

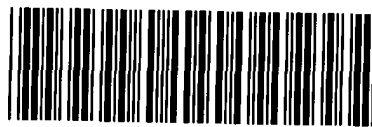
J&E Hall Limited

Annual report and financial statements

For the year ended 31 March 2019

Registration number: 03120673

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J&E Hall Limited
For the year ended 31 March 2019

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J&E Hall Limited

For the year ended 31 March 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

B Liow
VP Chen
A Proffitt
I Creasey
A Bowden

COMPANY SECRETARY

I Creasey

REGISTERED OFFICE

Questor House
191 Hawley Road
Dartford
Kent
DA1 1PU

BANKERS

Barclays Bank plc
71 Grey Street
Newcastle upon Tyne
NE1 4QL

AUDITOR

Deloitte LLP
Statutory Auditor
One Trinity Gardens
Broad Chare
Newcastle upon Tyne
United Kingdom
NE1 2HF

J&E Hall Limited

For the year ended 31 March 2019

STRATEGIC REPORT

The directors present their strategic report, annual report and the audited financial statements for the year ended 31 March 2019.

BUSINESS REVIEW AND PRINCIPAL RISKS AND UNCERTAINTIES.

Performance Review

The directors are disappointed to report a pre-tax loss of £1,390,000 (2018: £793,000 profit) and an operating loss of £745,000 (2018: £1,474,000 profit). The financial statements were negatively impacted by the one-off charge of £1,424,000 for the Guaranteed Minimum Pension equalisation adjustment necessitated by the Lloyds Banking Group Pensions Trustees Limited v Lloyds Bank PLC (and others) court judgement on 26 October 2018. Without this Charge the reported pre-tax loss would be £34,000 and an operating profit of £679,000.

Revenues decreased to £42,310,000 (2018: £44,956,000) a decrease of 5.8% and Gross profit fell to £7,675,000 (2018: £8,976,000) a decrease of 14.5%. Both revenues and Gross profit were negatively affected by delays in order input for contracting in the first half of the financial year. The order input came through in the third and especially the fourth quarter of the financial year but too late to recover the financial figures for the year. The service business showed a strong performance with revenues increasing by 37% over the previous year with revenues from small project works in particular increasing substantially. Commercial products business also outperformed expectations and maintained its dominant position in our target markets.

Order input saw strong growth resulting in a backlog of £16,067,827 (2018: £14,087,000) moving into the new financial year, an increase of 14% versus the corresponding position last year.

Debtor days decreased to 64 days (2018: 80 days). Working capital (net current assets excluding cash and overdraft) at the end of the year decreased to £11,103,726 (2018: £12,910,000). As a proportion of annual sales this equates to 26.4% (2018 28.7%).

Overall net borrowing (cash, overdraft and loans) decreased by £928,114 due to a reduction in working capital.

The pension liability decreased by £1,004,000 before deferred tax. The fair value of assets increased by £979,000 and the value of the present value of the funded obligations decreased by £25,000, resulting in an improvement in the overall deficit.

The company is in a net liabilities position of £17,249,000 which has reduced from £18,020,000 due to the actuarial gain which is partially offset by the loss for the year.

The analysis provided in the business review form the key performance indicators that the Directors use to assess the business.

Markets and Strategy

J&E Hall continued to follow key market trends and focus the business on those that align best with our core strengths. The forecast increases in ambient temperatures for the UK are spurring innovation in industrial refrigeration. Customers are seeking out new technologies and designs that can facilitate solutions with a smaller carbon footprint and lower power and resource usage and that are developed specifically for natural refrigerants. The introduction of a new range of J&E Hall compressors into the market will ensure we remain at the forefront of these trends. Future initiatives will also see the use of these new compressors in the development of a range of new compact energy-efficient industrial products to be sold in international markets.

Following on from our initial successful bid for the supply of chillers in the UK's new nuclear power plant last year, we have been successful in securing another contract to supply the second batch of chillers for the same power plant. These projects provide our contracting business with a strong foundation of backlog on which to build over the coming years as well as secure our position in this strategic market segment. Further success was also achieved in the sale of specialised chillers in the international market with large project wins for two Fortune 500 listed companies, an early vindication of our strategy to partner with Daikin group companies.

For the last two years the UK has experienced sustained price inflation in the food sector, this was preceded by two years of price deflation. Increasing prices for food has had a positive effect on spending by both manufacturers and retailers in the sector on their plant and equipment. We have seen good growth in service revenues from existing customers with increased spend to make up for past deterioration of equipment driving increased revenues for both repairs and installs. We expect this trend to continue and be reinforced by the devaluation of the pound caused by Brexit which we believe will strengthen UK food processing sector.

J&E Hall Limited

For the year ended 31 March 2019

STRATEGIC REPORT (continued)

Within the commercial refrigeration product market we have strengthened our position through the launch of range of new models utilising lower GWP refrigerants which keeps us in pace with the legislation and standards that are increasingly shaping the market. Our dominate position in our current target markets has led us to look at penetrating non-traditional markets for further growth.

We have strengthened our presence in overseas markets with strategic partnerships in the Middle East, Singapore and India. Industrial products and contracting will be at the forefront of our drive into these markets which are showing increased activity in investments. Alongside building partnerships with third parties we are working to fully exploit the potential latent within the Dakin group network of companies for marketing of our services and products and expect increased revenues linked to these activities over the next year.

Future Developments

At the date of this report the directors are not aware of any likely major changes in the company's activities during the next year or of any significant events beyond the control of the company which have occurred or are expected to occur, which could be likely to have a significant impact on earnings or on the course of the business.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk

The company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The company uses foreign currency exchange forward contracts in order to fix the value of sales and purchases in foreign currencies thereby reducing the financial risk of exchange rate fluctuation.

Credit Risk

The company's principal financial assets are bank balances, trade and other receivables. The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables.

The company has no significant concentration of credit risk with exposure spread over a number of counterparties and customers.

Liquidity Risk

In order to maintain liquidity and to ensure that sufficient funds are available for on-going operations and future developments, the company uses a mixture of inter group borrowings and bank overdraft. Further details can be found in note 1 of the notes to the financial statements.

Daikin Industries Limited issued a letter of undertaking to Barclays Bank plc regarding the overdraft and guarantee facilities.

Pension Risk

The company operates two pension schemes one of which is a defined benefit scheme. The pension fund liabilities are partially matched with a portfolio of assets, which leaves potential risk around the amount of the liabilities as a result of changes in life expectancy, inflation, future salary increases, risks regarding the value of investments, the returns derived from such investments and the Pension Protection Fund levy.

The pension trustees, in consultation with the company, regularly review the scheme's investment strategy to maximise asset returns and to diversify investment risk and the company takes professional advice regarding options to manage liability volatility.

Approved by the board of directors and signed on behalf of the board

Ian Creasey
Director and Secretary
12 December 2019
Questor House
191 Hawley Road
Dartford
Kent
DA1 1PU



J&E Hall Limited

For the year ended 31 March 2019

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The directors present their annual report on the affairs of the company, together with the audited financial statements for the year ended 31 March 2019.

The loss after taxation for the year amounted to £1,132,000 (2018: profit £589,007).

There were no dividends paid during the year (2018: £nil) and the directors do not recommend the payment of a final dividend.

PRINCIPAL ACTIVITY

The principal activity of the company is the supply, installation and servicing of refrigeration and freezer products and systems.

Financial risk management objectives and future developments are presented in the Strategic Report on pages 2 to 3 as the directors consider these areas to be of strategic importance to the company.

GOING CONCERN

The company's forecasts and projections, taking account of reasonably possible changes in trading performance of both itself and the other UK resident members of the group of companies headed by AAF McQuay UK Limited ("the UK Group"), show that the company and the UK group should be able to operate within the level of its current facilities for the foreseeable future. The UK group continues to hold discussions with its bankers about its future borrowing needs and no matters have been brought to its attention to suggest that future renewal may not be forthcoming on acceptable terms.

All members of the AAF McQuay UK Ltd group, of which the company is one, continue to enjoy the support of the ultimate parent company, Daikin Industries Ltd which has confirmed that it will provide sufficient financial support, should it be required, to enable the Company to meet its liabilities as they fall due for a period of not less than 12 months from the date of the approval of the financial statements. The going concern of the company is therefore dependant on the going concern of the Group which has been assessed and has adequate resources to be able to provide this support.

Further details regarding the adoption of the going concern basis can be found in note 1 of the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and subsequently were as follows:

M Roberts (resigned 2 April 2018)
A Bowden (appointed 1 April 2018)
B Liow
VP Chen
A Proffitt
I Creasey

Director's Indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

J&E Hall Limited
For the year ended 31 March 2019

DIRECTORS' REPORT (CONTINUED)

EMPLOYEES

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings, the company intranet system and a special annual business roadshow to inform employees of the annual financial performance. The company has an inherent People Centred Management philosophy where employee representatives are consulted regularly on a wide range of matters affecting their current and future interests for the mutual benefit of all.

The company gives full and fair consideration to applications for employment made by disabled persons. The company's policy includes, where practicable, the continued employment of those who become disabled during their employment. Equal training facilities are provided for disabled and other employees to improve performance, to learn new skills and to qualify for promotion.

CHARITABLE CONTRIBUTIONS

Donations to UK charities amounted to £1,669 (2018: £560).

AUDITOR

Each person who is a director at the date of approval of this report confirms that:

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

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

Deloitte LLP have been deemed re-appointed under section 487 of the 2006 Act.

Approval of reduced disclosures

The company, as a qualifying entity, has taken advantage of the disclosure exemptions in FRS 102 paragraph 1.12. Daikin Industries Limited, the company's ultimate shareholder has been notified in writing about the intention to take advantage of the disclosure exemptions and no objections have been received.

The company also intends to take advantage of these exemptions in the financial statements to be issued in the following year. Objections may be served on the company by Daikin Industries Limited, as the ultimate parent of the entity.

Approved by the Board and signed on its behalf by:

Ian Creasey
Director and Secretary
12 December 2019
Questor House
191 Hawley Road
Dartford
Kent
DA1 1PU



J&E Hall Limited
For the year ended 31 March 2019

DIRECTORS' RESPONSIBILITIES STATEMENT

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." 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 year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of J&E Hall Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of J&E Hall Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 24.

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).

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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

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 respect of these matters.

Independent auditor's report to the members of J&E Hall Limited (continued)

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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

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

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.



Matthew Hughes BSc (Hons) ACA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
Newcastle upon Tyne, UK
13 December 2019

J&E Hall Limited

Profit and loss account

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover	3	42,310	44,956
Cost of sales		(34,635)	(35,980)
Gross profit		7,675	8,976
Distribution costs		(2,977)	(3,021)
Administrative expenses		(4,019)	(4,481)
Operating profit (before GMP equalisation)		679	1,474
GMP equalisation impact	20	(1,424)	-
Operating (loss)/profit (after GMP equalisation)		(745)	1,474
Interest payable and similar charges	4	(173)	(190)
Other finance charges	4	(472)	(491)
(Loss)/profit before taxation	5	(1,390)	793
Tax on (loss)/profit	9	258	(204)
(Loss)/profit for the financial year attributable to the equity shareholders of the Company		(1,132)	589

J&E Hall Limited

Statement of comprehensive income For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
(Loss)/profit for the financial year		<u>(1,132)</u>	<u>589</u>
Re-measurement of net defined benefit liability	21	2,293	320
Tax charge/(credit) relating to components of other comprehensive income/(expense).		<u>(390)</u>	<u>(54)</u>
Other comprehensive income/(expense)		<u>1,903</u>	<u>266</u>
Total comprehensive income/(expense) attributable to equity shareholders of the Company		<u><u>771</u></u>	<u><u>855</u></u>

J&E Hall Limited

Balance sheet At 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Intangible assets	10	-	-
Tangible assets	11	1,136	1,234
Investments	12	1,815	1,815
		<u>2,951</u>	<u>3,049</u>
Current assets			
Stocks	13	5,636	4,865
Debtors			
- due within one year	14	15,765	16,203
- due after one year	14	3,003	3,174
Cash at bank and in hand		403	783
		<u>24,807</u>	<u>25,025</u>
Creditors: amounts falling due within one year	15	<u>(16,835)</u>	<u>(16,944)</u>
Net current assets		<u>7,972</u>	<u>8,081</u>
Total assets less current liabilities		<u>10,923</u>	<u>11,130</u>
Creditors: amounts falling due after one year	16	(10,000)	(10,000)
Provisions for liabilities	17	(509)	(482)
Pension liability	20	(17,663)	(18,668)
Net liabilities		<u>(17,249)</u>	<u>(18,020)</u>
Capital and reserves			
Called-up share capital	19	8,000	8,000
Profit and loss account		<u>(25,256)</u>	<u>(26,020)</u>
Shareholders' deficit		<u>(17,249)</u>	<u>(18,020)</u>

The financial statements of J&E Hall Limited (registered number 03120673) were approved by the board of directors and authorised for issue on 12 December 2019. They were signed on its behalf by:



Ian Creasey
Director

J&E Hall Limited

Statement of changes in equity

At 31 March 2019

	Called-up share capital £'000	Profit and loss account £'000	Total £'000
At 1 April 2017	8,000	(26,875)	(18,875)
Profit for the financial year	-	589	589
Re-measurement of net defined benefit liability	-	320	320
Tax relating to items of other comprehensive income	-	(54)	(54)
Total comprehensive income	-	855	855
At 31 March 2018	8,000	(26,020)	(18,020)
Loss for the financial year	-	(1,132)	(1,132)
Re-measurement of net defined benefit liability	-	2,293	2,293
Tax relating to items of other comprehensive income	-	(390)	(390)
Total comprehensive income	-	771	771
At 31 March 2019	8,000	(25,249)	(17,249)

J&E Hall Limited

Notes to the financial statements **For the year ended 31 March 2019**

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

J&E Hall Limited is a private limited company, limited by shares, incorporated in the United Kingdom under the Companies Act and registered in England and Wales. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 2 to 3.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of J&E Hall Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

J&E Hall Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. J&E Hall Limited is consolidated in the financial statements of its ultimate parent, Daikin Industries Ltd, which may be obtained at the address given in note 24. Exemptions have been taken in these separate Company financial statements in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

Going Concern

The company's business activities, together with the factors likely to affect its future development, performance and position, risks and uncertainties are set out in the Strategic Report on page 2-3.

As highlighted in notes 15, 16 and 21 to the financial statements, the company meets its day to day working capital requirements through an overdraft facility which is shared with the rest of the UK resident members of the group of companies headed by AAF McQuay UK Limited ("the UK group") and through inter-company loans from AAF McQuay UK Ltd. The UK group's borrowing facility provided by Daikin Europe NV was renewed on 31 March 2019. The UK group overdraft and guarantee facility with Barclays Bank plc was renewed on 31 March 2019 and continues until renewed or cancelled. While the current economic conditions create uncertainty over the level of demand for the company's products and uncertainty over future exchange rates creates some uncertainty in some manufacturing cost, the company finds that bank finance is more available through being a subsidiary of Daikin Industries Ltd than it would be for an independent company of its size.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance of both itself and the other members of the UK group, show that the company and group should be able to operate within the level of its current facilities. The UK group continues to hold discussions with its bankers about its future borrowing needs and no matters have been brought to its attention to suggest that future renewal may not be forthcoming on acceptable terms.

The directors have received an assurance from AAF McQuay UK Ltd, the immediate holding company, that the repayment of the loans totalling £10,000,000 will not be demanded before 31 March 2020.

Given the long term nature of the pension liability and the intercompany loans due after more than one year, combined with the positive net current assets, the directors do not believe the net deficit is an indication of risk to going concern. Rather, after making enquiries, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for the foreseeable future in addition to receiving letter of support from its ultimate parent company. Accordingly they continue to adopt the going concern basis in preparing the annual report and financial statements.

J&E Hall Limited

Notes to the financial statements **For the year ended 31 March 2019**

1. ACCOUNTING POLICIES (CONTINUED)

Intangible fixed assets and amortisation

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on business combinations in respect of acquisitions is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life of 20 years. The carrying values of intangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. Any impairment is charged to the profit and loss account.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold buildings	9 - 25% per annum
Fixtures, fittings, plant, tools and vehicles	4 - 33% per annum

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

J&E Hall Limited

Notes to the financial statements **For the year ended 31 March 2019**

1. ACCOUNTING POLICIES (CONTINUED)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the year of the lease.

Post-retirement benefits

The company operates a funded pension scheme providing benefits based on final pensionable pay. The assets and liabilities of the scheme are held separately from those of the company. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of other comprehensive income. The scheme is revalued tri-annually by a fellow of the institute of actuaries and the net deficit is then rolled forward to the balance sheet date.

The company also participates in a defined contribution pension scheme. For defined contribution schemes, the amount charged to the profit and loss account represents the contributions payable to the schemes in respect of the accounting year.

Research and development expenditure

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the first in first out purchase price is used. For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Provision is made for obsolete, slow-moving or defective items where appropriate.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

J&E Hall Limited

Notes to the financial statements **For the year ended 31 March 2019**

1. ACCOUNTING POLICIES (CONTINUED)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax balance are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if: a) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

J&E Hall Limited

Notes to the financial statements **For the year ended 31 March 2019**

1. ACCOUNTING POLICIES (CONTINUED)

(i) Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to foreign exchange risk and interest rate movements. The Company does not hold or issue derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(ii) Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Turnover

Sales comprise the fair value of the consideration received or receivable for the sale of goods and rendering of services. Sales are presented, net of value-added tax. The company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when risks and rewards have been transferred under the contractual agreement.

For long term contracts, see above.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Company's accounting policies

In the directors' opinion there are no critical judgements. Sources of estimation that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are dealt with below.

Revenue Recognition on Long-term Contracting

Recognition of revenue and profit is based on judgements made in respect of the ultimate profitability of a contract. Such judgements are arrived at through the use of estimates in relation to the costs and value of work performed to date and to be performed in bringing contracts to completion. These estimates are made by reference to recovery of pre-contract costs, surveys of progress against timetable, changes in work scope, the contractual terms under which the work is being performed, including the recoverability of any un-agreed income from variations and the likely outcome of discussions on claims and costs incurred.

J&E Hall Limited

Notes to the financial statements For the year ended 31 March 2019

2. Critical accounting judgements and key sources of estimation uncertainty (continued)

Post-Employment Benefits

For the defined benefit scheme, pension valuations have been performed using specialist advice obtained from independent qualified actuaries. In performing these valuations, significant actuarial assumptions and judgments have been made to determine the defined benefit obligation, in particular with regard to discount rate, inflation and mortality. Details of assumptions used are set out in Note 21.

3. Turnover

An analysis of the Company's turnover by geographical market derived from its principal business activity is set out below.

	2019 £'000	2018 £'000
Turnover by geographic market		
UK	34,743	37,099
Europe	4,469	5,368
Asia	2,158	1,707
America	671	367
Rest of the World	269	415
	<u>42,310</u>	<u>44,956</u>

In the opinion of the Directors, any additional disclosure regarding turnover would be prejudicial to the interests of the Company.

4. Finance costs (net)

	2019 £'000	2018 £'000
Interest payable and similar charges	173	190
Other finance costs	472	491
	<u>645</u>	<u>681</u>

Interest payable and similar charges

	2019 £'000	2018 £'000
Payable to Group	<u>173</u>	<u>190</u>

Other finance costs

	2019 £'000	2018 £'000
Net interest on defined benefit liability (see note 21)	<u>472</u>	<u>491</u>

J&E Hall Limited

Notes to the financial statements For the year ended 31 March 2019

5. (Loss)/Profit before taxation

(Loss)/Profit before taxation is stated after charging/(crediting):

	2019 £'000	2018 £'000
Depreciation of tangible fixed assets (note 11)	342	285
Research and development	1,356	730
Impairment of stock recognised as an expense	(322)	37
Operating lease rentals	1,513	1,237
Foreign exchange loss/(gain)	146	310
	<u> </u>	<u> </u>

Impairments and reversal of impairments of stocks are included in distribution costs.

6. Auditor's remuneration

Fees payable to Deloitte LLP and their associates for the audit of the company's financial statements were £46,000 (2018: £50,000).

No other fees were payable to Deloitte LLP and their associates for non-audit services in the current or preceding year.

7. Staff numbers and costs

The average number of monthly persons employed by the company (including directors) during the year, analysed by category, was as follows:

	2019 Number	2018 Number
Manufacturing and Engineering	167	170
Administration	89	96
	<u> </u>	<u> </u>
	256	266
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2019 £'000	2018 £'000
Wages and salaries	11,990	11,435
Social security costs	1,401	1,305
Other pension costs – Defined benefit Including GMP equalisation (note 21)	1,896	528
Other pension costs – Defined Contribution (note 21)	596	503
	<u> </u>	<u> </u>
	15,883	13,771
	<u> </u>	<u> </u>

'Other pension costs' includes only those items included within operating costs. Items reported elsewhere have been excluded.

J&E Hall Limited

Notes to the financial statements For the year ended 31 March 2019

8. Directors' remuneration

	2019 £'000	2018 £'000
Directors' emoluments	143	186

The aggregate of the emoluments of the highest paid director was £143,497 (2018: £185,619).

The highest paid director is a member of the company's defined contribution scheme.

Directors not paid by J&E Hall Limited are remunerated by other group companies and it not possible to allocate these emoluments across the various entities

9. Tax on (loss)/profit

The tax charge comprises:

	2019 £'000	2018 £'000
Current tax on (loss)/ profit		
UK corporation tax charge	-	193
Group relief payable	(8)	
Adjustments in respect of prior years	(17)	19
Total current tax	(25)	212
Deferred tax		
Origination and reversal of timing differences	(14)	(17)
Deferred R&D tax credit	-	(23)
Adjustments in respect of prior periods	-	16
Movement in respect of defined benefit scheme	(219)	16
Total deferred tax (see note 14)	(233)	(8)
Total tax on (loss)/ profit	(258)	204
Total deferred tax relating to items of other comprehensive income/(expense)	390	54
	132	258

The standard rate of tax applied to reported profit on is 19% (2018: 19%).

In addition, the Finance Act 2016, which was substantively enacted on 6 September 2016, introduced a reduction in the main rate of corporation tax to 17% from 1 April 2020. Accordingly, these rates have been taken into account when calculating deferred tax assets, giving consideration to when the assets will reverse.

There is no expiry date on timing differences, unused tax losses or tax credits.

J&E Hall Limited

Notes to the financial statements

For the year ended 31 March 2019

9. Tax on (loss)/profit (continued)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2019 £'000	2018 £'000
(Loss)/Profit before tax	(1,390)	793
Tax on (loss)/profit at standard UK corporation tax rate of 19% (2018: 19%)	(264)	151
Effects of:		
- Expenses not deductible for tax purposes	-	16
- Fixed asset differences	2	2
- RDEC adjustment for prior period	(7)	-
- Effect of difference between corporate and deferred tax rates	28	-
- Adjustments to tax charge in respect of previous years	(17)	35
Total tax charge for period	(258)	204

During the year beginning 1 April 2019, the net reversal of deferred tax assets and liabilities is not expected to have a material impact on the corporation charge.

10. Intangible fixed assets

	2019 £'000	2018 £,000
Cost		
At beginning and end of year	7,228	7,228
Amortisation		
At beginning and end of the year	7,228	7,228
Net book value		
At end of year	-	-
At beginning of year	-	-

J&E Hall Limited

Notes to the financial statements For the year ended 31 March 2019

11. Tangible fixed assets

	Short Leasehold £'000	Fixtures, fittings Plant, tools & Vehicles £'000	12. Fixed as Total £'000
Cost			
At 1 April 2018	525	5,332	5,857
Additions	3	241	244
Disposals	-	(84)	(84)
At 31 March 2019	528	5,489	6,017
Depreciation			
At 1 April 2018	468	4,155	4,623
Charge for the year	39	303	342
Disposals	-	(84)	(84)
At 31 March 2019	507	4,374	4,881
Net book value			
At 31 March 2019	21	1,115	1,136
At 31 March 2018	57	1,177	1,234
Cost and Net Book value		2019 £'000	2018 £'000
At 31 March 2019 and 31 March 2018		1,815	1,815

Details of the investment in which the company has an interest is as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Holding	%
Coulstock and Place engineering Company Limited	England	Electrical motor rewinding, component	Ordinary	100%
Balmsound limited	England	Dormant	Ordinary	100%

The registered offices of the subsidiaries are as follows:

Coulstock and Place Engineering Co. Limited: Questor House, 191 Hawley Road, Dartford, Kent
Balmsound Limited: c/o AAF Ltd, Bassington Lane, Cramlington, Northumberland

In the year ending 31 March 2019 Coulstock and Place Engineering Company Limited reported a profit after tax of £36,000 and its aggregate capital and reserves stood at £1,793,000

13. Stocks

	2019 £'000	2018 £'000
Work in progress	2,285	2,478

J&E Hall Limited

Notes to the financial statements For the year ended 31 March 2019

Finished goods and goods for resale	3,351	2,387
	<u>5,636</u>	<u>4,865</u>

There is no material difference between the carry amount and replacement cost of stock.

14. Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	10,391	9,897
Gross amount due from customers for contract work	1,914	4,069
Amounts owed by group undertakings	1,484	1,056
Other debtors	-	30
VAT	653	458
FX Contract	20	-
R&D tax credit receivable	127	97
Deferred tax assets	96	64
Corporation tax receivable	42	-
Prepayments and accrued income	1,038	532
	<u>15,765</u>	<u>16,203</u>

The amounts related to group undertakings are trading balances and are subject to agreed payment terms and are not subject to interest and are not secured.

Amounts falling due after more than one year:

Deferred tax on pension liability	<u>3,003</u>	<u>3,174</u>
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The movements on the deferred tax assets during the year are as follows:

J&E Hall Limited

Notes to the financial statements

For the year ended 31 March 2019

	Difference between accumulated depreciation and capital allowances £'000	Other timing differences, losses and other deductions £'000	Deferred R&D tax credit £'000	Total deferred tax asset (as above) £'000	Deferred tax asset on pension deficit (see note 21) £'000	Total £'000
At 1 April 2018	(8)	9	63	64	3,174	3,238
Charge to the profit and loss account for the year	14	-	-	14		14
Charge Related to Final salary Scheme	-	-	-	-	219	219
Tax Transfer	-	-	18	18		18
Amounts included in OCI	-	-	-	-	(390)	(390)
At 31 March 2019	6	9	81	96	3,003	3,099

J&E Hall Limited

Notes to the financial statements For the year ended 31 March 2019

15. Creditors: amounts falling due within one year

	2019 £'000	2018 £'000
Bank overdraft (see note 22)	3,536	4,843
Payments received on long term contracts	2,903	326
Trade creditors	1,465	1,433
Amounts owed to group undertakings	2,327	2,239
Corporation tax/group relief	-	194
Other taxation and social security	441	574
VAT	673	347
Other creditors	53	-
Accruals and deferred income	5,437	6,988
	<u>16,835</u>	<u>16,944</u>

The amounts related to group undertakings are trading balances and are subject to agreed payment terms and are not subject to interest and are not secured.

16. Creditors: amounts falling due after more than one year

	2019 £'000	2018 £'000
Amounts owed to group undertakings – variable interest rate loans	<u>10,000</u>	<u>10,000</u>

Amounts owed to group undertakings comprise two variable interest rate loans of £8,000,000 (2018: £8,000,000) and £2,000,000 (2018: £2,000,000) from AAF McQuay UK Limited. On the 31 March 2019 the interest rates applicable were 1.3073% per annum and 0.64% per annum respectively. The loans have no fixed repayment date. The directors of AAF McQuay UK Ltd have confirmed that they will not seek any repayment of the balance before 31 March 2020.

17. Provisions for liabilities

	Product warranties £'000
At 1 April 2018	482
Charged to profit and loss account	122
Released unused	(95)
Utilisation of provision	-
At 31 March 2019	<u>509</u>

Warranties

The warranty provision reflects an estimate of future warranty costs, arising on current and prior year.

It is expected that the majority of this expenditure will be incurred in the next financial year and that all will be incurred within three years of the balance sheet date.

J&E Hall Limited

Notes to the financial statements For the year ended 31 March 2019

18. Derivative financial instruments

	Due within one year		Due after one year	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Derivatives that are designated and effective as hedging instruments carried at fair value				
Assets				
Forward foreign currency contracts	20	-	-	-
	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>

Forward foreign currency contracts are valued using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

Forward foreign currency contracts

The following table details the forward foreign currency contracts outstanding as at the year-end:

Outstanding contracts	Average contractual exchange rate		Notional value		Fair value	
	2018 [rate]	2017 [rate]	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<i>Sell Euro</i>	1.162381	-	2,534	-	20	-
					<u>20</u>	<u>-</u>

The Company has entered into contracts to supply goods to customers in non-sterling currency. The Company has entered into forward foreign currency contracts to hedge the exchange rate risk arising from these anticipated future transactions, which are designated as cash flow hedges. The hedged cash flows are expected to occur and to affect profit or loss within the next financial year.

J&E Hall Limited

Notes to the financial statements For the year ended 31 March 2019

19. Called-up share capital and reserves

	2019 £'000	2018 £'000
Allotted, called-up and fully-paid 8,000,100 ordinary shares of £1 each	8,000	8,000

The Company has one class of ordinary shares which carry no right to fixed income.

The profit and loss reserve represents cumulative profits and losses.

20. Financial commitments

There were no capital commitments at the balance sheet date (2018: none).

The future minimum lease payment under non-cancellable operating leases are as follows:

	31 March 2019		31 March 2018	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
- within one year	198	673	451	595
- between one and five years	247	1,035	461	871
	445	1,708	912	1,466

21. Employee benefits

Defined contribution schemes

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £596,000 (2018: £503,000).

Defined benefit schemes

The company also operates a pension scheme providing benefits based on final pensionable pay for qualifying employees. Under the schemes, the employees are entitled to retirement benefits of 1/80th of final pensionable salary for each year of service. No other post-retirement benefits are provided.

The scheme is a funded scheme.

The most recent actuarial valuations of scheme assets and the present value of the defined benefit obligation were carried out at 1 April 2015 and rolled forward to 31 March 2019 by an independent actuary, who is a Fellow of the Institute and Faculty of Actuaries and a Partner in Barnett Waddingham. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The defined benefit scheme was closed to new members on 13 August 2004 and replaced with a defined contribution scheme on this date. The assets and liabilities of the scheme are held separately from those of the company, in an independently administered fund.

Contributions amounting to £59,945 (2018: £60,270) are payable to the scheme and are included in creditors.

It has been agreed that an employer contribution rate of 15% of pensionable pay will apply in future years.

J&E Hall Limited

Notes to the financial statements For the year ended 31 March 2019

21. Employee benefits (continued)

In addition to the above contribution rates the company is paying £784,332 (2018: £697,314) per annum as fixed contributions. The total contributions to the scheme by the company during the year were £1,079,000 (2018: £1,112,000). The total contributions for the year ended 31 March 2020 are forecast to be £1,186,000.

£1,424,000 in relation to the gross minimum pension equalisation was expensed in the year.

	Valuation at	
	2019	2018
Key assumptions used:		
Discount rate	2.40%	2.60%
Future pension increases	3.55%	3.60%
LPI5% (RPI)	3.20%	3.25%
LPI3% (CPI)	2.20%	2.25%
Inflation	3.20%	3.25%
Salary increases	2.70%	2.75%
Mortality assumptions:		
120% of S2PXA tables	CMI 2018 projections	CMI 2017 projections
with a long-term rate of improvement of 1% per annum		

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2019 £'000	2018 £'000
Current service cost	472	528
Past service Cost	1,424	-
Administration cost	-	-
Net interest cost (note 4)	472	491
	<u>2,368</u>	<u>1,019</u>
Loss/(gain) on scheme assets in excess of interest	(1,838)	1,451
Experience losses on liabilities	(713)	-
(Gains)/loss from changes to assumptions	258	(1,771)
	<u>(2,293)</u>	<u>(320)</u>
Recognised in other comprehensive income		
Total cost relating to defined benefit scheme	<u>75</u>	<u>699</u>

J&E Hall Limited

Notes to the financial statements For the year ended 31 March 2019

21. Employee benefits (continued)

The amount included in the balance sheet arising from the Company's obligations in respect of its defined benefit schemes is as follows:

	2019 £'000	2018 £'000
Present value of defined benefit obligations	86,481	86,506
Fair value of scheme assets	(68,817)	(67,838)
Net liability recognised in the balance sheet	<u>17,664</u>	<u>18,668</u>

Movements in the present value of defined benefit obligations were as follows:

	2019 £'000	2018 £'000
At 1 April 2018	86,506	90,204
Service cost	1,896	528
Interest cost	2,202	2,327
Actuarial gains and losses	(455)	(1,771)
Benefits paid	(3,669)	(4,783)
Contributions by members	1	1
At 31 March 2019	<u>86,481</u>	<u>86,506</u>

Movements in the fair value of scheme assets were as follows:

	2019 £'000	2018 £'000
At 1 April 2018	67,838	71,123
Interest income	1,730	1,836
Return on plan assets (excluding amounts included in net interest cost)	1,838	(1,451)
Contributions from the employer	1,079	1,112
Contributions from scheme participants	1	1
Benefits paid	(3,669)	(4,783)
Administration cost	-	-
At 31 March 2019	<u>68,817</u>	<u>67,838</u>

J&E Hall Limited

Notes to the financial statements For the year ended 31 March 2019

21. Employee benefits (continued)

The analysis of the fair value of scheme assets at the balance sheet date was as follows:

	2019 £'000	2018 £'000
Equity	26,839	27,135
Bonds	28,215	35,955
Liability driven investment	8,946	-
Property	4,129	4,070
Cash	688	678
	<u>68,817</u>	<u>67,838</u>

The actual return on the Scheme's assets over the year was £385,000. The assets do not include any investment in shares of the Company.

22. Contingent liabilities

At 31 March 2019 bank bonds, indemnities and guarantees issued by Barclays Bank Plc on behalf of the company, amounting to £3,948,538 (2018: £4,954,953), were outstanding with recourse to the company. All the UK resident group companies are jointly and severally liable for all guarantees and all indebtedness to Barclays Bank Plc incurred by the UK Group via a cross guarantee. A list of UK group companies is disclosed in the financial statements of the UK parent company, AAF McQuay UK Limited. The total UK group liability to Barclays Bank Plc, at 31 March 2019, comprising contingent liabilities plus total overdrawn balances less positive account balances amounted to £11,331,000 (2018: £12,665,000).

23. Related party transactions

The company has taken advantage of the exemption available in FRS 102 33.1A, not to disclose transactions with other wholly owned members of Daikin Industries Limited. The consolidated financial statements of Daikin Industries Limited, within which this company is included, can be obtained from the address given in note 24.

24. Parent companies and ultimate controlling party

The company's immediate parent undertaking is AAF McQuay UK Limited, incorporated in England, registered address c/o AAF Ltd, Bassington Lane, Cramlington, Northumberland. The ultimate parent undertaking and controlling party is Daikin Industries Limited, incorporated in Japan.

The largest and smallest group in which results of the company are consolidated is that headed by Daikin Industries Limited. The consolidated financial statements of this group are available to the public and may be obtained from their registered address, Daikin Industries Limited, Umeda Centre Bldg, 2-4-12 Nakazaki Nishi, Kita-Ku, Osaka 530-8323, Japan.