

Consolidated Distribution Holdings, Ltd
Annual Report and Financial Statements
For the year ended 31 December 2022

Registered number: 12128837

SATURDAY



ACHZXX0A

A03

09/12/2023

#168

COMPANIES HOUSE

Consolidated Distribution Holdings, Ltd
Annual Report and Financial Statements
For the year ended 31 December 2022

CONTENTS	Page
Officers and Professional Advisors	1
Strategic Report	2
Directors' Report	4
Directors' Responsibilities Statement	6
Independent Auditor's Report	7
Profit and Loss Account	11
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	12
Notes to the Financial Statements	14

Consolidated Distribution Holdings, Ltd
Officers and Professional Advisors
For the year ended 31 December 2022

Directors

M. J. Scheske
A.R. Schiesl

Company Secretary

M.E. Grummett

Registered Office

PO Box 468
Cross Lane
Tong
Bradford
West Yorkshire
BD4 0SU

Consolidated Distribution Holdings, Ltd is a private company limited by shares and registered in England and Wales.

Auditor

Mazars LLP
100 Queen Street
Glasgow
G1 3DN

Bankers

HSBC plc
62-76 Park Street
London
SE1 9DZ

Consolidated Distribution Holdings, Ltd

Strategic Report

For the year ended 31 December 2022

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

Principal activities

The principal activities of the company are the sale and service of compressor and blower systems and associated equipment mainly to the UK market.

On 1st January 2022 the company completed the purchase of certain assets of Quality Assured Industrial Services Limited ("QA") with a view to continuing the business activities as a going concern. The consideration was £3m with £2.55m payable on completion of the acquisition and £225k being deferred consideration payable one year from the date of acquisition and an additional £225k being deferred consideration payable two years from the date of acquisition.

Financial position, performance, and review of the business

The company's turnover was £32.3m (2021: £21.9m) in 2022. The year-on-year increase of £10.4m in turnover was mainly driven by the 2022 acquisition of QA, contributing £2.1m of turnover, an increase in the turnover of the IBS business by £3.9m, and an increase in the turnover of the ACE business by £2.3m, both of which had a full year's worth of turnover as opposed to a partial year in 2021.

Operating profit was £3.3m (2021: £525k) for the period, mainly driven by margin on sale of goods and rendering of services, offset by the impact of the current global supply chain challenges, resulting in delivery delays.

Goodwill amortisation resulting from the asset purchases of ACBN, Harrier, ACE, Premiair, IBS, PSI, and QA, and amortised over 10 years amounted to £1,480k (2021: £1,078k) in the period.

Finance expenses were £687k (2021: £311k) for the period. The year-on-year increase in finance expenses is mainly driven by intercompany interest relating to funding of the business acquisitions, funded under the group cash pooling agreement.

As a result of the above, the profit before tax was £1,160k (2021 £864k loss).

As a result of the above profit, net assets of the company increased from £3.9m in 2021 to £4.5m in 2022.

The company continues to assess the impact of principal risks and its ability to operate as a going concern. After thorough evaluation of liquidity, available funding, and support from fellow group companies, the directors have concluded that the going concern basis remains appropriate, and there are no significant risks to the balance sheet as of December 31, 2022

Consolidated Distribution Holdings, Ltd

Strategic Report (continued)

For the year ended 31 December 2022

Principal risks and uncertainties

The principal risks and uncertainties affecting the company include:

- Exposure to economic downturns and cyclical markets. However, the company has a diverse product offering and operates in several diverse markets.
- The impact of global supply chain issues creating delivery delays. However, the company has performed robustly so far with strong customer orders.
- Significant or rapid increases in the costs of raw materials or substantial decreases in their availability could adversely affect operating results. However, the company is part of a larger group and is able to benefit from synergies in its purchasing activities.
- Cashflow and liquidity risks are not considered principal risks as the Company is part of a financially strong ultimate parent Company, Ingersoll Rand Inc.

Credit risk is not considered a principal risk due to exposure being spread over a large number of customers with minimal experience of bad debts. These risks are closely monitored and, where appropriate and practical, the directors take steps to minimise the effects of these risks whilst balancing the commercial benefits of taking such risks.

Financial Key Performance indicators

The directors consider the key performance indicators ("KPI's) to be those that reflect the underlying trading performance, stability, and liquidity of the Company. In the current period the directors consider that turnover, operating profit, cash movement and net worth (total net assets) provide the most representative measures of the Company's performance.

Future developments

The business performed well in 2021 and 2022 despite the challenges of global supply chain issues. The business continues to grow in markets such as food production and packaging, universities, power stations and hospitals.

Approved by the Board of Directors and signed on behalf of the Board by:


Mike Scheske (Dec 5, 2023 10:15 EST)

M. J.Scheske
Director

Date: Dec 5, 2023

Consolidated Distribution Holdings, Ltd

Directors' Report

For the year ended 31 December 2022

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

Results for the period

Turnover for the year ended 31 December 2022 year amounted to £32.3m (2021: £21.9m). The profit after taxation was £679k (2021: loss £959k).

Dividends

No interim dividend was paid, and no final dividend is proposed for the year ended 31 December 2022.

Future developments

There were no significant future developments to report.

Research and development

The company did not carry out any research and development during the year.

Going concern

The company continues to assess the impact of principal risks and its ability to operate as a going concern. After thorough evaluation of liquidity, available funding, and support from fellow group companies, the directors have concluded that the going concern basis remains appropriate, and there are no significant risks to the balance sheet as of December 31, 2022.

Directors

The directors who served the company during the period and to the date of this report were as follows:

M.J. Scheske
A. R. Schiesl

The remuneration paid to the directors who held office in the year is disclosed in note 7 to the financial statements.

Director's indemnities

The ultimate parent undertaking, Ingersoll Rand Inc. has made qualifying third party indemnity provisions for the benefit of the directors of the Company which were in force during the year and remain in force at the date of this report.

Subsequent events

There were no subsequent events since the year end.

Consolidated Distribution Holdings, Ltd

Directors' Report (continued)

For the year ended 31 December 2022

Auditor

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

- so far as the directors are aware, there is no relevant audit information of which the auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors 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 information is given, and should be interpreted, in accordance with the provisions of section 418 of the Companies Act 2006.

A resolution to reappoint Mazars LLP as auditor will be put to the member at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board by:

Mike Scheske
Mike Scheske (Dec 5, 2023 10:15 EST)

M. J. Scheske
Director

Date: Dec 5, 2023

Consolidated Distribution Holdings, Ltd

Directors' Responsibilities Statement

For the year ended 31 December 2022

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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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.

Consolidated Distribution Holdings, Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CONSOLIDATED DISTRIBUTION HOLDINGS, LTD

Opinion

We have audited the financial statements of Consolidated Distribution Holdings Limited (the 'Company') for the year ended 31 December 2022 which comprise the Profit & Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Companies Act 2006

Basis for opinion

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Consolidated Distribution Holdings, Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CONSOLIDATED DISTRIBUTION HOLDINGS, LTD

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Consolidated Distribution Holdings, Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CONSOLIDATED DISTRIBUTION HOLDINGS, LTD

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 6, 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 the financial statements.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation and anti-money laundering regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and

Considering the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud.

Consolidated Distribution Holdings, Ltd

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CONSOLIDATED DISTRIBUTION HOLDINGS, LTD

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to goodwill, revenue recognition (which we pinpointed to completeness and cut off), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

Use of the audit 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.

Craig Maxwell
Craig Maxwell (Dec 7, 2023 11:50 GMT)

Craig Maxwell (Senior Statutory Auditor) for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor

100 Queen Street
Glasgow
G1 3DN

Date: Dec 7, 2023

Consolidated Distribution Holdings, Ltd
Profit and Loss Account
For the year ended 31 December 2022

	Notes	2022 £'000	2021 £'000
Turnover	3	32,338	21,900
Cost of sales		(21,377)	(15,003)
Gross profit		10,961	6,897
Other operating income	4	49	19
Other operating expense	5	(7,683)	(6,391)
Operating profit	6	3,327	525
Goodwill amortisation	10	(1,480)	(1,078)
Finance expenses	8	(687)	(311)
Profit (Loss) before taxation		1,160	(864)
Tax on profit (loss)	9	(481)	(95)
Profit (Loss) for the financial year		679	(959)

Statement of Comprehensive Income
For the year ended 31 December 2022

All amounts relate to continuing activities and there are no other items of comprehensive income and as such no separate statement of comprehensive income has been prepared.

Notes to the financial statements on pages 14 to 26 form an integral part of the financial statements.

Consolidated Distribution Holdings, Ltd

Balance Sheet

As at 31 December 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Intangible fixed assets	10	11,816	10,656
Tangible fixed assets	11	1,158	1,621
		<u>12,974</u>	<u>12,277</u>
Current assets			
Stocks	12	5,264	4,507
Debtors	13	9,655	8,925
		<u>14,919</u>	<u>13,432</u>
Creditors: amounts falling due within one year	14	<u>(23,004)</u>	<u>(21,270)</u>
Net current liabilities		<u>(8,085)</u>	<u>(7,838)</u>
Total assets less current liabilities		<u>4,889</u>	<u>4,439</u>
Creditors: amounts falling due after more than one year			
Deferred tax liability	9	-	(71)
Provisions for liabilities	15	(225)	(240)
Amounts falling due under finance leases and hire purchase contracts	16	(134)	(277)
		<u>(359)</u>	<u>(588)</u>
Net assets		<u>4,530</u>	<u>3,851</u>
Capital and reserves			
Called up share capital	17	4,989	4,989
Profit and loss account		<u>(459)</u>	<u>(1,138)</u>
Shareholders' funds		<u>4,530</u>	<u>3,851</u>

Notes to the financial statements on pages 14 to 26 form an integral part of the financial statements.

The financial statements of Consolidated Distribution Holdings, Ltd (registered number 12128837) were approved by the board of directors and authorised for issue and signed on its behalf by:

Mike Scheske
Mike Scheske (Dec 5, 2023 10:15 EST)

M.J. Scheske

Director

Dec 5, 2023

Consolidated Distribution Holdings, Ltd
Statement of Changes in Equity
For the year ended 31 December 2022

	Called up share capital £'000	Profit and loss account £'000	Total £'000
At 1 December 2021	4,989	(179)	4,810
Loss for the period	-	(959)	(959)
Total comprehensive Income	-	(959)	(959)
At 31 December 2021	<u>4,989</u>	<u>(1,138)</u>	<u>3,851</u>
Profit for the period	-	679	679
Total comprehensive Income	-	679	679
At 31 December 2022	<u>4,989</u>	<u>(459)</u>	<u>4,530</u>

Notes to the financial statements on pages 14 to 26 form an integral part of the financial statements.

Consolidated Distribution Holdings, Ltd

Notes to the Financial Statements

For the year ended 31 December 2022

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the period.

General information and basis of accounting

Consolidated Distribution Holdings, Ltd is a private 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 page 2.

The financial statements have been prepared under the historical cost convention, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of Consolidated Distribution Holdings, Ltd is considered to be pounds sterling because that is the currency of the primary economic environment in which the company operates.

Consolidated Distribution Holdings, Ltd 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. Consolidated Distribution Holdings, Ltd is consolidated in the financial statements of its ultimate parent undertaking, Ingersoll Rand Inc., which may be obtained online or from the address in note 19. Exemptions have been taken in these separate company financial statements in relation to financial instruments, presentation of a cash flow statement, remuneration of key management personnel, share based payments and related party transactions.

Going concern

As part of the preparation of the financial statements, the directors have carried out a review with respect to going concern. They have reviewed the cash flow forecasts and the prospects of the business going forward as well as the principal risks and uncertainties detailed in the strategic report

The company is reliant on the support of Gardner Denver Inc., its ultimate operating parent undertaking, to be able to meet its liabilities as they fall due. The directors have received a letter of support from Gardner Denver Inc. which states its intent to provide the necessary financial support to ensure that the company is a going concern for at least twelve months from the date of signing these financial statements. After making enquiries and taking account of the factors noted above, the directors have a reasonable expectation that the company will have access to adequate resources to continue in existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

Intangible assets – goodwill

Goodwill arising on the acquisition of businesses since 19 August 2019, represents the difference between the fair value of the consideration given and the fair value of the identifiable assets and liabilities acquired.

Goodwill arising on the acquisition of assets is capitalised and amortised to the profit and loss over its finite useful life, unless the directors consider that there has been a permanent diminution in value and in which case a provision for impairment is made.

In the absence of specific indicators of the useful life of goodwill arising from business acquisitions and the directors being unable to arrive at a reliable estimate of useful life, the directors have decided to amortise goodwill over a period of 10 years.

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

1. Accounting policies (continued)

Tangible fixed assets and impairment

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided by the company to write off the cost less the estimated residual values of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows:

Motor Vehicles	–	up to 4 years
Leasehold improvements	–	over the term of the lease
Office equipment	–	5-7 years
Fixtures and fittings, plant and machinery	–	5-10 years
No depreciation is provided on freehold land.		

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.

Turnover

Turnover from the sale of goods is recognised on delivery to the customer, when the title and the risks and rewards of ownership have substantially transferred to the customer. The company enters contracts with customers which can include both the manufacture and installation of multiple pieces of equipment. Revenue from a contract to provide asset based services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the Company will receive the consideration due under the contract; the stage of completion of the contract at the end of the reporting period can be measured reliably; and the costs incurred and the costs to complete the contract can be measured reliably

Revenue from the supply of services represents the value of services provided under service maintenance contracts to the extent that there is a right to receive consideration which is recorded at the fair value of the consideration received or receivable.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of variable and fixed manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

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 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. 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.

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

1. Accounting policies (continued)

Taxation (continued)

When the amount that can be deducted for tax for an asset that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the company is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

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.

Foreign currency

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. Foreign exchange gains and losses on the retranslation of overseas branches' non-monetary items are accounted for as other items of comprehensive income within the statement of comprehensive income.

Leases

Finance leases are those which substantially transfer all the risks and rewards of ownership to the lessee. Assets held under such leases are capitalised as tangible fixed assets and depreciation is provided where appropriate. Outstanding finance lease obligations, which comprise principal plus accrued interest, are included within creditors. The finance element of the agreements is charged to the profit and loss account over the term of the lease on a systematic basis. All other leases are treated as operating leases. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

Accounting policies (continued)

Provisions

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

In estimating a provision for deferred consideration payable resulting from business acquisitions and where the future amount payable depends on revenue levels the provision is estimated as being a best estimate of the amount payable in future periods.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price and subsequently at amortised cost.

Other Items

Items of income and expenditure may be classified and disclosed separately on the face of the profit and loss account where they are considered material in relation to other items of income and expenditure and expected to be non-recurring in nature.

Government Grants

Government Grants (including those in relation to the "Coronavirus Job Retention Scheme") are included in other income and are recognised on a systematic basis over the period in which the entity recognises the related costs for which the grant is intended to compensate.

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.

Provisions for impairment of inventories and debtors require a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of inventories and debtors and other factors that may indicate impairment.

Goodwill is amortised over its useful life and subject to an impairment review when there are indicators of impairment.

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. There are no key sources of estimation uncertainty.

Critical judgements in applying the company's accounting policies

The remaining useful economic lives of goodwill are critical judgements made by the directors. In the absence of specific indicators of the useful life of goodwill arising from business acquisitions and the directors being unable to arise at a reliable estimate of useful life, the directors have decided to amortise goodwill over a period of 10 years.

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

3. Turnover

The turnover is attributable to the principal activity and represents income earned in the normal course of business. An analysis of the company's turnover by geographical market is set out below.

	2022	2021
	£'000	£'000
United Kingdom	27,451	20,387
Rest of Europe	1,893	648
Other	2,993	865
	<u>32,338</u>	<u>21,900</u>

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

	2022	2021
	£'000	£'000
Sale of goods	14,423	8,985
Rendering of services	17,914	12,915
Total revenue	<u>32,338</u>	<u>21,900</u>

4. Other operating income

	2022	2021
	£'000	£'000
Gain on sale of tangible fixed assets	45	14
Rental income	4	5
Other operating income	<u>49</u>	<u>19</u>

5. Other operating expenses

	2022	2021
	£'000	£'000
Selling and marketing expenses	4,769	3,938
Administrative expenses	2,914	2,453
Other operating expenses	<u>7,683</u>	<u>6,391</u>

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

6. Operating profit

The operating profit is stated after charging/(crediting):	2022	2021
	£'000	£'000
Audit fees – financial statements	55	20
Depreciation		
- owned fixed assets	438	360
- leased fixed assets	102	216
(Profit) on sale of fixed assets	(45)	(14)
Goodwill amortisation	1,480	1,078
Operating lease rentals:		
– plant and machinery	-	17
– land and buildings	412	293
– other	199	102
Impairment of slow moving and obsolete stock	265	137
Foreign exchange (gains) losses	(43)	6

7. Directors' remuneration and staff costs

The company does not employ any individuals in its own right but is recharged for employment related services from a fellow subsidiary undertaking, Gardner Denver Group Services Limited. The company directors are remunerated through another company within the group, Gardner Denver Inc. The directors were not remunerated for their services to this Company as it was not possible to allocate their services to the Company.

8. Finance expense (net)

	2022	2021
	£'000	£'000
Interest payable and similar expenses:		
To fellow group companies	670	284
Interest on obligations under finance leases	17	27
Total interest payable and similar expenses	<u>687</u>	<u>311</u>
Finance expense (net)	<u><u>687</u></u>	<u><u>311</u></u>

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

9. Tax on profit

The tax charge comprises:

	2022	2021
	£'000	£'000
Current tax		
UK corporation tax on profits for the period	631	59
Adjustment in respect of previous periods	(59)	-
Total current tax	<u>572</u>	<u>59</u>
Deferred tax		
Deferred tax – origination and reversal of timing differences	(44)	19
Adjustment in respect of previous periods	(33)	-
Effect of changes in tax rates	(14)	17
Total deferred tax	<u>(91)</u>	<u>36</u>
Total tax per income statement	<u><u>481</u></u>	<u><u>95</u></u>

The standard rate of tax applied to the reported profit is 19.0% (2021: 19.0%). From 1 April 2023, the standard rate of corporation tax is expected to increase to 25%.

Reconciliation of tax charge

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

	2022	2021
	£'000	£'000
Profit (loss) for the period	<u>1,160</u>	<u>(864)</u>
Tax on Profit (loss) at standard UK tax rate of 19.00% (2021: 19.00%)	220	(164)
<i>Effects of:</i>		
Expense not deductible	367	242
Adjustment from previous periods	(92)	-
Tax rate changes	(14)	17
Total tax charge for the period	<u><u>481</u></u>	<u><u>95</u></u>

Income tax expense reported in the income statement	481	95
---	-----	----

Provision for deferred tax

	2022	2021
	£'000	£'000
Provision at the start of the period	<u>71</u>	<u>35</u>
Adjustment in respect of prior year	(33)	-
Deferred tax charge to income statement for the period	(59)	36
Provision at end of period	<u><u>(20)</u></u>	<u><u>71</u></u>

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

10. Intangible fixed assets

	Goodwill	Total
	£'000	£'000
Cost		
As at 1 January 2022	12,474	12,474
Additions on acquisition of businesses	2,880	2,880
Fair value adjustments	(240)	(240)
At 31 December 2022	<u>15,114</u>	<u>15,114</u>
Amortisation		
As at 1 January 2022	1,818	1,818
Charge for the period	1,536	1,536
Fair value adjustments	(56)	(56)
At 31 December 2022	<u>3,298</u>	<u>3,298</u>
Net book value		
At 31 December 2022	<u>11,816</u>	<u>11,816</u>
At 31 December 2021	<u>10,656</u>	<u>10,656</u>

The individual business acquisitions, their fair values and goodwill amortised to date are outlined in the table below

	Quality Assured	Total
	£'000	£'000
<i>Fair value of assets acquired</i>		
Stocks	60	60
Motor Vehicles	50	50
Office Equipment	10	10
Fair value of assets acquired at 31 Dec 2022	<u>120</u>	<u>120</u>
<i>Consideration on acquisition</i>		
Cash paid	2,550	2,550
Deferred consideration	450	450
Total consideration at 31 Dec 2022	<u>3,000</u>	<u>3,000</u>
Goodwill arising on acquisition	<u>2,880</u>	<u>2,880</u>
Goodwill amortised to 31 Dec 2022	<u>288</u>	<u>288</u>
Carrying value at 31 Dec 2022	<u>2,592</u>	<u>2,592</u>

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

11. Tangible fixed assets

	Motor vehicles £'000	Leasehold improvements £'000	Office equipment £'000	Fixtures, fittings, plant and machinery £'000	Total £'000
Cost					
As at 1 January 2022	475	87	130	1,576	2,268
On acquisition of business	50	-	10	-	60
Additions	-	-	-	23	23
Disposals	(52)	-	-	-	(52)
At 31 December 2022	473	87	140	1,599	2,299
Depreciation					
As at 1 January 2022	221	39	54	333	647
Charge for the period	139	24	26	351	540
Disposals	(46)	-	-	-	(46)
At 31 December 2022	314	63	80	684	1,141
Net book value					
At 31 December 2022	159	24	60	915	1,158
At 31 December 2021	254	48	76	1,243	1,620

Included in the net book value of £1,158k is £299k (2021 £488k) relating to assets held under hire purchase or finance lease agreements.

12. Stocks

	2022 £'000	2021 £'000
Work in progress	452	578
Finished goods	4,812	3,929
	<u>5,264</u>	<u>4,507</u>

No stock was pledged as security for actual or contingent liabilities. There is no significant difference between the replacement cost of stocks and their carrying amounts. An impairment loss of £265k (2021: £137k) has been recognised in the profit or loss account in relation to slow moving stock.

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

13. Debtors

Amounts falling due within one year

	2022	2021
	£'000	£'000
Trade debtors	9,012	6,070
Amounts owed by group undertakings	315	17
Prepayments	279	219
Deferred taxation (note 9)	20	-
Other receivables	29	2,619
	<u>9,655</u>	<u>8,925</u>

No debtors are secured.

14. Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	983	1,490
Amounts owed to fellow group undertakings	18,343	16,469
Corporation tax	631	59
VAT	605	567
Accruals & deferred income	2,041	1,360
Other creditors	236	1,114
Amounts falling due under finance leases and hire purchase contracts	165	211
	<u>23,004</u>	<u>21,270</u>

Other creditors include £225k (2021 £1,114k) deferred consideration payable relating to business acquisitions. The 2022 balance of £225k is payable in 2023 relating to the QA acquisition in 2022.

Other amounts owed to group undertakings include an amount of £18,343k (2021 £16,469k) under a group cash pooling agreement that bears interest at 6.75% (2021 3.35%) per annum and is repayable on demand. Other amounts owed to group undertaking are trading in nature and do not bear interest. No security has been pledged in respect of any creditors falling due within one year.

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

15. Provisions for liabilities

	£'000	Total £'000
At 1 January 2022	240	240
On acquisition of business	225	225
Write off 2022 Deferred consideration	(240)	(240)
At 31 December 2022	<u>225</u>	<u>225</u>

The company has provided for £225k deferred consideration payable relating to the January 2022 QA acquisition.

The company wrote off £240k deferred consideration payable relating to the August 2020 Harrier acquisition which no longer became payable based on the revenue Harrier achieved in 2021.

16. Amounts falling due under finance leases and hire purchase contracts

Future minimum lease payments fall due as follows:

	2022 £'000	2021 £'000
Within one year	165	222
Later than one year but within five years	134	280
Later than five years	-	-
Total	<u>299</u>	<u>502</u>
Future finance costs	-	(14)
Lease liability	<u>299</u>	<u>488</u>

Analysed as follows:

	2022 £'000	2021 £'000
Current portion	165	211
Long term portion	134	277
Total lease liability	<u>299</u>	<u>488</u>

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

17. Called up share capital

	<i>No.</i>	2021 £'000		<i>No.</i>	2021 £'000
Allotted, called up and fully paid ordinary shares of £1 each	4,988,500	4,989		4,988,500	4,989
		<u>4,989</u>			<u>4,989</u>

There is only one class of ordinary shares and there are no particular rights attached to them.

18. Operating lease commitments

At 31 December 2022 the company had total future minimum lease payments under non-cancellable operating leases as set out below:

2022	Land and buildings £'000	Motor vehicles £'000	Other £'000	Total £'000
- within one year	387	70	5	462
- within two to five years	962	71	8	1,041
- more than five years	504	-	-	504
	<u>1,853</u>	<u>141</u>	<u>13</u>	<u>2,007</u>

At 31 December 2021 the company had total future minimum lease payments under non-cancellable operating leases as set out below:

2021	Land and buildings £'000	Motor vehicles £'000	Other £'000	Total £'000
- within one year	415	126	-	541
- within two to five years	1,075	81	-	1,156
- more than five years	696	-	-	696
	<u>2,186</u>	<u>207</u>	<u>-</u>	<u>2,393</u>

Consolidated Distribution Holdings, Ltd
Notes to the Financial Statements (continued)
For the year ended 31 December 2022

19. Ultimate controlling party

At the balance sheet date the company's immediate parent undertaking was Gardner Denver Ltd, a company registered in England and Wales with its registered office at PO Box 468, Cross Lane, Tong, Bradford, West Yorkshire, BD4 0SU.

At this time the Company's ultimate parent undertaking and ultimate controlling party was Ingersoll Rand Inc., with its registered office at 800-A Beaty Street, Davidson, North Carolina 28036, USA, incorporated in the USA, and its results are included in the financial statements of that company. Ingersoll Rand Inc. is the smallest and the largest group into which the Company is consolidated. The group financial statements of Ingersoll Rand Inc., are available online or on request from Gardner Denver International Limited, at its registered office, at PO Box 468, Cross Lane, Tong, Bradford, West Yorkshire, BD4 0SU.

20. Related party transactions

The company has taken advantage of the exemption provided by FRS 102 s33.1A whereby disclosures need not be given of any transaction entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

21. Subsequent events

There were no material events or significant events after the reporting date that would require disclosure of adjustments in the financial statements.