

KB Refrigeration Limited

Report and Financial Statements

Year Ended

31 December 2018

Company Number SC102356



KB Refrigeration Limited

Report and financial statements
for the year ended 31 December 2018

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Directors

B Feeney
J C Scott
C S Hufflett
S Price

Secretary

S Price

Registered office

31/33 Colquhoun Avenue, Hillington Park, Glasgow, G52 4BN

Company number

SC102356

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

KB Refrigeration Limited

Strategic report for the year ended 31 December 2018

Introduction

The company's principal activity is the design, installation, service and maintenance of refrigeration systems and building engineering services.

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2018.

Review of the business

The company's turnover is £21,053,815 (2017 - £21,147,102) and has produced a profit before taxation of £449,204 (2017 – profit £704,560). The turnover has been maintained, however increases in the cost base (including refrigerant gas) has caused margin to decrease.

Future developments

The business has continued to successfully expand in the heating, ventilation and air-conditioning sectors. This business expansion mitigates some of the seasonality risk associated with the retail sector and will enable the management to deliver sustained growth for the business.

Key performance indicators

The key performance indicators of the company are as follows:

| | 2018 £ | 2017 £ |
|-----------------------|------------|------------|
| Turnover | 21,053,815 | 21,147,102 |
| Profit before tax | 449,204 | 704,560 |
| Profit before tax (%) | 2.1% | 3.3% |

Principal risks and uncertainties

The company remains dependent upon major UK supermarkets for a large part of its business. This is mainly working within the refrigeration sector however the company has expanded its offering in the heating, ventilation and air conditioning sectors both to supermarkets and to customers outside that market.

Financial risk management objectives and policies

Currency risk

The company mainly operates within the UK and does not have significant balances receivable or payable in foreign currencies at the year end. There is currently little exposure to currency risk.

Credit Risk

The company deals extensively with major supermarkets and this minimises the risk of bad debt. However, there may be credit risks particularly when the company is dealing with main building contractors rather than directly with the supermarkets. The company has been working to reduce the risk associated with that supply chain and cover the larger risks with credit insurance.

Cash flow

The company monitors cash flow as part of its day-to-day control procedures. In addition the directors regularly review the company's cash flow projections to ensure that appropriate facilities are available as necessary.

KB Refrigeration Limited

Strategic report
for the year ended 31 December 2018 (continued)

Liquidity and funding

The directors have prepared forecasts and projections, which cover a period of more than 12 months from the date of the approval of the financial statements, taking account of reasonable changes in trading performance. Any short term working capital requirements are funded from the Carter Thermal Industries group banking facility of which the company is a member. After making enquiries, the directors have a confident expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future.

Health and safety

The company continues to maintain and develop its quality, health and safety and environmental processes for the benefit of its employees, customers and members of the public. The company holds RoSPA Gold Award and accredited to ISO 9001 for Quality systems, OHS 18001 for Health & Safety and ISO 14001 for Environmental Standards we can clearly demonstrate our commitment and professionalism to all interested parties.

Approval

This strategic report was approved on behalf of the Board on 26 September 2019

J C Scott
Director



KB Refrigeration Limited

Directors' report for the year ended 31 December 2018

The directors present their report together with the audited financial statements for the year ended 31 December 2018.

Results and dividends

The profit for the year, after taxation, amounted to £370,886 (2017 - £567,626).

Interim dividends of £Nil (2017 - £Nil) per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

Directors

The directors who served during the year and up to the date of the financial statements were:

B Feeney
J C Scott
P R Madelin (resigned 31 January 2019)
C S Hufflett (appointed 17 February 2018)
S Price (appointed 21 February 2018)

Financial risk management policy

The directors have reviewed the financial risk management objectives and policies of the company and, where there is significant exposure to financial risks, the group policy laid down by the parent company, Carter Thermal Industries Limited, is followed. It also does not enter into any speculative financial instruments. Appropriate trade terms are negotiated with suppliers and customers and management reviews these terms and the trade relationships.

Financial Instruments

The company's principal financial instruments comprise cash and balances with group undertakings and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risk associated with the group's financial assets and liabilities are set out below.

Price risk

The group does not deem the exposure to price changes in operating activity costs to be significant enough to consider any hedging activity to be necessary.

Credit risk

The group's credit risk is primarily attributed to its trade receivables, with exposure spread over a large number of counterparties and customers. The group aims to minimise such losses with a key focus on debtor collection in order to minimise bad debt exposure.

Liquidity risk

The group aims to mitigate liquidity risk by managing cash generated by its operations. Flexibility is maintained by retaining surplus cash in readily accessible bank accounts.

KB Refrigeration Limited

Directors' report for the year ended 31 December 2018 (continued)

Employment of disabled persons

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Employee involvement

The flow of information to staff is maintained via the internal company website. Members of the management team regularly discuss matters of current interest and concern to the business with members of staff.

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 that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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.

Qualifying third party indemnity provisions

The company maintains liability insurance for directors and officers as permitted by section 234 of the Companies Act 2006.

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). Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable UK accounting standards have been followed, subject for any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to 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.

KB Refrigeration Limited

Directors' report
for the year ended 31 December 2018 *(continued)*

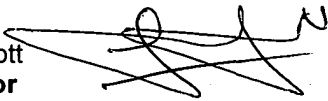
Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the Board

J C Scott
Director



Date: 26/9/2019

KB Refrigeration Limited

Independent auditor's report to the members of KB Refrigeration Limited

Opinion

We have audited the financial statements of KB Refrigeration Limited ("the company") for the year ended 31 December 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, and the 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 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 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

KB Refrigeration Limited

Independent auditor's report *(continued)*

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 and director's 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.

KB Refrigeration Limited

Independent auditor's report (continued)

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Handwritten signature: BDO LLS

Thomas Lawton (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Birmingham
United Kingdom

Date: *30 September 2019*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

KB Refrigeration Limited

Statement of comprehensive income for the year ended 31 December 2018

| | Note | 2018 £ | 2017 £ |
|---|------|--------------------|-------------|
| Turnover | 3 | 21,053,815 | 21,147,102 |
| Change in stocks of finished goods and work in progress | | 52,732 | (116,178) |
| Raw materials and consumables | | (9,171,121) | (8,861,616) |
| Other external charges | | (1,331,010) | (1,168,455) |
| Staff costs | | (9,141,599) | (8,624,956) |
| Depreciation and amortisation | | (200,056) | (325,547) |
| Other operating expenses | | (834,662) | (1,463,056) |
| | | <hr/> | <hr/> |
| Operating profit | 4 | 428,099 | 587,294 |
| Interest receivable and similar income | 8 | 8,990 | 5,982 |
| Interest payable and expenses | 9 | (8,000) | (10,000) |
| Profit on disposal of fixed assets | | 20,115 | 121,284 |
| | | <hr/> | <hr/> |
| Profit before taxation | | 449,204 | 704,560 |
| Taxation on profit on ordinary activities | 11 | (78,318) | (136,934) |
| | | <hr/> | <hr/> |
| Profit for the year | | 370,886 | 567,626 |
| Other comprehensive income for the year | | | |
| Actuarial losses on defined benefit pension scheme | | (8,000) | (29,000) |
| Pension surplus not recognised/reversed | | | - |
| Movement of deferred tax relating to pension surplus | | 1,520 | 4,930 |
| | | <hr/> | <hr/> |
| Other comprehensive income for the year | | (6,480) | (24,070) |
| | | <hr/> | <hr/> |
| Total comprehensive income for the year | | 364,406 | 543,556 |
| | | <hr/> <hr/> | <hr/> <hr/> |

All amounts relate to continuing activities.

The notes on pages 12 to 29 form part of these financial statements.

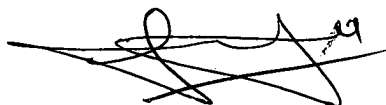
KB Refrigeration Limited

Statement of financial position at 31 December 2018

| <i>Company number SC102356</i> | Note | 2018 £ | 2018 £ | 2017 £ | 2017 £ |
|--|------|--------------------|------------------|--------------------|------------------|
| Fixed assets | | | | | |
| Intangible assets | 13 | | - | | - |
| Tangible assets | 14 | | 545,754 | | 474,858 |
| Investments | 15 | | 11,400 | | 11,400 |
| | | | <u>557,154</u> | | <u>486,258</u> |
| Current assets | | | | | |
| Stocks | 16 | 435,716 | | 488,448 | |
| Debtors | 17 | 6,147,267 | | 5,493,625 | |
| Cash at bank and in hand | | 1,630,654 | | 1,549,716 | |
| | | <u>8,213,637</u> | | <u>7,531,789</u> | |
| Creditors: amounts falling due within one year | 18 | (3,976,402) | | (3,504,303) | |
| | | <u>4,237,235</u> | | <u>4,027,486</u> | |
| Net current assets | | | 4,237,235 | | 4,027,486 |
| Total assets less current liabilities | | | 4,794,389 | | 4,513,744 |
| Creditors: amounts falling due after more than one year | 19 | | (11,254) | | (20,258) |
| Provisions for liabilities | | | | | |
| Other provisions | 22 | | (39) | | (796) |
| Pension liability | 26 | | (185,267) | | (259,267) |
| | | | <u>4,597,829</u> | | <u>4,233,423</u> |
| Net assets | | | 4,597,829 | | 4,233,423 |
| Capital and reserves | | | | | |
| Called up share capital | 23 | | 50,000 | | 50,000 |
| Revaluation reserve | | | 41,000 | | 41,000 |
| Capital redemption reserve | | | 50,000 | | 50,000 |
| Retained earnings | | | 4,456,829 | | 4,092,423 |
| | | | <u>4,597,829</u> | | <u>4,233,423</u> |
| Shareholders' funds | | | 4,597,829 | | 4,233,423 |

The financial statements were approved by the Board of Directors and authorised for issue on *26 September 2019*

J C Scott
Director



The notes on pages 12 to 29 form part of these financial statements.

KB Refrigeration Limited

Statement of changes in equity for the year ended 31 December 2018

| | Share capital £ | Capital redemption reserve £ | Revaluation reserve £ | Retained earnings £ | Total equity £ |
|---|-----------------------|---------------------------------------|-----------------------------|---------------------------|----------------------|
| At 1 January 2018 | 50,000 | 50,000 | 41,000 | 4,092,423 | 4,233,423 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 370,886 | 370,886 |
| Actuarial losses on pension scheme (net of tax) | - | - | - | (6,480) | (6,480) |
| Other comprehensive loss for the year | - | - | - | (6,480) | (6,480) |
| Total comprehensive income for the year | - | - | - | 364,406 | 364,406 |
| At 31 December 2018 | 50,000 | 50,000 | 41,000 | 4,456,829 | 4,597,829 |

Statement of changes in equity for the year ended 31 December 2017

| | Share capital £ | Capital redemption reserve £ | Revaluation reserve £ | Retained earnings £ | Total equity £ |
|---|-----------------------|---------------------------------------|-----------------------------|---------------------------|----------------------|
| At 1 January 2017 | 50,000 | 50,000 | 41,000 | 3,548,867 | 3,689,867 |
| Comprehensive income for the year | | | | | |
| Profit for the year | - | - | - | 567,626 | 567,626 |
| Actuarial losses on pension scheme (net of tax) | - | - | - | (24,070) | (24,070) |
| Other comprehensive loss for the year | - | - | - | (24,070) | (24,070) |
| Total comprehensive income for the year | - | - | - | 543,556 | 543,556 |
| At 31 December 2017 | 50,000 | 50,000 | 41,000 | 4,092,423 | 4,233,423 |

The notes on pages 12 to 29 form part of these financial statements.

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018

1 Accounting policies

1.1 Basis of preparation of financial statements

KB Refrigeration Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activity is set out in the strategic report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act of 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 2).

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 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 7 Statement of Cash Flows;
- 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 Carter Thermal Industries Limited as at 31 December 2018 and these financial statements may be obtained from Companies House as per note 29.

The following principal accounting policies have been applied.

1.2 Going concern

The directors have prepared forecasts and projections, which cover a period of more than 12 months from the date of the approval of the financial statements, taking account of reasonable changes in trading performance. Any short term working capital requirements are funded from the Carter Thermal Industries group banking facility of which the company is a member. After making enquiries, the directors have a confident expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future.

1.3 Turnover

Turnover 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 turnover can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

Rendering of services

Turnover 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 turnover 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.

1.4 Intangible assets

Goodwill represents the excess of the cost of a business combination over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. Goodwill has been amortised over a period of 10 years from date of acquisition; the goodwill has been fully amortised.

1.5 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following bases:

| | | |
|---------------------|---|--------------------------------|
| Freehold property | - | 2% on cost |
| Leasehold property | - | In accordance with lease terms |
| Plant and machinery | - | 15% on cost |
| Motor vehicles | - | 25% on cost |

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use.

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

1 Accounting policies (continued)

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

1.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, whose market value can be reliably determined, are re-measured to market value at each balance sheet date. Gains and losses on re-measurement are recognised in the Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

1.7 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, less provisions for losses where necessary and less progress claims received and receivable.

At each reporting date, inventories are assessed for impairment. If inventory 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.

1.8 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.

1.9 Financial instruments

Financial assets

Financial assets comprise cash at bank and in hand, trade debtors, other debtors, and amounts owed by group undertakings; these are initially recorded at cost on the date they originate and are subsequently recorded at amortised cost under the effective interest method. The company considers evidence of impairment for all individual trade and other debtors and amounts owed by company undertakings, and any subsequent impairment is recognised in profit or loss.

Impairment of financial assets carried at amortised cost

Impairment provisions are recognised when there is objective evidence that a financial asset or company of financial assets is impaired. Objective evidence includes significant financial difficulties of the counterparty, default or significant delays in payment.

Impairment provisions represent the difference between the net carrying amount of a financial asset and the present value of the expected future cash receipts from that asset.

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

1 Accounting policies *(continued)*

Financial instruments *(continued)*

Financial liabilities

Financial liabilities comprise trade creditors, other creditors, corporation tax payable, other tax and social security, accruals and amounts due to group undertakings; these are initially recorded at cost on the date they originate, and are subsequently carried at amortised cost under the effective interest method.

1.10 Foreign currency translation

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

1.11 Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard to continue to be charged over the period to the first market rent review rather than the term of the lease.

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

1 Accounting policies *(continued)*

1.12 Pension

The company is a participating member in the KB Refrigeration Ltd New Generation Pension Scheme. The detail of the most recent valuation of the scheme is set out within these financial statements.

The company is also a participating employer in the Carter Money Purchase Plan.

Retirement benefits to employees are provided by defined benefit and contribution schemes which are funded by contributions from the company and employees. Payments are made either to pension trusts which are financially separate from the company or to insurance companies. Payments to the defined benefit scheme which are made in accordance with periodic calculations by professionally qualified actuaries are charged to the profit and loss account.

Contributions to the defined contribution and defined benefit pension schemes are charged to profit or loss in the year in which they become payable.

Carter Money Purchase Plan ceased to accept contributions with effect from 1 July 2017 and all members' benefits were transferred to National Pensions Trust on 18 September 2017.

1.13 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

1.14 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 the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position 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.

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

1 Accounting policies *(continued)*

1.15 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a change 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 balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historic experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities and are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are:

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Stock provisions

At each reporting date stock is 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.

Trade debtors

At each reporting date, trade debtors are assessed for recoverability. If there is any evidence of impairment the carrying amount of the debtor is reduced to its recoverable amount. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Warranty provision

The company provides for guarantee costs which the company is obliged to make on certain sales. The provision is management's best estimate of the claims which are likely to be made within the forthcoming annual guarantee period. The guarantee period is typically one year in duration.

3 Turnover

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

| | 2018 £ | 2017 £ |
|---------------------------------------|-------------------|-------------------|
| Sale of goods and integrated services | 10,570,783 | 10,616,436 |
| Provision of services | 10,483,032 | 10,530,666 |
| | <u>21,053,815</u> | <u>21,147,102</u> |

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

4 Operating profit

| | 2018 £ | 2017 £ |
|--|-----------------------------|-----------------------------|
| This is arrived at after charging/(crediting): | | |
| Depreciation of tangible fixed assets | 200,056 | 325,547 |
| Amortisation of positive goodwill | - | - |
| Profit on disposal of tangible fixed assets | (20,115) | (121,284) |
| Hire of plant and machinery - operating leases | 454,317 | 384,277 |
| Hire of other assets - operating leases | 54,500 | 54,500 |
| Other pension costs | 198,455 | 189,075 |
| | <u> </u> | <u> </u> |

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

| 5 Auditor's remuneration | 2018 £ | 2017 £ |
|--|------------------|------------------|
| Fees payable to the company's auditor for the auditing of the company's annual accounts | 8,750 | 8,750 |
| - other taxation services | 1,000 | 1,000 |
| | 9,750 | 9,750 |
| 6 Employees | 2018 £ | 2017 £ |
| Staff costs including directors' remuneration, consist of: | | |
| Wages and salaries | 8,149,925 | 7,671,021 |
| Social security costs | 793,219 | 764,860 |
| Other pension costs | 198,455 | 189,075 |
| | 9,141,599 | 8,624,956 |
| The average number of employees(including the directors) during the year was as follows: | Number | Number |
| Production | 119 | 125 |
| Administration | 92 | 69 |
| | 211 | 194 |
| 7 Directors' remuneration | 2018 £ | 2017 £ |
| Directors' emoluments | 84,197 | 78,044 |
| Company contributions to money purchase pension schemes | 6,750 | 6,690 |
| | 90,947 | 84,734 |

There was 1 director in the company's defined benefit pension scheme (2017 - 1) during the year.

KB Refrigeration Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 *(continued)*

| 8 Other interest receivable and similar income | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Bank deposits | 8,990 | 5,982 |
| 9 Interest payable and similar charges | 2018 £ | 2017 £ |
| Financing pensions | 8,000 | 10,000 |
| 10 Other finance costs | 2018 £ | 2017 £ |
| Net interest on net defined benefit liability | (53,000) | (58,000) |
| Return on plan assets | 53,000 | 58,000 |
| | - | - |
| | - | - |
| 11 Taxation | 2018 £ | 2017 £ |
| <i>UK Corporation tax</i> | | |
| Current tax on profits for the year | 40,811 | 124,845 |
| Adjustments in respect of previous periods | (2,196) | (2,417) |
| | 38,615 | 122,428 |
| Total current tax | 38,615 | 122,428 |
| <i>Deferred tax</i> | | |
| Origination and reversal of timing differences | 33,683 | - |
| Adjustments in respect of previous periods | 6,020 | 1,312 |
| Effect of tax rate change on opening balance | - | 13,194 |
| | 39,703 | 14,506 |
| Total deferred tax | 39,703 | 14,506 |
| Taxation on profit on ordinary activities | 78,318 | 136,934 |

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

11 Taxation (continued)

The tax assessed for the year is lower (2017 - higher than) the standard rate of corporation tax in the UK of 19% (2017 – 19.25%). The differences are explained below:

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Profit on ordinary activities before tax | 449,204 | 704,560 |
| Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2017 – 19.25%) | 85,349 | 135,628 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 1,860 | 4,180 |
| Adjustments to tax charge in respect of prior periods | 3,824 | (1,105) |
| Other | (12,715) | (1,769) |
| Total tax charge for the year | 78,318 | 136,934 |

In addition to the above a deferred tax credit relating to items recognised in other comprehensive of £1,520 (2017 - £4,930) has been recognised.

Factors that may affect future tax charges

The standard rate of UK corporation tax will reduce to 17% effective 1 April 2020. Accordingly these rates have been used in the calculation of deferred tax balances as at 31 December 2018.

12 Dividends

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Ordinary shares | | |
| Interim paid of £Nil (2017 - £Nil) per share | - | - |

KB Refrigeration Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 *(continued)*

13 Intangible assets

| | Goodwill £ |
|-----------------------|---------------|
| <i>Cost</i> | |
| At 1 January 2018 | 30,002 |
| | 30,002 |
| <i>Amortisation</i> | |
| At 1 January 2018 | 30,002 |
| Provided for the year | |
| | - |
| At 31 December 2018 | - |
| | - |
| <i>Net book value</i> | |
| At 31 December 2018 | - |
| | - |
| At 31 December 2017 | - |
| | - |

Goodwill has arisen on the purchase of trade and assets from Valley Refrigeration and Air Conditioning Limited. This is being amortised over 10 years.

14 Tangible assets

| | Freehold property £ | Leasehold property £ | Plant and machinery £ | Motor vehicles £ | Total £ |
|-----------------------|---------------------------|----------------------------|-----------------------------|------------------------|------------|
| <i>Cost</i> | | | | | |
| At 1 January 2018 | 57,409 | 118,958 | 663,776 | 1,150,233 | 1,990,376 |
| Additions | | | 196,829 | 74,123 | 270,952 |
| Disposals | | | (186,667) | (222,879) | (409,546) |
| | 57,409 | 118,958 | 673,938 | 1,001,477 | 1,851,782 |
| <i>Depreciation</i> | | | | | |
| At 1 January 2018 | 16,886 | 89,128 | 517,990 | 891,514 | 1,515,518 |
| Charge for the year | 892 | 4,758 | 80,651 | 113,755 | 200,056 |
| Disposals | | | (186,667) | (222,879) | (409,546) |
| | 17,778 | 93,886 | 411,974 | 782,390 | 1,306,028 |
| <i>Net book value</i> | | | | | |
| At 31 December 2018 | 39,631 | 25,072 | 261,964 | 219,087 | 545,754 |
| | 39,631 | 25,072 | 261,964 | 219,087 | 545,754 |
| At 31 December 2017 | 40,523 | 29,830 | 145,786 | 258,719 | 474,858 |
| | 40,523 | 29,830 | 145,786 | 258,719 | 474,858 |

KB Refrigeration Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

14 Tangible assets (continued)

The net book value of tangible fixed assets includes an amount of £ 14,068 (2017 - £25,322) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £11,254 (2017 - £11,254).

15 Fixed asset investments

| | Investments £ |
|--|------------------|
| Cost | |
| At 31 December 2017 and 31 December 2018 | 11,400 |

16 Stocks

| | 2018 £ | 2017 £ |
|---------------------|----------------|----------------|
| Finished goods | 369,155 | 372,989 |
| Work in progress | 66,561 | 330,577 |
| Payments on account | - | (215,118) |
| | <u>435,716</u> | <u>488,448</u> |

Stock recognised in cost of sales during the year as an expense was £9,167,287 (2017 - £9,055,409)

An impairment loss of £30,721 (2017 - £28,558) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

There is no material difference between the replacement cost of stocks and the amounts stated above.

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

17 Debtors

| | 2018 | 2017 |
|------------------------------------|-----------|-----------|
| | £ | £ |
| Trade debtors | 2,914,540 | 2,892,561 |
| Amounts owed by group undertakings | 3,060,296 | 2,363,848 |
| Other debtors | 1,470 | 637 |
| Prepayments and accrued income | 57,777 | 85,212 |
| Deferred taxation (note 21) | 113,184 | 151,367 |
| | 6,147,267 | 5,493,625 |
| | 6,147,267 | 5,493,625 |

All amounts shown under debtors fall due for payment within one year.

The impairment loss recognised for the period in respect of bad and doubtful debts was £137,799 (2017 - £6,309).

18 Creditors: amounts falling due within one year

| | 2018 | 2017 |
|---|-----------|-----------|
| | £ | £ |
| Payments in advance | - | 6,265 |
| Trade creditors | 2,340,922 | 2,113,612 |
| Amounts owed to group undertakings | 412,460 | 115,099 |
| Corporation tax and group relief | 163,460 | 256,265 |
| Other taxation and social security | 363,246 | 282,399 |
| Obligations under finance lease and hire purchase contracts | 9,004 | 9,004 |
| Other creditors | 31,264 | 20,673 |
| Accruals and deferred income | 656,046 | 700,986 |
| | 3,976,402 | 3,504,303 |
| | 3,976,402 | 3,504,303 |

19 Creditors: amounts falling due after more than one year

| | 2018 | 2017 |
|---|--------|--------|
| | £ | £ |
| Obligations under finance lease and hire purchase contracts | 11,254 | 20,258 |
| | 11,254 | 20,258 |
| | 11,254 | 20,258 |

Minimum lease payments under hire purchase fall due as follows:

| | 2018 | 2017 |
|---|--------|--------|
| | £ | £ |
| In one year or less, or on demand | 9,004 | 9,004 |
| | 9,004 | 9,004 |
| In more than one year but not more than two years | 11,254 | 20,258 |
| | 11,254 | 20,258 |
| | 11,254 | 20,258 |

KB Refrigeration Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 *(continued)*

20 Reserves

Share capital

The nominal value of allotted and fully paid up ordinary share capital.

Revaluation reserve

The cumulative revaluation gains and losses in respect of tangible fixed assets.

Capital redemption reserve

The capital redemption reserve contains the nominal value of own shares that have been acquired by the company and cancelled.

Retained earnings

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

21 Deferred taxation

| | Deferred tax asset £ | |
|---|-------------------------------------|-------------|
| At 1 January 2018 | | 151,367 |
| Credited to other comprehensive income | | 1,520 |
| Charged to the profit and loss account | | (39,703) |
| | | 113,184 |
| | | 113,184 |
| The deferred tax asset is made up as follows: | 2018 | 2017 |
| | £ | £ |
| Decelerated capital allowances | 79,693 | 106,874 |
| Short term timing differences – defined benefit pension | 41,595 | 40,075 |
| Short term timing differences – other | (8,104) | 4,418 |
| | 113,184 | 151,367 |
| | 113,184 | 151,367 |

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

22 Provisions for liabilities

| | Guarantee cost £ |
|---|------------------------|
| At 1 January 2018 | 796 |
| Utilised in the year | 9,008 |
| Charged to the profit and loss accounts | (9,765) |
| | <hr/> |
| At 31 December 2018 | 39 |

The guarantee provision is for guarantee costs which the company is obliged to make under guarantee on certain sales. The guarantee period is typically one year in duration.

23 Share capital

| | 2018 £ | 2017 £ |
|---|---------------|-----------|
| Allotted, called up and fully paid | | |
| 50,000 ordinary shares of £1 each | 50,000 | 50,000 |

24 Contingent liabilities

The company has given an unlimited guarantee in respect of the group banking facility which amounted to £11,101,439 at 31 December 2018 (2017 - £7,362,359). Details of the banking facility are given in the accounts of Carter Thermal Industries Limited.

25 Pension commitments

Defined Contribution Schemes

The company participates in two defined contribution pension schemes:

KB Refrigeration Ltd New Generation Group Pension Scheme, being a Group Personal Pension Plan with Friends Provident.

The National Pension Trust, being a trust based scheme for employees of the Carter Group.

The contributions made by the company over the financial year to the defined contribution pension schemes have been: KB Refrigeration Ltd New Generation Group Pension Scheme £55,142 (2017 - £55,567) and The National Pension Trust £97,184 (2017 - £77,050).

Defined Benefit Schemes

The company operates the KB Refrigeration and Retirement Benefits Plan (Defined Contribution and Defined Benefit). The defined benefit pensions ceased to accrue with effect from 1 April 1998. The defined contribution element ceased to accept ongoing contributions with effect from 1 April 2005.

The assets of the scheme are held in separate Trustee administered funds. The level of contributions is designed to meet expected future liabilities.

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 (continued)

26 Pension commitments (continued)

The last full actuarial valuation of the defined benefit schemes was carried out by a qualified independent actuary on 30 April 2017 and they have been updated on an approximate basis to 31 December 2018.

| Reconciliation of present value of plan liabilities: | 2018 £ | 2017 £ |
|--|-------------|-------------|
| At the beginning of the year | (2,489,000) | (2,445,000) |
| Interest cost | (61,000) | (68,000) |
| Actuarial gains/ (losses) | 78,000 | (43,000) |
| Benefits paid | 318,000 | 67,000 |
| | <hr/> | <hr/> |
| At the end of the year | (2,154,000) | (2,445,000) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Composition of plan liabilities: | 2018 £ | 2017 £ |
| Schemes wholly or partly funded | (2,154,000) | (2,489,000) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Reconciliation of present value of plan assets: | 2018 £ | 2017 £ |
| At the beginning of the year | 2,229,733 | 2,144,733 |
| Actuarial gains/ (losses) | (86,000) | 14,000 |
| Contributions by company | 90,000 | 80,000 |
| Benefits paid | (318,000) | (67,000) |
| Expected rate of return on plan assets | 53,000 | 58,000 |
| | <hr/> | <hr/> |
| At the end of the year | 1,968,733 | 2,229,733 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Composition of plan assets: | 2018 £ | 2017 £ |
| Cash | 744,000 | 858,000 |
| GARS | 1,223,733 | 1,371,733 |
| Other | 1,000 | - |
| | <hr/> | <hr/> |
| Total plan assets | 1,968,733 | 2,229,733 |
| | <hr/> <hr/> | <hr/> <hr/> |

KB Refrigeration Limited

Notes forming part of the financial statements for the year ended 31 December 2018 *(continued)*

26 Pension commitments *(continued)*

| Reconciliation to Statement of Financial Position: | 2018 £ | 2017 £ |
|--|-------------|-------------|
| Fair value of plan assets | 1,968,733 | 2,229,733 |
| Present value of funded obligations | (2,154,000) | (2,489,000) |
| | <hr/> | <hr/> |
| Net liability | (185,267) | (259,267) |
| | <hr/> | <hr/> |
| The amounts recognised in profit or loss are as follows: | 2018 £ | 2017 £ |
| Included in administrative expenses: | | |
| Included in other finance income: | | |
| Interest cost and expenses | 61,000 | 68,000 |
| Expected return of plan assets | (53,000) | (58,000) |
| | <hr/> | <hr/> |
| Total | 8,000 | 10,000 |
| | <hr/> | <hr/> |
| Analysis of actuarial loss recognised in Other Comprehensive Income | 2018 £ | 2017 £ |
| Actual return less expected return on pension plan assets | (86,000) | (14,000) |
| Experience gains and losses arising on the scheme liabilities | 78,000 | 43,000 |
| | <hr/> | <hr/> |
| Actuarial gains recognised in the statement of total recognised gains and losses | (8,000) | 29,000 |
| | <hr/> | <hr/> |

Narrative description of the basis used to determine the overall expected rate of return of assets

The long term expected return on bonds, the Secure Growth Fund and other non-equity assets is determined by reference to UK long dated gilts at the Statement of Financial Position date, less a 1% p.a. deduction for fund management charges. The long-term expected rate of return on equities is based on UK long dated government yields at the Statement of Financial Position date with a 2% p.a. allowance for out-performance, less a 1% p.a. deduction for fund management charges. The long-term expected rate of return on other assets particularly property and cash is based on UK long dated government yields at the Statement of Financial Position date less a 1% p.a. deduction for fund management charges.

| Principal actuarial assumptions used at the balance sheet | 2018 | 2017 |
|---|-------|-------|
| Discount rates | 2.90% | 2.50% |
| Bonds | 3.20% | 3.20% |
| Property | 2.20% | 2.20% |
| Cash | 2.20% | 2.20% |
| Inflation assumption | 3.20% | 2.20% |
| | <hr/> | <hr/> |

KB Refrigeration Limited

Notes forming part of the financial statements
for the year ended 31 December 2018 (continued)

27 Commitments under operating leases

At 31 December 2018 and 2017 the company had future minimum lease payments under non- cancellable operating leases as follows:

| | 2018 £ | 2017 £ |
|--|----------------|----------------|
| Not later than 1 year | 413,474 | 403,737 |
| Later than 1 year and not later than 5 years | 283,609 | 485,527 |
| Later than 5 years | - | - |
| | <hr/> | <hr/> |
| | 697,083 | 889,264 |
| | <hr/> | <hr/> |

28 Related party transactions

The company is a wholly owned subsidiary of Longdon Estates Limited and has taken advantage of the exemption conferred by section 33.1A of FRS 102 not to disclose transactions with Longdon Estates Limited or other wholly owned subsidiaries within the group.

Key management personnel represent the directors of the company as they have responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. During the period, the key management personnel remuneration included within directors' remuneration was £90,947 (2017 - £84,734).

29 Ultimate parent company and parent undertaking of larger group

The immediate parent company is Carter Thermal Industries Limited.

The ultimate parent company and controlling party is Longdon Estates Limited, a company registered in England and Wales. Copies of the group financial statements of Longdon Estates may be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The largest group in which the results of the company are consolidated is that headed by Longdon Estates Limited, incorporated in England and Wales. The smallest group in which they are consolidated is that headed by Carter Thermal Industries Limited, incorporated in England and Wales. The consolidated accounts are available to the public and may be obtained from the above address.