

Company Registration No. 03000134 (England and Wales)

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2018



SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

COMPANY INFORMATION

Directors	L D Ryan R A Ryan T Bartley-Smith A A G Dickinson
Secretary	A E Day
Company number	03000134
Registered office	Unit 1 Cobham Road Racecourse Road Industrial Estate Persnore Worcestershire WR10 2DL
Auditor	Kendall Wadley LLP Merevale House 27 Sansome Walk Worcester WR1 1NU
Business address	Unit 1 Cobham Road Racecourse Road Industrial Estate Persnore Worcestershire WR10 2DL

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

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SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2018

The company design, install and maintain commercial catering kitchens, refrigeration and ventilation, working with some of the UK's leading national and regional leisure sector businesses and public sector facilities.

Business model

The company designs, installs and maintains commercial kitchens and supplies associated commercial catering and refrigeration equipment. Our clients include many High Street pub and restaurant chains, and our profile is especially high in the casual dining sector.

We have two trading divisions: sales and service. Sales comprises both projects (i.e. design and build) and spot replacements. Our role is distributor and not manufacturer, and our route to market is direct.

Strategic management

The most significant drivers of business value are our manufacturer and customer relationships. On the one hand, good manufacturer relations enable us to leverage the best commercial terms and maximise profit opportunities. On the other hand, good customer relations allow us to demonstrate the value we add and provide us with a springboard to sell additional goods and services. We have therefore focussed on the human side of the business, ensuring we have enough good quality people to nurture our external relationships; and we will continue to make this our priority.

After a year of consolidation, the company is well-placed to grow in the forthcoming year. Our aim is to maintain our leading position in the casual dining sector and to extend our client base in the hospitality and leisure sectors. Our unique offering, which resonates so strongly with pub and restaurant chains, should have similarly strong appeal in these complimentary areas.

The question is whether we can achieve our desired growth organically or if we ought now to focus on acquisition. The challenge, whichever path we go down, will be to add to our client portfolio whilst managing overhead, so that additional sales are generating an acceptable level of net profitability. Ours is not – and never will be – a company that prizes turnover ahead of profit.

Business environment

The High Street has had another turbulent year, which has seen a slowdown in the number of openings. Some operators have faced negative press; others have struggled to refresh brands with new concepts; all have focussed on returns on investment, which has seen corresponding downward pressure on capital expenditure. Our expectation is that this will be the new status quo for the next couple of years.

Our competitors, too, have faced strong headwinds. There have been a number of high-profile closures, and whilst the greatest impact is felt by those directly employed, there is always a ripple effect in the supply chain. Again, our expectation is that there will be further casualties in the coming year.

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

Principal risks and uncertainties

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls, and is subject to regular review by the board.

At present, we consider the principal business risks to be:

- Adverse economic conditions at a macro level
- A slowdown in the sectors in which we operate (i.e. adverse economic conditions at a micro level)
- Exchange rate volatility, resulting in price hikes for goods we supply which are either imported or manufactured in the UK but using componentry that is imported
- An increase in the number of customers purchasing direct from equipment manufacturers, rather than using a distributor and enjoying the added value that brings
- Bad debts when offering credit terms to customers (although this is presently controlled and monitored strictly and to date bad debt has been minimal)

Company performance

The board foresaw the harshening economic climate last year and resolved to diversify the business. Consequently, we have recruited additional sales staff with a remit to explore new segments and geographical areas.

The decision was timely. Whilst we have been spared the acute financial pain delivered on some of our competitors, we have nonetheless seen two major customers significantly reduce their year-on-year spend.

Had new customers not been secured, our turnover would have decreased compared to the previous year's results. As it is, we have posted broadly comparable figures. In view of the reduction referred to above, the board believes this year's results represent underlying new business growth of c.£2m.

The results of the company for the year, as set out on page 8, show a profit on ordinary activities before tax of £940,357 (2017 £1,239,303). The shareholders' funds of the company total £2,985,282 (2017 £2,400,768).

Key Performance Indicators (KPIs)

The board monitors the progress of the group by reference to the following KPIs:

	<u>2018</u>	<u>2017</u>
1. Net Profit after tax	£761,114	£995,257
2. Net Profit Margin	4.79%	6.13%
4. Operating Profit Margin	6.00%	7.72%
5. Return on Capital Employed (ROCE)	28.26%	45.27%
6. Working Capital Ratio	1.76	1.479

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

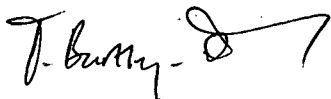
Future developments

The risks to the UK economic growth remain significant to future prospects. However, in 2018 the company performed well (in a difficult climate) and with the planned diversification of activities there is no reason to suppose that its position in the marketplace or growth will not be maintained in 2019 and beyond.

In the coming year, we aim to grow the business by pushing into new sectors, and by exploring new product offerings. Our manufacturer and customer relationships will remain the cornerstone of what we do.

The level of profitability in the coming year will be part dependent on maintaining the current margins (both gross and net).

On behalf of the board



T Bartley-Smith

Director

14 August 2018

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 30 APRIL 2018

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 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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.

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 APRIL 2018

The directors present their annual report and financial statements for the year ended 30 April 2018.

Principal activities

The principal activity of the company continued to be that of design, install and maintain commercial catering kitchens, refrigeration and ventilation, working with some of the UK's leading national and regional leisure sector businesses and public sector facilities.

Directors

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

L D Ryan

R A Ryan

T Bartley-Smith

A Blyther

(Resigned 8 September 2017)

A A G Dickinson

D F Ryan

(Deceased 7 May 2017)

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £176,600. The directors do not recommend payment of a final dividend.

Auditor

In accordance with the company's articles, a resolution proposing that Kendall Wadley LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors 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 auditors are aware of that information.

On behalf of the board



T Bartley-Smith

Director

14 August 2018

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

Opinion

We have audited the financial statements of Sprint Refrigeration & Catering Equipment Ltd. (the 'company') for the year ended 30 April 2018 set out on pages 8 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

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

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

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 and the Directors' Report.

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Timothy Calder ACA (Senior Statutory Auditor)
for and on behalf of Kendall Wadley LLP

14 August 2018

Chartered Accountants
Statutory Auditor

Merevale House
27 Sansome Walk
Worcester
WR1 1NU

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	2017 £
Turnover	3	15,883,580	16,226,824
Cost of sales		(10,930,120)	(11,116,906)
Gross profit		4,953,460	5,109,918
Administrative expenses		(3,999,793)	(3,856,505)
Operating profit	4	953,667	1,253,413
Interest receivable and similar income	7	231	443
Interest payable and similar expenses	8	(13,541)	(14,553)
Profit before taxation		940,357	1,239,303
Tax on profit	9	(179,243)	(244,046)
Profit for the financial year		761,114	995,257

The Profit And Loss Account has been prepared on the basis that all operations are continuing operations.

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

BALANCE SHEET

AS AT 30 APRIL 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	11		832,189		680,279
Current assets					
Stocks	13	788,287		779,574	
Debtors	14	3,887,666		3,669,080	
Cash at bank and in hand		886,865		1,614,468	
		<u>5,562,818</u>		<u>6,063,122</u>	
Creditors: amounts falling due within one year	15	<u>(3,156,868)</u>		<u>(4,099,421)</u>	
Net current assets			<u>2,405,950</u>		<u>1,963,701</u>
Total assets less current liabilities			<u>3,238,139</u>		<u>2,643,980</u>
Creditors: amounts falling due after more than one year	16		(174,714)		(171,415)
Provisions for liabilities	18		(78,143)		(71,797)
Net assets			<u><u>2,985,282</u></u>		<u><u>2,400,768</u></u>
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves			<u>2,985,182</u>		<u>2,400,668</u>
Total equity			<u><u>2,985,282</u></u>		<u><u>2,400,768</u></u>

The financial statements were approved by the board of directors and authorised for issue on 14 August 2018 and are signed on its behalf by:


R A Ryan
Director


T Bartley-Smith
Director

Company Registration No. 03000134

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 APRIL 2018

	Notes	Share capital £	Profit and loss reserves £	Total £
Balance at 1 May 2016		100	1,996,411	1,996,511
Year ended 30 April 2017:				
Profit and total comprehensive income for the year		-	995,257	995,257
Dividends	10	-	(591,000)	(591,000)
Balance at 30 April 2017		100	2,400,668	2,400,768
Year ended 30 April 2018:				
Profit and total comprehensive income for the year		-	761,114	761,114
Dividends	10	-	(176,600)	(176,600)
Balance at 30 April 2018		100	2,985,182	2,985,282

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	23		81,944		1,987,116
Interest paid			(13,541)		(14,553)
Income taxes paid			(232,669)		(195,512)
Net cash (outflow)/inflow from operating activities			(164,266)		1,777,051
Investing activities					
Purchase of tangible fixed assets		(578,484)		(351,438)	
Proceeds on disposal of tangible fixed assets		196,982		101,398	
Interest received		231		443	
Net cash used in investing activities			(381,271)		(249,597)
Financing activities					
Net receipts/(payments) of finance leases obligations		(5,466)		36,396	
Dividends paid		(176,600)		(591,000)	
Net cash used in financing activities			(182,066)		(554,604)
Net (decrease)/increase in cash and cash equivalents			(727,603)		972,850
Cash and cash equivalents at beginning of year			1,614,468		641,618
Cash and cash equivalents at end of year			886,865		1,614,468

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

Company information

Sprint Refrigeration & Catering Equipment Ltd. is a private company limited by shares incorporated in England and Wales. The registered office is Unit 1 Cobham Road, Racecourse Road Industrial Estate, Pershore, Worcestershire, WR10 2DL.

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.

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.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Turnover is recognised when the goods or services are delivered to the customer.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch 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.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

1.4 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.

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold property improvements	25% of cost
Fixtures, fittings & equipment	25% of net book value
Motor vehicles	25% of net book value

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.

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

(Continued)

1.5 Impairment of fixed assets

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

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.

1.6 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.

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.

1.7 Cash at bank and in hand

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.

1.8 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.

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

(Continued)

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.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Impairment of financial assets

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

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

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the 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 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.

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.

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

(Continued)

Derecognition of financial liabilities

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

1.9 Equity instruments

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

1.10 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.

1.11 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.

1.12 Retirement benefits

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

1.13 Leases

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

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

1 Accounting policies

(Continued)

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

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.

3 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2018 £	2017 £
Turnover analysed by class of business		
Sales of goods and services	15,883,580	16,226,824

	2018 £	2017 £
Other significant revenue		
Interest income	231	443

	2018 £	2017 £
Turnover analysed by geographical market		
United Kingdom	15,883,580	16,226,824

4 Operating profit

	2018 £	2017 £
Operating profit for the year is stated after charging/(crediting):		
Fees payable to the company's auditors for the audit of the company's financial statements	9,000	8,990
Depreciation of owned tangible fixed assets	168,083	98,772
Depreciation of tangible fixed assets held under finance leases	61,509	94,308
Operating lease charges	117,100	120,369

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

5 Employees

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

	2018 Number	2017 Number
Engineers	23	19
Service Administration	9	8
Sales & Administration	32	28
	<u>64</u>	<u>55</u>

Their aggregate remuneration comprised:

	2018 £	2017 £
Wages and salaries	2,468,048	2,347,552
Social security costs	293,424	272,901
Pension costs	16,565	11,351
	<u>2,778,037</u>	<u>2,631,804</u>

6 Directors' remuneration

	2018 £	2017 £
Remuneration for qualifying services	291,002	535,741
Company pension contributions to defined contribution schemes	1,385	929
	<u>292,387</u>	<u>536,670</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2017 - 5).

Remuneration disclosed above include the following amounts paid to the highest paid director:

Remuneration for qualifying services	93,750	134,131
Company pension contributions to defined contribution schemes	426	373
	<u></u>	<u></u>

7 Interest receivable and similar income

	2018 £	2017 £
Interest income		
Other interest income	231	443
	<u></u>	<u></u>

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

8 Interest payable and similar expenses

	2018 £	2017 £
Interest on financial liabilities measured at amortised cost:		
Interest on finance leases and hire purchase contracts	13,541	14,553

9 Taxation

	2018 £	2017 £
Current tax		
UK corporation tax on profits for the current period	172,897	232,665
Deferred tax		
Origination and reversal of timing differences	6,346	11,381
Total tax charge	179,243	244,046

The actual charge 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:

	2018 £	2017 £
Profit before taxation	940,357	1,239,303
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 19.92%)	178,668	246,869
Tax effect of expenses that are not deductible in determining taxable profit	1,001	(647)
Effect of change in corporation tax rate	-	(3,602)
Depreciation on assets not qualifying for tax allowances	282	1,046
Overprovision current year	-	380
Pension movement	(708)	-
Taxation charge for the year	179,243	244,046

10 Dividends

	2018 £	2017 £
Interim paid	176,600	591,000

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

11 Tangible fixed assets

	Leasehold property improvements	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 May 2017	26,298	199,472	1,095,552	1,321,322
Additions	-	76,199	502,285	578,484
Disposals	-	-	(320,393)	(320,393)
At 30 April 2018	26,298	275,671	1,277,444	1,579,413
Depreciation and impairment				
At 1 May 2017	20,922	123,548	496,573	641,043
Depreciation charged in the year	1,834	20,667	207,091	229,592
Eliminated in respect of disposals	-	-	(123,411)	(123,411)
At 30 April 2018	22,756	144,215	580,253	747,224
Carrying amount				
At 30 April 2018	3,542	131,456	697,191	832,189
At 30 April 2017	5,376	75,924	598,979	680,279

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2018 £	2017 £
Motor vehicles	333,595	490,632
Depreciation charge for the year in respect of leased assets	61,509	94,308

12 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,822,219	3,640,335
Carrying amount of financial liabilities		
Measured at amortised cost	2,694,655	3,595,428

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

13 Stocks

	2018 £	2017 £
Finished goods and goods for resale	788,287	779,574

14 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	3,804,317	3,634,508
Amounts owed by group undertakings	2,534	-
Other debtors	15,368	5,827
Prepayments and accrued income	65,447	28,745
	<u>3,887,666</u>	<u>3,669,080</u>

Trade debtors disclosed above are measured at amortised cost.

15 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Obligations under finance leases	17	148,849	157,614
Trade creditors		2,198,863	2,915,420
Corporation tax		172,897	232,669
Other taxation and social security		464,030	442,739
Other creditors		20,106	44,327
Accruals and deferred income		152,123	306,652
		<u>3,156,868</u>	<u>4,099,421</u>

16 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Obligations under finance leases	17	174,714	171,415

17 Finance lease obligations

	2018 £	2017 £
Future minimum lease payments due under finance leases:		
Within one year	148,849	157,614
In two to five years	174,714	171,415
	<u>323,563</u>	<u>329,029</u>

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

17 Finance lease obligations

(Continued)

Finance lease payments represent rentals payable by the company for certain items of plant and machinery. Leases include purchase options at the end of the lease period, and no restrictions are placed on the use of the assets. The average lease term is 3 years. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

18 Provisions for liabilities

	Notes	2018 £	2017 £
Deferred tax liabilities	19	78,143	71,797

19 Deferred taxation

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

	Liabilities 2018 £	Liabilities 2017 £
Balances:		
Accelerated Capital Allowances	79,702	71,797
Retirement benefit obligations	(1,559)	-
	<u>78,143</u>	<u>71,797</u>
Movements in the year:		2018 £
Liability at 1 May 2017		71,797
Charge to profit or loss		6,346
Liability at 30 April 2018		<u>78,143</u>

20 Retirement benefit schemes

	2018 £	2017 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	16,565	11,351

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.

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

21 Operating lease commitments

Lessee

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:

	2018 £	2017 £
Within one year	79,004	61,004
Between two and five years	55,500	-
	<u>134,504</u>	<u>61,004</u>

22 Directors' transactions

During the year, other amounts were advanced to directors as follows:

Description	% Rate	Opening Balance £	Amounts Advanced £	Interest Charged £	Amounts Repaid £	Closing Balance £
D F Ryan - Loan	-	(40,268)	40,268	-	-	-
L D Ryan - Loan	3.00	3,022	26,600	149	(31,300)	(1,529)
R A Ryan - Loan	3.00	388	30,763	82	(31,300)	(67)
		<u>(36,858)</u>	<u>97,631</u>	<u>231</u>	<u>(62,600)</u>	<u>(1,596)</u>

SPRINT REFRIGERATION & CATERING EQUIPMENT LTD.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2018

23 Cash generated from operations

	2018 £	2017 £
Profit for the year after tax	761,114	995,257
Adjustments for:		
Taxation charged	179,243	244,046
Finance costs	13,541	14,553
Investment income	(231)	(443)
Depreciation and impairment of tangible fixed assets	229,592	193,080
Movements in working capital:		
(Increase) in stocks	(8,713)	(85,033)
(Increase)/decrease in debtors	(218,586)	166,098
(Decrease)/increase in creditors	(874,016)	459,558
Cash generated from operations	<u>81,944</u>	<u>1,987,116</u>