Coolair Equipment Limited

Registered number: 02883010

Annual report and financial statements

For the year ended 31 December 2021

COOLAIR EQUIPMENT LIMITED

COMPANY INFORMATION

Directors	J Otterson H Sharratt A Garstang J Garstang P Evans J Denman S Waters (appointed 1 June 2022) L Moores (appointed 1 June 2022) C Jackson (appointed 1 June 2022) N Allpress (appointed 1 June 2022)
Company secretary	H Sharratt
Registered number	02883010
Registered office	Coolair House Globe Lane Broadway Dukinfield Cheshire SK16 4UJ
Independent auditor	Mazars LLP Chartered Accountants & Statutory Auditor One St Peter's Square Manchester M2 3DE
Bankers	National Westminster Bank plc 1 Spinningfields Square Deansgate Manchester M3 3AP

COOLAIR EQUIPMENT LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The Directors present their Strategic Report for Coolair Equipment Limited ("Coolair") for the year ended 31 December 2021.

Business review

The focus of the business is the supply, installation, service and maintenance of air conditioning systems and commercial heating products.

Following a return to normal levels of turnover and profitability by September 2020 after various COVID lockdowns, this trend continued for the first quarter of 2021. However, during quarters 2 and 3 the company saw the departure of a number of experienced employees to other roles both within and outside of the sector. This led to a Board review of our long-term strategic plan with a view to not simply replacing lost turnover but to diversifying both in employee skill set and market sectors targeted. A successful recruitment drive began in quarter 4 of 2021 and continues. The impact of these departures however has resulted in both turnover and profitability falling below original expectations.

Throughout 2021 cash flow remained healthy and bad debts were minimal. All bad and doubtful debts are fully provided against in line with our standard policy. Coolair continued to trade without reliance on bank finance.

Principal risks and uncertainties

Impact of Brexit

The Directors continue to assess the implications of the United Kingdom's withdrawal from the European Union. However no significant direct implications have been noted to date nor are any expected.

Impact of Covid-19

The impacts of the COVID-19 pandemic remains a risk and, as noted above, the Company continues to monitor the ongoing developments and will act as deemed necessary.

Financial key performance indicators

In addition to the universal KPIs of turnover and gross margin the company considers its specific KPIs to be

- Order levels
- Sales generated per salesman
- Average cash levels

Levels of secured orders are crucial to short-term planning of labour requirements & purchasing levels but more importantly provide the key indication of upturn or downturn in future workload, enabling management to react quickly and make appropriate changes on a strategic level. Average monthly order levels over the last 5 years have been £6.4M (2020 £7.0M) and levels at each of the last two year-ends were:

	December 2021	December 2020
Secured orders	£5,345,988	£5,734,769

Coolair firmly believe that our sales force is our best asset. Average sales per salesman is an indicator of the state of the market plus when this figure drops it also indicates that there may be problems with individual performance which need to be rectified. We would not expect this figure to drop below £1M without good reason, and at each of the last two year ends the levels were:

	December 2021	December 2020
Average sales per salesman	£1.12M	£1.29M

Coolair trade with no reliance on external debt. Average monthly cash levels are the key indicator not just of trading conditions but of the strength and durability of our customer base. Average cash holdings (measured on a monthly basis) over the last 5 years have been £269,855 (down from £274,215 last year) and holdings at each of the last two year-ends were:

	December 2021	December 2020
Average monthly cash balance	£97,679	£483,960

Whilst the COVID19 pandemic is unlikely to reach a definitive end in the near future, the Board are optimistic about the long-term future growth and direction of Coolair. The company was fortunate to be able to continue to trade from all three offices (albeit with reduced occupancy levels) through all lockdowns. Although significant investment has been made in IT hardware and infrastructure to allow remote working with no detriment to our customers, all offices have returned to full capacity, with flexible working patterns offered to all staff but rarely taken up.

This report was approved by the board on Nov 29, 2022 and signed on its behalf.

HELEN SHARRATT
HELEN SHARRATT (Nov 29, 2022 13:00 GMT)

H Sharratt
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their report and the financial statements for the year ended 31 December 2021.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Results and dividends

The loss for the year, after taxation, amounted to £253,080 (2020: profit £393,507).

The Directors proposed that no dividends shall be paid in 2021 (2020: £Nil).

Directors

The Directors who served during the year were:

J Otterson
H Sharratt
A Garstang
J Garstang
P Evans (appointed 2 July 2021)
D Flint (appointed 1 November 2021, resigned 28 October 2022)
N Gibbard (resigned 16 July 2021)
J Denman
S Waters (appointed 1 June 2022)
L Moores (appointed 1 June 2022)
C Jackson (appointed 1 June 2022)
N Allpress (appointed 1 June 2022)

Going concern

These financial statements have been prepared on a going concern basis. The current economic conditions present risks for all businesses. In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projections for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

The directors have confirmed that they believe that Coolair Equipment Limited is financially secure and has more than adequate resources to trade successfully. Both demand from existing customers and the Company's current enquiry level remain strong. The Company has a number of banking facilities available to them to cover any additional funding requirements should these be needed. The Statement of Financial Position is strong reflecting a net current asset position.

Based on this assessment, the directors consider that the Company maintains an appropriate level of liquidity sufficient to meet the demands of the business.

In addition, the Company's assets are assessed for recoverability on a regular basis, the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

Future developments

The Board are optimistic about the long term future growth and direction of Coolair and have developed a Mission Statement: "To create the ideal indoor environment for people to live, work and play, now and always." This emphasises our commitments to:-

- partnering with our customers and suppliers to provide the best solutions for their needs;
- quality installation and after care of both cooling and heating products in the commercial environment; and
- sustainability of both the environment and of Coolair as a company long into the future.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all the steps that ought to have been taken as Directors in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The auditor, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

This report was approved by the board and signed on its behalf.

HELEN SHARRATT
HELEN SHARRATT (Nov 29, 2022 13:00 GMT)

H Sharratt
Director

Date: Nov 29, 2022

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOLAIR EQUIPMENT LIMITED

Opinion

We have audited the financial statements of Coolair Equipment Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the 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 2021 and of its loss 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.

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 there is 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COOLAIR EQUIPMENT LIMITED

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 intend either 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.

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, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

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.

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 override of controls) and determined that the principal risks were 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 debtor provisions, revenue recognition (which we pinpointed to the write off assertion) 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.

Christopher Martin

Christopher Martin (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor
One St Peter's Square
Manchester
M2 3DE

Date: Nov 29, 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	**4**	17,913,699	21,977,836
Cost of sales		(14,769,194)	(18,318,206)
Gross profit		3,144,505	3,659,630
Administrative expenses		(3,447,135)	(3,415,050)
Other operating income	**5**	42,511	268,378
Operating (loss)/profit	**6**	(260,119)	512,958
Interest receivable and similar income	**10**	790	4,844
Interest payable and similar expenses	**11**	(5,704)	(2,231)
(Loss)/profit before tax		(265,033)	515,571
Tax on (loss)/profit	**12**	11,953	(122,064)
(Loss)/profit for the financial year		(253,080)	393,507

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 13 to 29 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note		2021 £		2020 £
Fixed assets					
Tangible assets	**13**		899,285		940,588
			899,285		940,588
Current assets					
Stocks	**14**	18,219		18,905	
Debtors: amounts falling due after more than one year	**15**	634,832		852,642	
Debtors: amounts falling due within one year	**15**	4,234,462		5,365,636	
Cash at bank and in hand	**16**	1,162,431		1,831,302	
		6,049,944		8,068,485	
Creditors: amounts falling due within one year	**17**	(2,398,203)		(4,245,569)	
Net current assets			3,651,741		3,822,916
Total assets less current liabilities			4,551,026		4,763,504
Creditors: amounts falling due after more than one year	**18**		-		(15,000)
Provisions for liabilities					
Deferred tax	**19**	(55,602)		-	
			(55,602)		-
Net assets			4,495,424		4,748,504
Capital and reserves					
Called up share capital	**20**		76,000		76,000
Capital redemption reserve	**21**		24,000		24,000
Profit and loss account	**21**		4,395,424		4,648,504
			4,495,424		4,748,504

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

HELEN SHARRATT
HELEN SHARRATT (Nov 29, 2022 13:00 GMT)

H Sharratt
Director

Date: Nov 29, 2022

The notes on pages 13 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2020	76,000	24,000	4,254,997	4,354,997
Comprehensive income for the year				
Profit for the year	-	-	393,507	393,507
Total comprehensive income for the year	-	-	393,507	393,507
At 1 January 2021	76,000	24,000	4,648,504	4,748,504
Comprehensive income for the year				
Loss for the year	-	-	(253,080)	(253,080)
Total comprehensive income for the year	-	-	(253,080)	(253,080)
At 31 December 2021	76,000	24,000	4,395,424	4,495,424

The notes on pages 13 to 29 form part of these financial statements.

1. General information

Coolair Equipment Limited ('the Company') is a private company limited by shares incorporated in England and Wales (registered number 02883010). The address of the registered office and principal place of business is:

Coolair House
Globe Lane
Broadway
Dukinfield
Cheshire
SK16 4UJ

The Company is a wholly-owned subsidiary of Coolair Management Company Limited, a Company which is incorporated in England and Wales. The ultimate parent undertaking is Generation Two Limited, a Company also incorporated in England and Wales.

The principal activity of the Company is the supply and installation of air conditioning systems and commercial heating products.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

These financial statements have been presented in pound sterling which is the functional currency of the Company, and rounded to the nearest £.

The following principal accounting policies have been applied:

2. Accounting policies (continued)

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Generation Two Limited as at 31 December 2021 and these financial statements may be obtained from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

2.3 Going concern

These financial statements have been prepared on a going concern basis. The current economic conditions present risks for all businesses. In response to such conditions, the directors have carefully considered these risks, including an assessment of uncertainty on future trading projections for a period of at least 12 months from the date of signing the financial statements, and the extent to which they might affect the preparation of the financial statements on a going concern basis.

The directors have confirmed that they believe that Coolair Equipment Limited is financially secure and has more than adequate resources to trade successfully. Both demand from existing customers and the Company’s current enquiry level remain strong. The Company has a number of banking facilities available to them to cover any additional funding requirements should these be needed. The Statement of Financial Position is strong reflecting a net current asset position.

Based on this assessment, the directors consider that the Company maintains an appropriate level of liquidity sufficient to meet the demands of the business.

In addition, the Company's assets are assessed for recoverability on a regular basis, the directors consider that the Company is not exposed to losses on these assets which would affect their decision to adopt the going concern basis.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties that lead to significant doubt upon the Company's ability to continue as a going concern. Thus the directors have continued to adopt the going concern basis of accounting in preparing these financial statements.

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide 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.

2.5 Government grants

The UK government has offered a range of financial support packages to help companies, including government backed financing arrangements, furlough schemes, deferment of VAT payments and, for some sectors, business rates holidays. Of the offered schemes, the company used the furlough scheme. The income from the furlough scheme has been recognised within 'Other operating income'. They are recognised when the entity has reasonable assurance that they will comply with the conditions attaching the grant, and that the grant will be received. The accrued element of grants is included in debtors as accrued income.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2. Accounting policies (continued)

2.11 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 4%
Leasehold improvements	- 4%
Motor vehicles	- 33%
Fixtures & fittings	- 20%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.12 Operating leases: Lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.13 Operating leases: Lessor

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

2.15 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

2. Accounting policies (continued)

2.16 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.18 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the reporting date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2. Accounting policies (continued)

2.20 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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.

The critical judgements that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment
In assessing whether there have been any indicators of impaired assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(i) Recoverability of debtors
The Company establishes a provision for debtors that are estimated not to be recoverable. When assessing recoverability the directors consider the ageing of the debtors, past experience of recoverability, the credit profile of the client plus any known contractual problems. Provision is made for all debtors in dispute with clients, plus all retentions exceeding three years in age. Debtors impaired during the year amounted to £154,720 (2020: £56,000). Refer note 15.

(ii) Determining residual values and useful economic lives of property, plant and equipment

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be made by management. See note 2.11 for the rates used and note 13 for the value of depreciation charged during the period.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Installation of air conditioning	16,701,248	20,982,661
Aftersales servicing	1,212,451	995,175
	17,913,699	21,977,836

All turnover arose within the United Kingdom.

5. Other operating income

	2021 £	2020 £
Government grants income	42,511	268,378

6. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021 £	2020 £
Depreciation of tangible fixed assets	78,654	72,868
Defined contribution pension cost	269,614	177,672
Other operating lease rentals	76,960	106,180

7. Auditor's remuneration

	2021 £	2020 £
Fees payable to the Company's auditor for the audit of the Company's annual financial statements	26,250	22,500

Fees payable to the Company's auditor in respect of:

	2021 £	2020 £
Other services relating to taxation	3,300	3,100
All other services	5,050	4,850
	8,350	7,950

8. Employees

Staff costs, including Directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	2,813,458	3,111,494
Social security costs	273,934	268,779
Cost of defined contribution scheme	269,614	177,672
	3,357,006	3,557,945

The average monthly number of employees, including the Directors, during the year was as follows:

	2021 No.	2020 No.
Engineers	29	32
Warehouse and distribution	-	1
Sales	14	18
Management and administration	16	22
	59	73

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	511,573	328,940
Company contributions to defined contribution pension schemes	52,199	53,500
	563,772	382,440

During the year retirement benefits were accruing to 5 Directors (2020 - 5) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £144,921 (2020 - £100,917).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £15,400 (2020 - £13,700).

10. Interest receivable

	2021 £	2020 £
Other interest receivable	790	4,844

11. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	5,704	2,231

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	148,204
Adjustments in respect of previous periods	(104,684)	16,804
Total current tax	(104,684)	165,008
Deferred tax		
Origination and reversal of timing differences	104,456	(25,980)
Adjustment for prior period	-	(16,964)
Effect of tax rate change on opening balance	(11,725)	-
Total deferred tax	92,731	(42,944)
Taxation on (loss)/profit on ordinary activities	(11,953)	122,064

12. Taxation (continued)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	(265,033)	515,571
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(50,356)	97,958
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	13,842	16,155
Fixed assets differences	10,610	8,109
Adjustments to tax charge in respect of prior periods	(104,684)	16,804
Adjustments to tax charge in respect of prior periods - deferred tax	-	(16,962)
Remeasurement of deferred tax for changes in tax rates	13,344	-
Losses carried back	104,687	-
Other differences leading to an increase (decrease) in the tax charge	604	-
Total tax charge for the year	(11,953)	122,064

Factors that may affect future tax charges

The UK Government announced in the 2021 budget that from 1 April 2023, the rate of corporation tax in the United Kingdom will increase from 19% to 25%. Companies with profits of £50,000 or less will continue to be taxed at 19%, which is a new small profits rate. Where taxable profits are between £50,000 and £250,000, the higher 25% rate will apply but with a marginal relief applying as profits increase. As this was enacted post year end this is considered to be a non-adjusting post balance sheet event.

13. Tangible fixed assets

	Freehold property £	Leasehold improvements £	Fixtures & fittings £	Total £
Cost or valuation				
At 1 January 2021	1,223,792	84,910	294,534	1,603,236
Additions	19,529	-	17,822	37,351
At 31 December 2021	1,243,321	84,910	312,356	1,640,587
Depreciation				
At 1 January 2021	370,592	72,480	219,576	662,648
Charge for the year	48,761	3,396	26,497	78,654
At 31 December 2021	419,353	75,876	246,073	741,302
Net book value				
At 31 December 2021	823,968	9,034	66,283	899,285
At 31 December 2020	853,200	12,430	74,958	940,588

14. Stocks

	2021 £	2020 £
Finished goods and goods for resale	18,219	18,905

15. Debtors

	2021 £	2020 £
Due after more than one year		
Trade debtors	634,832	852,642

	2021 £	2020 £
Due within one year		
Trade debtors	3,637,194	4,921,995
Other debtors	335,414	197,175
Prepayments and accrued income	157,167	209,337
Tax recoverable	104,687	-
Deferred taxation	-	37,129
	4,234,462	5,365,636

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,162,431	1,831,302
Less: bank overdrafts	(133,581)	-
	1,028,850	1,831,302

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Bank overdrafts	133,581	-
Trade creditors	1,598,454	2,828,971
Corporation tax	-	148,201
Other taxation and social security	122,471	705,175
Other creditors	-	25,000
Accruals and deferred income	543,697	538,222
	2,398,203	4,245,569

National Westminster Bank PLC has a fixed and floating charge over all assets of the company.

The bank overdraft is secured over the land & buildings adjacent to Coolair House (Title No. GM585275, MAN41978, GM461358).

18. Creditors: Amounts falling due after more than one year

	2021 £	2020 £
Other creditors	-	15,000

19. Deferred taxation

	2021 £	2020 £
At beginning of year	37,129	(5,815)
(Credited)/charged to profit or loss	(92,731)	42,944
At end of year	(55,602)	37,129

The deferred taxation balance is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(55,602)	(40,745)
Short term timing differences	-	77,874
	(55,602)	37,129

20. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
76,000 (2020 - 76,000) Ordinary shares of £1.00 each	76,000	76,000

Each ordinary share carries the right to receive dividends and one ordinary vote in shareholder meetings.

21. Reserves

Capital redemption reserve

The capital redemption reserve represents the historic purchase of own shares.

Profit & loss account

This reserve represents the cumulative profits and losses less dividends received.

22. Pension commitments

The Company operates a defined contribution pension scheme for the benefit of employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge for the year represents contributions payable by the Company to the fund and amounted to £269,614 (2020: £177,672). There were outstanding contributions of £nil (2020: £2,275) at the end of the year which are included within creditors.

23. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	136,322	147,948
Later than 1 year and not later than 5 years	90,148	224,031
Later than 5 years	-	2,438
	226,470	374,417

Operating lease expenses in the year totalled £76,960 (2020: £106,180).

24. Related party transactions

The Company is a wholly-owed member of Generation Two Limited and as such has taken advantage of the exemption permitted by Section 33 Related Party Disclosures of FRS 102, not to provide disclosures of transactions entered into with other wholly-owed members of the Group.

There are considered to be no key management personnel other than the Directors. Directors remuneration is disclosed in note 9.

25. Controlling party

The immediate parent is Coolair Management Company Limited, a company incorporated in England and Wales, who own 100% of the share capital of Coolair Equipment Limited. Copies of the parent company accounts are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate parent undertaking of Coolair Equipment Limited is Generation Two Limited, a company incorporated in England and Wales, who own 100% of the share capital of Coolair Management Company Limited. The registered address of Generation Two Limited is Coolair House, Globe Lane, Dukinfield, Cheshire, SK16 4UJ.

Coolair Equipment Limited

Management information

For the year ended 31 December 2021

DETAILED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 £	2020 £
Turnover	17,913,699	21,977,836
Cost Of Sales	(14,769,194)	(18,318,206)
Gross profit	3,144,505	3,659,630
Other operating income	42,511	268,378
Less: overheads		
Administration expenses	(3,447,135)	(3,415,050)
Operating (loss)/profit	(260,119)	512,958
Interest receivable	790	4,844
Interest payable	(5,704)	(2,231)
Tax on (loss)/profit on ordinary activities	11,953	(122,064)
(Loss)/Profit for the year	(253,080)	393,507

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Turnover		
Sales	16,701,248	20,982,661
Sales - UK	1,212,451	995,175
	17,913,699	21,977,836

	2021	2020
	£	£
Cost of sales		
Purchases - raw materials	13,706,768	17,163,445
Wages and salaries	1,062,426	1,154,761
	14,769,194	18,318,206

	2021	2020
	£	£
Other operating income		
Government grants receivable	42,511	268,378

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Administration expenses		
Directors national insurance	54,259	39,987
Directors salaries	494,432	311,380
Directors private health insurance	17,141	17,560
Directors pension costs	52,199	53,500
Staff salaries	1,224,795	1,613,096
Staff private health insurance	14,664	14,697
Staff national insurance	219,675	228,792
Staff pension costs	217,415	124,172
Staff training	18,183	20,658
Staff welfare	3,467	4,812
Motor running costs	72,631	89,732
Entertainment	72,854	35,577
Printing and stationery	28,504	35,504
Postage	12,232	8,800
Telephone and fax	30,639	39,439
Computer costs	180,840	164,176
Advertising and promotion	68,485	12,106
Legal and professional	117,057	96,126
Auditors' remuneration	34,800	32,950
Equipment hire	14,545	48,781
Bank charges	15,265	13,435
Bad debts	154,720	56,436
Sundry expenses	8,495	6,984
Rent - non-operating leases	62,415	57,399
Light and heat	25,311	20,894
Cleaning	22,212	32,309
Service charges	15	-
Insurances	125,427	146,301
Repairs and maintenance	45,804	55,951
Depreciation - fixtures and fittings	26,497	21,065
Depreciation - freehold property	39,881	39,754
Depreciation - leasehold property	12,276	12,277
Other admin costs	(40,000)	(39,600)
	3,447,135	3,415,050

SCHEDULE TO THE DETAILED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Interest receivable		
Bank interest receivable	790	3,844
Other interest receivable	-	1,000
	790	4,844

	2021	2020
	£	£
Interest payable		
Bank overdraft interest payable	5,704	2,231