Registered number: 02883010

Coolair Equipment Limited

Annual report and financial statements

For the year ended 31 December 2022

Coolair Equipment Limited

Company Information

Directors	J Otterson H Sharratt A Garstang J Garstang P Evans 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 auditors	Hurst Accountant Limited Chartered Accountants & Statutory Auditors Lancashire Gate 21 Tiviot Dale Stockport SK1 1TD
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 2022

Introduction

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

Business review

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

A number of senior staff departures during 2021 saw trading results adversely impacted for that year. As a result, a new three-year plan was developed mid-way through 2021 with 2022 being Year 1, a year of investment and recruitment. Years 2 & 3 will build on these investments in new sales teams to show a return to acceptable levels of profitability by the close of Year 3. The Board are pleased to report that this plan is progressing well and producing results in line with expectations. The end of 2022 saw a dramatic increase in contracted work with the outstanding order book reaching a historic high in excess of £10M early in 2023. This is the combined result of a larger sales force, operating in previously untapped areas of the UK and a handful of large prestige contracts being secured.

In spring 2023 the decision was taken to close the company’s Cannock office, and to instead cover this region jointly from the Northern and Southern bases. This removed the duplication of resources to cover this central region and results in costs savings moving in to 2024 and beyond.

Principal risks and uncertainties

The Company uses financial instruments including cash, a bank overdraft and other items including trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the Company to a number of financial risks, which are described in further detail below.

Liquidity risk
The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash safely and profitably.

Credit risk
The Company's principal financial assets are cash deposits, cash, trade debtors and intercompany debtors. The credit risk associated with cash and intercompany debtors is limited. The principal credit risk arises, therefore, from its trade debtors.

In order to manage credit risk, the directors set limits for customers based on a combination of payment history and third party references. Credit limits are reviewed by the credit controller on a regular basis in conjunction with debt ageing and credit history.

Contract Profitability
Management review all contracts on a monthly basis relevant to both actual and forecasted costs to complete and report against anticipated gross margin, investigating variances against budget.

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 £6.3m (2021: £6.4m) and levels at each of the last two year-ends were:

	December 2022	**December 2021**
Secured orders	£9,883,596	£5,345,988

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 2022	**December 2021**
Average sales per salesman	£1.28M	£1.12M

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 £47,483 (down from £269,855 last year) and holdings at each of the last two year-ends were:

	December 2022	**December 2021**
Average monthly cash balace	(£137,777)	£97,679

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

H Sharratt

H Sharratt
Director

Date:
25 Sep 2023

Directors' Report
For the year ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Directors

The directors who served during the year were:

J Otterson
H Sharratt
A Garstang
J Garstang
P Evans
J Denman (resigned 13 June 2023)
S Waters (appointed 1 June 2022)
L Moores (appointed 1 June 2022)
C Jackson (appointed 1 June 2022)
N Allpress (appointed 1 June 2022)
D Flint (resigned 28 October 2022)

Results and dividends

The loss for the year, after taxation, amounted to £1,930,431 *(2021 - as restated - loss £113,515)*.

The Directors proposed that no dividends shall be paid in 2022 (2021: £NIL).

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.

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 auditors

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

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

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Hurst Accountants Limited were appointed after the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

H Sharratt

H Sharratt
Director

Date: 25 Sep 2023

Independent auditors' 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 2022, which comprise the statement of income and retained earnings, the statement of financial position and the related notes, 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 Financial Reporting Standard 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 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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 auditors' 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.

Independent auditors' report to the members of Coolair Equipment Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the 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 the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report 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.

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 either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Independent auditors' report to the members of Coolair Equipment Limited (continued)

Auditors' 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 auditors' 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.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Identifying and assessing potential risks related to irregularities

In identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and noncompliance with laws and regulations, we considered the following:

- The nature of the industry and sector, control environment and business performance including key drivers for directors' remuneration, bonus levels and performance targets.
- Enquiring of local management and parent company management, including obtaining and reviewing supporting documentation, concerning the Company's policies and procedures relating to:
    - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected of alleged fraud;
    - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- Discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud;
- Obtaining an understanding of the legal and regulatory frameworks that the Company operates in, focusing on those laws and regulations that had a direct effect on the financial statements, such as the Companies Act 2006, pensions and tax legislation, or that had a fundamental effect on the operations of the Company, including General Data Protection requirements, Anti-bribery and corruption policy and the Health & Safety Regulations.

Audit response to risks identified

Our procedures to respond to risk identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of the operating effectiveness of management's controls designed to prevent and detect irregularities;
- Enquiring of management concerning actual and potential litigation and claims;
  Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Reading minutes of meetings of those charged with governance.

Independent auditors' report to the members of Coolair Equipment Limited (continued)

We have also considered the risk of fraud through management override of controls by:

- Testing the appropriateness of journal entries and other adjustments. We have used data analytics software to identify accounting transactions which may pose a heightened risk of material misstatement, whether due to fraud or error;
- Challenging assumptions made by management in their significant accounting estimates, and assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and
- Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above, and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.
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 auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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.

Hurst Accountants Limited

Chris Stewardson (Senior statutory auditor)
for and on behalf of
Hurst Accountant Limited
Chartered Accountants & Statutory Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD
Date: 28 Sep 2023

Statement of Income and Retained Earnings
For the year ended 31 December 2022

	Note	2022 £	*As restated* *2021* *£*
Turnover	4	**17,935,050**	*17,913,699*
Cost of sales		**(15,392,025)**	*(14,629,629)*
Gross profit		**2,543,025**	*3,284,070*
Administrative expenses		**(4,470,636)**	*(3,447,135)*
Other operating income	5	**147**	*42,511*
Operating loss	6	**(1,927,464)**	*(120,554)*
Interest receivable and similar income	10	**4,323**	*790*
Interest payable and similar expenses	11	**(7,290)**	*(5,704)*
Loss before tax		**(1,930,431)**	*(125,468)*
Tax on loss	12	**-**	*11,953*
Loss after tax		**(1,930,431)**	*(113,515)*
Retained earnings			
- as previously stated		**4,395,424**	*4,648,504*
- correction of a prior period error		**(141,108)**	*(280,673)*
At the beginning of the year as restated		**4,254,316**	*4,367,831*
Loss for the year		**(1,930,431)**	*(113,515)*
Retained earnings at the end of the year		**2,323,885**	*4,254,316*

The notes on pages 12 to 25 form part of these financial statements.

Statement of Financial Position
As at 31 December 2022

	Note		2022 £		*As restated* 2021 £
Fixed assets					
Tangible assets	13		**842,542**		*899,285*
			842,542		*899,285*
Current assets					
Stocks	14	**15,995**		*18,219*	
Debtors: amounts falling due after more than one year	15	**336,437**		*634,832*	
Debtors: amounts falling due within one year	15	**4,645,203**		*4,234,461*	
Cash at bank and in hand	16	**225,741**		*1,162,431*	
		5,223,376		*6,049,943*	
Creditors: amounts falling due within one year	17	**(3,586,431)**		*(2,539,310)*	
Net current assets			**1,636,945**		*3,510,633*
Total assets less current liabilities			**2,479,487**		*4,409,918*
Provisions for liabilities					
Deferred tax	18	**(55,602)**		*(55,602)*	
			(55,602)		*(55,602)*
Net assets			**2,423,885**		*4,354,316*
Capital and reserves					
Called up share capital	19		**76,000**		*76,000*
Capital redemption reserve	20		**24,000**		*24,000*
Profit and loss account	20		**2,323,885**		*4,254,316*
			2,423,885		*4,354,316*

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

H Sharratt

H Sharratt
Director

Date: 25 Sep 2023

The notes on pages 12 to 25 form part of these financial statements.

1. General information

Coolair Equipment Limited is a private company limited by shares incorporated in England and Wales, registered number 02883010. The address of the registered office is Coolair House, Globe Lane, Broadway, Dukinfield, Cheshire, SK16 4UJ.

The principal activity is the supply and installation of air conditioning systems and comercial 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).

The following principal accounting policies have been applied:

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 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 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- 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 Decemember 2022 and these financial statements may be obtained from Companies House, Corwn Way, Maindy, Cardiff, CF14 3UZ.

2. Accounting policies (continued)

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 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.6 Government grants

Grants of a revenue nature are recognised in the statement of income and retained earnings in the same period as the related expenditure.

2.7 Interest income

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

2. Accounting policies (continued)

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.

2.11 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.

2. Accounting policies (continued)

2.11 Tangible fixed assets (continued)

Depreciation 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%	straight line
Long-term leasehold property	-	4%	straight line
Fixtures and fittings	-	20%	straight line

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 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. Work in progress and finished goods include labour and attributable overheads.

At each reporting 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 profit or loss.

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.14 Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.15 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. Accounting policies (continued)

2.16 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.

2.17 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 income and retained earnings.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

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

Preparation of the financial statements requires management to make judgements and estimates that affect amounts recognised for assets and liabilities at the reporting date and the amounts of revenue and expenses incurred during the reporting period. Actual outcomes may differ from these judgements, estimates and assumptions.

The directors believe that judgements, estimates and assumptions do not have a significant risk of causing a material difference to the carrying amount of the assets and liabilities within the next financial year.

4. Turnover

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

	2022	*2021*
	£	*£*
Installation of air conditioning	**16,556,866**	*16,701,248*
Aftersales servicing	**1,378,184**	*1,212,451*
	17,935,050	*17,913,699*

All turnover arose within the United Kingdom.

5. Other operating income

	2022	*2021*
	£	*£*
Government grants receivable	**147**	*42,511*

6. Operating loss

The operating loss is stated after charging:

	2022	*2021*
	£	*£*
Other operating lease rentals	**62,231**	*76,960*

7. Auditors' remuneration

During the year, the Company obtained the following services from the Company's auditors:

	2022	*2021*
	£	*£*
Fees payable to the Company's auditors for the audit of the Company's financial statements	**25,250**	*26,250*

8. Employees

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

	2022 £	*2021 £*
Wages and salaries	**3,284,293**	*2,813,458*
Social security costs	**529,075**	*273,934*
Cost of defined contribution scheme	**296,759**	*269,614*
	4,110,127	*3,357,006*

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

	2022 No.	*2021 No.*
Engineers	**24**	*29*
Management and administration	**20**	*16*
Sales	**14**	*14*
	58	*59*

9. Directors' remuneration

	2022 £	*2021 £*
Directors' emoluments	**1,382,310**	*511,573*
Company contributions to defined contribution pension schemes	**194,525**	*52,199*
	1,576,835	*563,772*

During the year retirement benefits were accruing to 9 directors *(2021 - 5)* in respect of defined contribution pension schemes.

The highest paid director received remuneration of £219,845 *(2021 - £144,921)*.

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £13,700 *(2021 - £15,400)*.

10. Interest receivable

	2022 £	*2021 £*
Other interest receivable	**4,323**	*790*

11. Interest payable and similar expenses

	2022 £	2021 £
Bank interest payable	**7,290**	*5,704*

12. Taxation

	2022 £	2021 £
Corporation tax		
Adjustments in respect of previous periods	-	*(104,684)*
	-	*(104,684)*
Total current tax	-	*(104,684)*
Deferred tax		
Origination and reversal of timing differences	-	*104,456*
Effect of tax rate changes on opening balances	-	*(11,725)*
Total deferred tax	-	*92,731*
Taxation on profit/(loss) on ordinary activities	-	*(11,953)*

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than *(2021 - higher than)* the standard rate of corporation tax in the UK of 19% *(2021 - 19%)*. The differences are explained below:

	2022	*As restated 2021*
	£	*£*
Loss on ordinary activities before tax	**(1,930,431)**	*(125,468)*
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 - 19%)	**(366,782)**	*(23,839)*
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	**-**	*13,842*
Fixed asset differences	**10,781**	*10,610*
Utilisation of tax losses	**-**	*104,687*
Adjustments to tax charge in respect of prior periods	**-**	*(104,684)*
Remeasure of deferred tax for changes in tax rates	**-**	*13,344*
Unrelieved tax losses carried forward	**356,001**	*(26,517)*
Other differences leading to an increase (decrease) in the tax charge	**-**	*604*
Total tax charge for the year	**-**	*(11,953)*

Factors that may affect future tax charges

The main rate of corporation tax has increased to 25% in the tax year commencing 1 April 2023 for companies where profits exceed £250,000. A tapered rate was introduced for profits above £50,000 up to the £250,000 limit.

13. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Fixtures and fittings £	Total £
Cost				
At 1 January 2022	**1,243,321**	**84,910**	**312,356**	**1,640,587**
Additions	**-**	**-**	**24,631**	**24,631**
At 31 December 2022	**1,243,321**	**84,910**	**336,987**	**1,665,218**
Depreciation				
At 1 January 2022	**419,353**	**75,876**	**246,073**	**741,302**
Charge for the year	**49,412**	**3,396**	**28,566**	**81,374**
At 31 December 2022	**468,765**	**79,272**	**274,639**	**822,676**
Net book value				
At 31 December 2022	**774,556**	**5,638**	**62,348**	**842,542**
At 31 December 2021	*823,968*	*9,034*	*66,283*	*899,285*

14. Stocks

	2022 £	*2021 £*
Finished goods and goods for resale	**15,995**	*18,219*

15. Debtors

	2022 £	*2021* *£*
Due after more than one year		
Trade debtors	**336,437**	*634,832*

	2022 £	*2021* *£*
Due within one year		
Trade debtors	**4,109,777**	*3,637,194*
Other debtors	**302,154**	*335,414*
Prepayments and accrued income	**128,585**	*157,166*
Tax recoverable	**104,687**	*104,687*
	4,645,203	*4,234,461*

16. Cash

	2022 £	*2021* *£*
Cash at bank and in hand	**225,741**	*1,162,431*
Less: bank overdrafts	**(537,494)**	*(133,581)*
	(311,753)	*1,028,850*

17. Creditors: Amounts falling due within one year

	2022 £	*As restated* *2021* *£*
Bank overdrafts	**537,494**	*133,581*
Trade creditors	**1,966,322**	*1,598,454*
Other taxation and social security	**162,006**	*122,471*
Other creditors	**8,773**	-
Accruals and deferred income	**911,836**	*684,804*
	3,586,431	*2,539,310*

National Westminister 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.

18. Deferred taxation

	2022 £
At beginning of year	**(55,602)**
At end of year	**(55,602)**

The provision for deferred taxation is made up as follows:

	2022 £	*2021 £*
Accelerated capital allowances	**(55,602)**	*(55,602)*
	(55,602)	*(55,602)*

19. Share capital

	2022 £	*2021 £*
Allotted, called up and fully paid		
76,000 *(2021 - 76,000)* Ordinary shares shares of £1.00 each	**76,000**	*76,000*

20. Reserves

Capital redemption reserve

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

Profit and loss account

The profit and loss account reserve is the accumulation of profits and losses made by the company since incorporation, net of dividends paid.

21. Prior year adjustment

During the year, management have reviewed the treatment of subcontractor costs. Previously costs were recognised on a paid basis rather than an accrual basis.

The impact has been to decrease previously stated cost of sales by £139,565 and reduce 2021 previously stated opening reserves by £280,673.

The total impact on opening reserves in the year ended 31 December 2021 is a decrease of £141,108. These adjustments had no impact upon the tax charge or cash flows of the Company.

22. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £296,759 (2021: £269,614) . Contributions totalling £8,773 (2021 - £nil) were payable to the fund at the reporting date and are included in creditors.

23. Commitments under operating leases

At 31 December 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022	*2021*
	£	*£*
Not later than 1 year	**132,590**	*136,322*
Later than 1 year and not later than 5 years	**357,283**	*90,148*
	489,873	*226,470*

24. 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.

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 Limited. The registered addres of Generation Two Limited is, Coolair House, Globe Lane, Broadway, Dukinfield, Cheshire, SK16 4UJ.

Signable

Issuer	HURST Accountants
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Parties involved with this document

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Mon, 25th Sep 2023 12:04:44 UTC	Helen Sharratt - Signer (458b044717f2ec1f35f4a84e9a620053)
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Date	Action
Thu, 28th Sep 2023 7:40:04 UTC	Chris Stewardson viewed the envelope. (51.190.247.248)
Thu, 28th Sep 2023 7:40:03 UTC	This envelope has been signed by all parties (51.190.247.248)
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