

HALIFAX FAN LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 December 2018**

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HALIFAX FAN LIMITED

Primary financial statements

DIRECTORS' REPORT

The Directors submit their report together with the accounts for the year ended 31 December 2018.

1. Principal activities and review of the year

The principal activity of the Company continued to be that of the manufacture and sale of industrial fans. The results of the Company are included in the accounts on pages 6 to 21.

The financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Comparative information has also been stated on an IFRS basis.

The Directors do not expect any significant change in the level of business in the foreseeable future.

2. Dividend

The Directors do not recommend a dividend (2017: £Nil).

3. Directors

The Directors who served throughout the year were:

M Staff

4. Financial risk management

Details of the Company's risk management objectives are given in note 24.

5. Directors' responsibility statement

The Directors are responsible for preparing 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 applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2006. 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 total comprehensive income of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union.

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.

6. Disclosure of information to the auditors

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware there was no relevant available information of which the Company's auditors were unaware; and
- that Director had taken all steps that the Director ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

7. Auditors


Under section 487(2) of the Companies Act 2006, Nexia Smith & Williamson will be deemed to have been reappointed as auditors.

HALIFAX FAN LIMITED
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DIRECTORS' REPORT (Continued)

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

By Order of the Board


M Staff
Director
For and on behalf of the Board of Directors

Date:

25th September 2019.

Registered Office Address: Mistral Works, Unit 11, Elland Road, Brighouse, West Yorkshire HD6 2SD.

HALIFAX FAN LIMITED
Primary financial statements



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HALIFAX FAN LIMITED

Opinion

We have audited the financial statements of Halifax Fan Limited (the 'company') for the year ended 31 December 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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.

Other information

The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

Opinion 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

HALIFAX FAN LIMITED

Primary financial statements

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 Directors' Report.

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

- adequate accounting records have not been kept, 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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, set out on page 2, 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: 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.

Nexia Smith & Williamson

Alan Waters (Senior Statutory Auditor)
for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

4th Floor Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Date: 25 September 2019

HALIFAX FAN LIMITED **Primary financial statements**

Statement of Comprehensive Income
For the year ended 31 December 2018

	NOTES	Year ended 2018 £'000	Year ended 2017 £'000
Continuing operations			
Revenue	2	7,256	5,669
Cost of sales		(5,085)	(3,990)
Gross profit		2,171	1,679
Administrative expenses		(1,573)	(1,542)
Operating profit	4	598	137
Finance costs		(36)	(40)
Profit before tax		562	97
Taxation	8	(77)	(4)
Profit and total comprehensive profit for the year		485	93

The notes on pages 10 to 21 form part of these financial statements.

HALIFAX FAN LIMITED **Primary financial statements**

Registered No. 02960571
Statement of Financial Position
At 31 December 2018

	NOTES	Year ended 2018 £'000	Year ended 2017 £'000
Non-current assets			
Intangible assets	9	7	32
Property, plant & equipment	10	114	134
Total non-current assets		121	166
Current assets			
Inventories	11	420	402
Trade and other receivables	12	2,019	2,460
Current tax receivable	12	-	21
Cash and cash equivalents	13	532	57
Total current assets		2,971	2,940
Total assets		3,092	3,106
Current liabilities			
Trade and other payables	14	(1,694)	(2,293)
Current tax liability	14	(83)	-
Total current liabilities		(1,777)	(2,293)
Net current assets		1,194	647
Non-current liabilities			
Provisions	15	(278)	(251)
Deferred tax liabilities	16	(9)	(19)
Total non-current liabilities		(287)	(270)
Net assets		1,028	543
Equity			
Capital and reserves			
Share capital	17	13	13
Retained earnings	18	1,015	530
Total equity		1,028	543

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

M Staff
Director

Date


25th September 2019.

The notes on pages 10 to 21 form part of these financial statements.

HALIFAX FAN LIMITED **Primary financial statements**

Statement of Changes in Equity For the year ended 31 December 2018

	Share Capital £'000	Retained Earnings £'000	Total Equity £'000
Balance at 31 December 2016	13	437	450
Profit and total comprehensive profit for the year ended 31 December 2017	-	93	93
Balance at 31 December 2017	13	530	543
Profit and total comprehensive profit for the year ended 31 December 2018	-	485	485
Balance at 31 December 2018	13	1,015	1,028

HALIFAX FAN LIMITED **Primary financial statements**

Statement of Cash Flows
For the year ended 31 December 2018

	NOTES	Year ended 2018 £'000	Year ended 2017 £'000
Net cash inflow/(outflow) from operating activities	19	1,183	(211)
Investing activities			
Payment to acquire property, plant and equipment		-	(1)
Net cash used in investing activities		-	(1)
Financing activities			
(Decrease)/Increase in short term finance	19	(708)	244
Net cash (used in)/generated from financing activities		(708)	244
Net increase in cash and cash equivalents		475	32
Cash and cash equivalents at beginning of year		57	25
Cash and cash equivalents at end of year	13	532	57

The notes on pages 10 to 21 form part of these financial statements.

HALIFAX FAN LIMITED

Notes to the financial statements

1. Accounting policies

The principal accounting policies applied in the preparation of financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

Basis of preparation

Halifax Fan Limited is a limited Company, which is domiciled in the UK. The Company was incorporated in England and Wales.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards "IFRS" as adopted by the European Union applied in accordance with the provisions of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

Changes in accounting policies and disclosures

(a) *New and amended standards and interpretations adopted by the Company*

The Company has adopted for the first time this period "IFRS 9 "Financial instruments" (for which the only potential impact initially estimated was the impairment assessment methodology) and IFRS 15 "Revenue from contracts with customers" for the first time this period. Further details are included in note 26.

In the case of the Company no material changes arise from the adoption.

There are no other new standards or amendments to standards which are mandatory for the first time for the financial year ended 31 December 2018 which have a significant impact on the Company.

(b) *New and amended Standards and Interpretations mandatory for the first time for the financial year beginning 1 January 2018 but not currently relevant to the Company*

The following new and amended Standards and Interpretations are not currently relevant to the Company; however they may have a significant impact in future years:

- Amendments to IFRS 2: Classification and measurement of share-based payment transactions
- Annual improvements to IFRSs 2014-2017 cycle
- Amendments to IFRS 4: Applying IFRS 9 with IFRS 4
- Amendments to IAS 40: Transfers of investment property • IFRIC 22 Foreign currency transactions and advance consideration

(c) *New and amended Standards and Interpretations issued but not effective for the financial year beginning 1 January 2018*

At the date of authorisation of these financial statements, the following standards and interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

- IFRS 16 "Leases" will be effective from 1 January 2019 onwards and the impact on the financial statements will be significant. IFRS 16 requires lessees to recognise a lease liability reflecting future lease payments and a right-of-use asset for all lease contracts. Therefore, the substantial majority of the Company's operating lease commitments (some £2.65 million on an undiscounted basis, as shown in note 21 of the financial statements) would be brought onto the statement of financial position and amortised and depreciated separately. There will be no impact on cash flows, although the presentation of the cash flow statement will change significantly. Management are currently working on the new processes and systems that will be required to comply with this accounting standard.

The effect of all other new and amended Standards and Interpretations which are in issue but not yet mandatorily effective is not expected to be material.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported revenue and expenses during the reporting year.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Allowances for non-recoverability of trade receivables

An allowance is created for non-recoverability of trade receivables when management expect that the amount outstanding will not be repaid. Management exercise their judgement and experience when deciding the value of any such allowance. At the year end, the allowance totalled £17k (2017: £21k).

HALIFAX FAN LIMITED

Notes to the financial statements

Provision for warranties

Management provide for the expected warranty cost arising from products sold under warranty. Warranty periods run between 12 and 24 months from the date of sale, and provision is made for the expected value of repairs and returns based on costs incurred historically and applying judgement where sales of new and bespoke products are made. At the year-end an amount of £128k has been provided (2017: £101k).

Provision for dilapidations

Management provide for the expected cost arising from rectification work on leasehold property to bring the property up to standard per the terms of the lease. The lease runs until 2018 and the provision made is based on estimation by a surveyor. At the year-end an amount of £150k has been provided for (2017: £150k).

Profit/(loss) from operations

Profit/(loss) from operations is stated after the inclusion of all operating items, but before financing costs.

Revenue recognition

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. Revenue is recognised on despatch of goods, which is when control passes and the company believe they have fulfilled their performance obligation.

Interest income is accrued on a time basis.

Pensions and other post retirement benefits

The pension costs charged in the financial statements represent the contributions payable by the Company during the year into a contribution pension scheme.

Intangible assets

Computer software is capitalised and stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of intangible assets over their useful lives on the following basis:

Computer software	-	3-5 years straight line
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Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	10 years straight line
Fixtures & fittings	-	10 years straight line

Inventories

Inventories are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost is calculated using the average cost method and consists of material and direct labour costs and an appropriate proportion of production overheads.

Financial assets

The Company's financial assets comprise trade and other receivables and cash and cash equivalents.

Trade receivables are held in order to collect the contractual cash flows and are initially measured at the transaction price as defined in IFRS 15, as the contracts of the Company do not contain significant financing components. Impairment losses are recognised based on lifetime expected credit losses in profit or loss.

Other receivables are held in order to collect the contractual cash flows and accordingly are measured at initial recognition at fair value, which ordinarily equates to cost and are subsequently measured at cost less impairment due to their short term nature. A provision for impairment is established based on 12-month expected credit losses unless there has been a significant increase in credit risk when lifetime expected credit losses are recognised. The amount of any provision is recognised in profit or loss.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition, including cash and non-restricted balances with central banks, loans and advances to banks.

HALIFAX FAN LIMITED

Notes to the financial statements

Income taxes, including deferred income taxes

Income tax payable on profits is recognised as an expense in the year in which profits arise. The tax effects of income tax losses available to carry forward are recognised as an asset when it is probable that future taxable profits will be available, against which these losses can be utilised.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Expected future tax rates are used in the determination of deferred income tax. A deferred tax asset is only recognised when it is anticipated that there will be sufficient future taxable profits to offset the asset against.

Deferred and current tax assets and liabilities are only offset when they arise in the same tax reporting group and where there is both the legal right and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial liabilities

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Invoice discounting liabilities are recorded at the proceeds received, net of direct issue costs. Finance costs are accounted for on an accruals basis in the statement of comprehensive income using the effective interest method.

Operating leases

Rentals under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the date of the statement of financial position.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of comprehensive income.

2. Revenue

An analysis of the Company's revenue is as follows:

Continuing operations	Year ended 2018	Year ended 2017
	£'000	£'000
Sale of goods	7,256	5,669
Total revenue	7,256	5,669

All of the above revenue is recognised at a point in time. All unsatisfied performance obligations are due to be recognised within a year.

3. Segment information

The Company is considered to have one business segment.

A geographical analysis of turnover is as follows:

	Year ended 2018	Year ended 2017
	£'000	£'000
UK	4,666	3,738
Europe	1,306	883
Rest of the World	1,284	1,048
Total	7,256	5,669

HALIFAX FAN LIMITED

Notes to the financial statements

4. Profit from operations

Profit from operations has been arrived at after charging/(crediting):

	Year ended 2018 £'000	Year ended 2017 £'000
Operating lease rentals	151	129
Depreciation	20	21
Amortisation	25	38
Foreign exchange differences	(19)	4
Staff costs (see note 6)	1,868	1,718
Auditors' remuneration for audit services (see note 5)	19	18

5. Auditors' remuneration

	Year ended 2018 £'000	Year ended 2017 £'000
Audit services		
- Statutory	19	18
Total	19	18

6. Staff costs

The average monthly number of employees (including executive Directors) employed by the Company was 55 (2017: 46).

Their aggregate remuneration comprised:

	Year ended 2018 £'000	Year ended 2017 £'000
Wages and salaries	1,605	1,465
Social security costs	148	143
Other pension costs	115	110
	1,868	1,718

7. Directors' emoluments

	Year ended 2018 £'000	Year ended 2017 £'000
Salaries and fees	-	-

The Director receives emoluments through another group company, Halifax Fan Hong Kong Limited. It is not practicable to allocate these emoluments between their services as director of Halifax Fan Limited and their services as Director of the other group companies.

There were no Directors who accrued benefits under Company pension schemes.

HALIFAX FAN LIMITED

Notes to the financial statements

8. Taxation

Continuing operations	Year ended 2018 £'000	Year ended 2017 £'000
Current tax:		
UK corporation tax charge/(credit)	90	(4)
Prior year adjustment	(3)	17
Deferred tax (note 16):		
Current year credit	(10)	(9)
Total tax charge	77	4

Corporation tax is calculated at 19.00% (2017: 19.25%) of the estimated assessable profit for the year.

The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

	Year ended 2018 £'000	Year ended 2017 £'000
Profit before tax:	562	97
Tax at the UK corporation tax rate of 19.00% (2017: 19.25%)	107	19
Additional deduction for R&D expenditure	(36)	(32)
Expenses not deductible for tax purposes	7	-
Adjustment relating to prior year current tax	(3)	17
Rate change adjustment	2	-
Total tax charge	77	4

9. Intangible assets

	£'000
Cost	
At 1 January 2017	289
Additions	-
At 1 January 2018	289
Additions	-
At 31 December 2018	289
Amortisation	
At 1 January 2017	219
Charge for the year	38
At 1 January 2018	257
Charge for the year	25
At 31 December 2018	282
Net book value	
At 31 December 2018	7
At 31 December 2017	32
At 31 December 2016	70

HALIFAX FAN LIMITED

Notes to the financial statements

10. Property, plant and equipment

	£'000
Cost	
At 1 January 2017	299
Additions	1
At 1 January 2018	300
Additions	-
At 31 December 2018	300
Depreciation	
At 1 January 2017	145
Charge for the year	21
At 1 January 2018	166
Charge for the year	20
At 31 December 2018	186
Net book value	
At 31 December 2018	114
At 31 December 2017	134
At 31 December 2016	154

11. Inventories

	2018 £'000	2017 £'000
Raw materials	213	193
Work in progress	199	170
Finished goods	8	39
	420	402

The total inventory recognised in cost of sales during the year is £3,622k (2017: £2,796k).

HALIFAX FAN LIMITED

Notes to the financial statements

12. Trade and other receivables

	2018 £'000	2017 £'000
Current		
Trade receivables	872	1,502
Prepayments	75	75
Amounts owed from group companies	1,066	878
Other receivables	6	5
	2,019	2,460
Current tax receivable	-	21

Trade receivables, held at amortised cost, are non-interest bearing and generally have a 30 day term. Due to their short maturities, the carrying amount of trade receivables is a reasonable approximation of their fair value.

A provision for impairment of trade receivables is established using an expected loss model. Expected loss is calculated from a provision matrix based on the expected lifetime default rates and estimates of loss on default.

The director considers that the carrying amount of loans and receivables, after taking account of related allowances, approximates to their fair value.

Other receivables and amounts owed by group undertaking are also financial assets held at amortised cost. Based on prior experience and an assessment of the current economic environment, the director does not consider that any impairment provision is required against the above assets and considers that the carrying amount of the assets is a reasonable approximation of fair value.

As at 31 December 2018 trade receivables of £453k (2017: £533k) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

	2018 £'000	2017 £'000
Up to 2 months past due	349	453
2 to 4 months past due	6	8
Over 4 months past due	98	72
	453	533

The movement in the provision for impairment of receivables was as follows:

	2018 £'000	2017 £'000
At 1 January	21	19
Amount released in the year	(4)	(6)
Additional provision in the year	-	8
At 31 December	17	21

13. Cash and cash equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	532	57

The Directors consider that the carrying amount of these assets approximates to their fair value. The credit risk on liquid funds is limited because the counter-party is a bank with a high credit rating.

Cash and cash equivalents (which are presented as a single class of assets on the face of the statement of financial position) comprise cash at bank and other short-term highly liquid investments with a maturity of three months or less.

HALIFAX FAN LIMITED

Notes to the financial statements

14. Trade and other payables

	2018 £'000	2017 £'000
Current		
Trade payables	498	824
Other taxes and social security	81	94
Other payables	107	81
Contract liabilities	207	29
Invoice discounting	-	708
Amounts owed to group companies	801	557
	1,694	2,293
Corporation tax liability	83	-

The Directors consider that the carrying amount of trade payables approximates to their fair value. No interest is charged on trade and other payables.

The invoice discounting balance is secured over the receivables of the Company but control over the receivables remains with the Company. The bank also has a fixed charge over book and other debts, both present and future dated 15 February 2010.

Trade payables, other payables, invoice discounting, export financing and amounts payable to group companies constitute the only financial liabilities measured at amortised cost.

Contract liabilities represent advanced payments on contracts not yet fulfilled. These are all expected to be recognised in the next year.

15. Provisions

	2018 £'000	2017 £'000
Warranty Provisions		
At 1 January	101	94
Amounts used during the period	(29)	(7)
Additional provisions made in the period	56	14
At 31 December	128	101

The warranty provision provides for the future cost of rectification works on products sold, held under warranty. Warranty periods run from 12 to 24 months.

	2018 £'000	2017 £'000
Dilapidations		
At 1 January	150	120
Additions in the year	-	30
At 31 December	150	150

A dilapidations provision has been set up to provide for the expected future costs of rectification work on leasehold property to bring the property up to standard per terms of the lease.

HALIFAX FAN LIMITED

Notes to the financial statements

16. Deferred tax

The following are the major deferred tax (asset)/liabilities recognised by the Company and the movements thereon during the current and prior reporting year.

	Accelerated tax depreciation £'000	Short term timing differences £'000	Total £'000
At 31 December 2016	31	(3)	28
Credit to income	(9)	-	(9)
At 31 December 2017	22	(3)	19
Credit to income	(6)	(4)	(10)
At 31 December 2018	16	(7)	9

17. Share capital

	2018 £'000	2017 £'000
Authorised:		
13,332 ordinary shares of £1 each	13	13
Allotted, called up and fully paid:		
13,332 ordinary shares of £1 each	13	13

18. Retained earnings

	£'000
Balance at 31 December 2016	437
Total comprehensive profit for the year ended 31 December 2017	93
Balance at 31 December 2017	530
Total comprehensive profit for the year ended 31 December 2018	485
Balance at 31 December 2018	1,015

19. Notes to the statement of cash flows

	2018 £'000	2017 £'000
Profit from operations	598	137
Interest paid	(36)	(40)
Amortisation	25	38
Depreciation	20	21
Increase in inventories	(18)	(117)
Decrease/(Increase) in receivables	462	(426)
(Decrease)/Increase in payables	109	148
Increase in provisions	27	37
Cash generated from /(used in) operations	1,187	(202)
Income tax paid	(4)	(9)
Net cash flow from operating activities	1,183	(211)

HALIFAX FAN LIMITED

Notes to the financial statements

Reconciliation of liabilities arising from financing activities

	£'000
Short term borrowings at 31 December 2016	464
Cashflow movement	244
Short term borrowings at 31 December 2017	708
Cashflow movement	(708)
Short term borrowings at 31 December 2018	-

20. Retirement Benefit Schemes

The Company operates a defined contribution pension scheme which is open to all staff.

An amount of £115k was recognised as an expense for defined contribution plans in 2018 (2017: £110k). The amount is included in staff costs in the statement of comprehensive income. Of this amount, £3k cost was recognised for key management personnel for the year ended 31 December 2018 (2017: £4k).

21. Operating lease commitments

At the year end date, the Company has lease arrangements in respect of properties for which the payments extend over a number of years as follows:

	2018 £'000	2017 £'000
Due:		
Within one year	185	61
Within two to five years	726	10
After five years	1,743	-
Total	2,654	71

22. Related party transactions

Trading transactions

During the year, the Company purchased advisory and outsourcing services from Greybeard Corporate Solutions Limited of £101k (2017: £46k) and £14k (2017: £61k) from Glenhaven Business Solutions Pty Limited, companies with common directors and shareholders to the Company. At the year end, a balance of £nil (2017: £nil) was owed by the Company to Greybeard Corporate Solutions Limited and £1k (2017: £2k) was owing to Glenhaven Business Solutions Pty Limited, and is included within the trade and other payables.

The Company entered into the following transactions with Halifax Fan USA LLC during the year, a company 50% owned by Halifax Fan LLC that is owned and managed by Ian de Souza and Malcolm Staff (directors of Halifax Fan Holdings Ltd).

The Company made sales to Halifax Fan USA LLC of £4k (2017: £121k) and purchased goods of £13k (2017: £nil). At the year-end £78k (2017: £151k) was owed to the company by Halifax Fan USA LLC and is included within trade and other receivables. The Company purchased goods from Halifax Fan LLC of £108k (2017: £nil). At the year-end £29k (2017: £nil) was owed by the company to Halifax Fan LLC and is included in trade and other payables.

Additionally, the Company entered into the following transactions with other group companies during the year:

The Company made sales to Halifax Fan (Hong Kong) Limited of £9k (2017: £nil) and bought goods and services to a value of £140k (2017: £nil). At the year-end £111k (2017: £878k) was owed by Halifax Fan (Hong Kong) Limited to the Company and is included within amounts owed by group companies in debtors and a balance of £275k (2017: £30k) was owed to Halifax Fan (Hong Kong) Limited which is included within amounts owed to group companies in creditors.

The Company made sales to Halifax Fan (ShenZhen) Company Limited of £367k (2017: £61k) and purchased goods for £5k (2017: £5k). At the year end £25k (2017: £2k) was owed to the company by Halifax Fan (ShenZhen) Company Limited and is included within amounts owed by group companies in debtors and a balance of £1k (2017: £2k) was owed to Halifax Fan (ShenZhen) Company Limited which is included within amounts owed to group companies in creditors.

At the year-end £525k (2017: £525k) was owed by the Company to Halifax Fan Group Limited and is included within amounts owed to group companies in creditors.

HALIFAX FAN LIMITED

Notes to the financial statements

23. Remuneration of key management personnel

The remuneration of the Directors and key managers, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures*.

	2018 £'000	2017 £'000
Short-term employee benefits	56	76
Post-employment benefits	2	4
	58	80

24. Financial instruments and risk management

The Company's financial instruments comprise cash and cash equivalents and items such as trade payables and trade receivables which arise directly from its operations.

The Company's operations expose it to a variety of financial risks that include the effects of the changes in credit risk and interest risk. The Company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of credit and interest rate risk.

Given the size of the Company, the Board have not delegated responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board are monitored by the finance department.

Credit risk

The Company has implemented policies that require appropriate credit checks on potential customers before sales are made to them. The amount of exposure to any one party is reviewed by the finance department.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk. The maximum credit exposure to credit risk at the reporting date was:

	2018 £'000	2017 £'000
Cash and cash equivalents	532	57
Trade & other receivables	2,019	2,385
	2,551	2,442

Interest rate risk

The Company has interest bearing assets. These assets include only cash balances which earn interest at a variable rate. Given the size of the Company, there is no requirement for a separate treasury department, therefore the finance department review the level of cash balances within the business.

The Company is exposed to interest rate risk as a result of positive and negative cash balances, which earn interest at a variable rate. As at 31 December 2018 if market interest rates had increased or decreased by 0.25% with all other variables held constant, there would have been negligible effect on post-tax profit and equity.

Liquidity risk

All of the Company's deposits are available on demand. The Directors review regularly if the level of the Company's cash deposits are sufficient to minimise the liquidity risk faced by the Company. All of the Company's current financial liabilities which are measured at amortised cost are payable within 6 months.

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and maintain an optimal capital structure to reduce the cost of capital.

The Company defines capital as being share capital plus reserves.

Foreign Exchange risk

The Company is exposed to foreign currency exchange rate risk as a result of cash balances held in EUR and USD as well as trade and other receivables in USD. At 31 December 2018 if GBP strengthened or weakened by 10% against EUR and USD, with all other variables held constant, the following movements would be seen in the balances:

	Increase of 10% In sterling strength £'000	Decrease of 10% In sterling strength £'000
Cash balances	(2)	2
Trade and other receivables	(16)	16

HALIFAX FAN LIMITED

Notes to the financial statements

25. Parent undertaking and controlling party

The Company's immediate parent undertaking is Halifax Fan Group Limited, a Company incorporated in the United Kingdom. The Registered Office Address of Halifax Fan Group Limited is Mistral Works, Unit 11, Elland Road, Brighouse, West Yorkshire, HD6 2SD.

The ultimate parent and controlling party is Halifax Fan Holdings Limited, a Company incorporated in Hong Kong. This entity is the highest and lowest level of the group at which consolidated accounts are prepared. The registered office address is 2/F Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

26. Changes to accounting policies

IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers" were both adopted with effect from 1 January 2018 in line with the transitional provisions provided in the new standards. The changes in accounting policy have been described in note 1. The adoption of IFRS 9 and IFRS 15 has not resulted in any changes to existing revenue recognition policies or financial instrument measurement; as a result there are no transitional adjustments made.