b>			
At 1 January 2022	112,380	121,976	234,356
Depreciation charged in the year	48,950	28,330	77,280
Eliminated in respect of disposals	-	(10,676)	(10,676)
At 31 December 2022	161,330	139,630	300,960
<b>Carrying amount</b>			
At 31 December 2022	345,797	62,635	408,432
At 31 December 2021	24,391	43,934	68,325

**G.A.H. (REFRIGERATION) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****13 Fixed asset investments**

	Notes	2022 £	2021 £
Investments in subsidiaries	14	23,899	1

**Movements in fixed asset investments**

	Shares in subsidiaries £
<b>Cost or valuation</b>	
At 1 January 2022	1
Additions	23,898
At 31 December 2022	23,899
<b>Carrying amount</b>	
At 31 December 2022	23,899
At 31 December 2021	1

**14 Subsidiaries**

Details of the company's subsidiaries at 31 December 2022 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
G.A.H. (Refrigeration Products) Limited	England and Wales	Dormant	Ordinary	100.00
GAH Europe GmbH	Germany	Sale of refrigeration systems	Ordinary	100.00

**15 Stocks**

	2022 £	2021 £
Raw materials and consumables	5,392,682	5,076,887
Finished goods and goods for resale	1,252,794	1,619,810
	6,645,476	6,696,697

Stocks are stated after provision for impairment for 2022 of £449,774 (2021: £371,219).

**G.A.H. (REFRIGERATION) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****16 Debtors**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	5,107,267	5,566,365
Corporation tax recoverable	-	1,249,472
Amounts owed by group undertakings	605,599	564,911
Prepayments and accrued income	239,106	437,022
	<u>5,951,972</u>	<u>7,817,770</u>
Deferred tax asset (note 19)	-	15,555
	<u>5,951,972</u>	<u>7,833,325</u>

Impairment recognised in the profit and loss for the year ended 31 December 2022 in respect of bad and doubtful trade debtors amounted to £63,236 (2021: £556,029).

Trade debtors are stated after provisions for impairment of £111,451 for the year ended 31 December 2022 (2021: £48,787)

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

**17 Creditors: amounts falling due within one year**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,273,194	2,353,269
Amounts owed to group undertakings	1,027	1,027
Corporation tax	60,821	-
Other taxation and social security	789,077	453,244
Other creditors	32,591	30,576
Accruals and deferred income	469,524	541,932
	<u>2,626,234</u>	<u>3,380,048</u>

Amounts owed to group undertakings are unsecured, interest free and are payable on demand.

**G.A.H. (REFRIGERATION) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****18 Provisions for liabilities**

	2022	2021
	£	£
Warranty Provision	182,641	479,761
Dilapidation reserve	100,000	100,000
	<u>282,641</u>	<u>579,761</u>

## Movements on provisions:

	Warranty Provision £	Dilapidation reserve £	Total £
At 1 January 2022	479,761	100,000	579,761
Additional provisions in the year	212,765	-	212,765
Reversal of provision	(509,885)	-	(509,885)
At 31 December 2022	<u>182,641</u>	<u>100,000</u>	<u>282,641</u>

The warranty provision has been recognised to reflect the estimated cost of repairing faults on units sold during the financial year. Goods are sold inclusive of a 12 month warranty, therefore these costs are expected to occur over the next 12 months.

The dilapidation provision has been recognised to reflect the estimated cost of returning leased premises back to their original condition as per the lease agreement. These costs are expected to occur on the termination of the lease.

**19 Deferred taxation**

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2022 £	Liabilities 2021 £	Assets 2022 £	Assets 2021 £
<b>Balances:</b>				
Accelerated capital allowances	70,706	-	-	(11,967)
Short term timing difference	(27,699)	-	-	27,522
	<u>43,007</u>	<u>-</u>	<u>-</u>	<u>15,555</u>

**G.A.H. (REFRIGERATION) LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****FOR THE YEAR ENDED 31 DECEMBER 2022****19 Deferred taxation****(Continued)**

	<b>2022</b>
<b>Movements in the year:</b>	<b>£</b>
Asset at 1 January 2022	(15,555)
Charge to profit or loss	58,562
	<u>          </u>
Liability at 31 December 2022	43,007
	<u>          </u>

The deferred tax asset set out above is expected to reverse within 12 months.

**20 Retirement benefit schemes**

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	170,881	143,422
	<u>          </u>	<u>          </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

**21 Share capital**

	<b>2022</b>	<b>2021</b>	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>	<b>£</b>	<b>£</b>
<b>Ordinary share capital</b>				
<b>Issued and fully paid</b>				
Ordinary Shares of £1 each	1,122	1,122	1,122	1,122
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**22 Operating lease commitments**

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

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
Within one year	160,569	167,339
Between two and five years	381,618	544,385
	<u>          </u>	<u>          </u>
	542,187	711,724
	<u>          </u>	<u>          </u>

**G.A.H. (REFRIGERATION) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2022**

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**23 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.

**24 Ultimate controlling party**

The company's immediate parent undertaking is Elasta Limited, a company registered in England and Wales. The registered office of Elasta Limited is Quadrant House Floor 6, 4 Thomas More Square, London, United Kingdom, E1W 1YW.

The ultimate parent undertaking and controlling party of the company is Sdiptech AB (publ.) a company registered in Sweden. The largest group to consolidate these financial statements is that of Sdiptech AB (publ.).