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Longdon Estates Limited

Report and Financial Statements

Year Ended

31 December 2015

Company Number 00502673

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Longdon Estates Limited

Report and financial statements
for the year ended 31 December 2015

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Directors

Mrs A P Scott (Chairman)
Mr D W Arkley, FCA
Mrs J A Chamberlain
Mrs S G McKibbin
Mrs M C Rennison
Mr J C Scott, ACA
Mr F Tennant

Secretary and registered office

Mr J C Scott, ACA, Redhill Road, Hay Mills, Birmingham, B25 8EY

Company number

00502673

Auditors

BDO LLP, Two Snowhill, Birmingham, B4 6GA

Longdon Estates Limited

Strategic report
for the year ended 31 December 2015

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2015.

Principal activities, review of business and future developments

Longdon Estates Limited has a majority (59.2%) shareholding in the UK engineering group Carter Thermal Industries Limited. Carter Thermal Industries Limited is the parent company of a group of companies engaged in the:

- design, manufacture and installation of retail display and commercial refrigeration equipment;
- design, manufacture and installation of environmental engineering equipment and liquid storage tanks;
- design, installation, service and maintenance of refrigeration systems and engineering services (mechanical and electrical);

Overall Group turnover was £101,831,459 (2014 - £123,352,653) which produced a trading profit before interest, exceptional costs and taxation of £2,108,296 (2014 - £2,754,286). The loss after taxation and interest amounted to £923,095 (2014 - profit £2,432,483).

The decline in turnover was a direct result of our major retail customers experiencing difficult trading conditions and as a consequence cutting back their new store capital expenditure programmes.

The directors are forecasting a modest recovery in turnover for 2016.

Business reviews for the principal business activities:

Design, installation, service and maintenance of refrigeration service and engineering services

Carter Synergy Limited and KB Refrigeration Limited experienced only a 4% decline in revenue, which totalled £68,451,304 (2014 - £71,507,119) principally due to downturn in our customers' new store capital expenditure programmes affecting the contracting side of the business. The impact of this was mitigated by increased sales activity in markets outside our traditional retail customers. During the year management's focus was on improving the operating efficiencies and the directors are pleased to report a profit improvement, generating a profit before taxation of £2,736,617 (2014 - £1,380,523). The outlook for the coming year is that there will be a modest increase in Revenue but with profitability remaining flat due to pricing pressures.

Design, manufacture and installation of retail display and commercial refrigeration equipment

Carter Retail Equipment Limited experienced difficult trading conditions as our major retail customers substantially cut their capital expenditure store development programmes which resulted in revenues falling by 42% on the excellent year experienced in 2014. The revenue for 2015 totalled £25,492,727 (2014 - £44,110,616) and the impact on the profitability was substantial, falling from profit before taxation of £2,553,484 in 2014 to a loss of £1,463,806.

The outlook for the coming year is for a recovery to take place in our traditional home retail market for display cabinets and growth in overseas markets.

Design, manufacture and installation of environment engineering equipment and liquid storage tanks

Carter Environmental Engineers Limited and Franklin Hodge Industries Limited had another challenging year and combined revenues were flat at £10,471,638 (2014 - £10,508,597). The loss before tax and exceptional charges was at £533,026 (2014 - loss £568,397). Details of exceptional costs are given in note 34.

The directors of these companies have undertaken a detailed strategic review creating new initiatives to return these businesses to profit through the strengthening of the sales and marketing team, expanding the product offering to our customers and entering new related markets. Consequently the Group continue to provide financial support to these businesses for the foreseeable future.

Principal risks and uncertainties

The Group remains dependent upon the major UK supermarkets for the majority of its business, which remains a highly competitive market place. The Group is looking to consolidate its position in this market through improved customer service and providing quality innovative designs whilst moving into related areas and also overseas markets.

While a significant proportion of the group's business is direct with the major supermarkets the Group also deals with other contracting parties. The Group has credit insurance to cover credit failure and transacts business with overseas customers with Letters of Credit.

The Group is exposed to the risk that poor quality products and service may have a detrimental effect on the reputation of the Group. In order to manage this risk, the Group has robust quality control processes in place, including ISO 9001, to ensure that all products and services meet and exceed the required standards of quality and fully fit for purpose. This process is monitored by the board of directors and corrective action taken where necessary.

As many of its manufacturing competitors are based outside the UK, the group's competitive position is affected by changes in exchange rates.

The group has three pension schemes with a final salary element. The net pension liability at 31 December 2015 was £3,258,200 (2014 - £4,174,200). Further details on the pensions is given in note 28 in the accounts.

Liquidity

The Group retained a high level of liquidity throughout the year with cash at bank and in hand exceeding loans throughout. At 31 December 2015 its net bank position was £9,258,824 (2014 - £8,350,916).

Net current assets at 31 December were £17,604,523 (2014 - £17,182,883). There was an increase in shareholders' funds to £26,090,242 (2014 - £23,895,510) following a revaluation of the group properties as at 31 December 2015.

The directors have prepared forecasts and projections, which cover a period of more than 12 months from the date of approval of the financial statements, taking account of reasonable changes in trading performance. After making enquiries, the directors have a confidence in their expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

Longdon Estates Limited

Key performance indicators

Key performance indicators within the Group are specific to the nature of the operations of each business. This data is reported to each subsidiary Board each month.

The financial key performance indicators of the Group include:
- Turnover and profitability compared to budget
- Gross margins by Company and divisions
- Order intake
- Overheads and Full Time Employees compared to budget
- Cash movements

Proactive working capital management and analysis of historic and anticipated trading patterns assist the Board in its decision making, supported by three year strategic plans. Financial reviews are undertaken at Board level to analyse and understand current and future results.

By order of the board

J C Scott
Secretary

6 September 2016

Longdon Estates Limited

Report of the directors
for the year ended 31 December 2015

The directors present their report together with the audited financial statements for the year ended 31 December 2015.

Results and dividends

The consolidated statement of comprehensive income is set out on page 8 and shows the result for the year.

Interim dividends of £5.50 per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

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

Employee representatives of the operating subsidiaries are informed of the economic factors affecting the performance of their company by means of regular meetings with management.

Directors

The directors of the company during the year were:

Mrs A P Scott (Chairman)
Mr D W Arkley, FCA
Mrs J A Chamberlain
Mrs S G McKibbin (appointed 11 June 2015)
Mrs M C Rennison
Mr J C Scott, ACA
Mr F Tennant

The directors retiring by rotation are Mrs A P Scott, Mrs J A Chamberlain and Mrs M C Rennison and, being eligible, offer themselves for re-election.

Longdon Estates Limited

Report of the directors
for the year ended 31 December 2015

Directors' responsibilities

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 group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) 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 group and company and of the profit or loss of the group for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

By order of the board

J C Scott
Secretary

6 September 2016

TO THE MEMBERS OF LONGDON ESTATES LIMITED

We have audited the financial statements of Longdon Estates Limited for the year ended 31 December 2015 which comprise the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is 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'.

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2015 and of the group's result 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

BDO LLP
6 September 2016

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

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

Longdon Estates Limited

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	3	**101,831,459**	123,352,653
Increase/(decrease) in stocks of finished goods and work in progress		**1,077,153**	1,455,944
Other operating income		**157,726**	-
		103,066,338	124,808,597
Raw materials and consumables		**41,138,546**	62,950,138
Other external charges		**14,889,745**	12,436,704
Staff costs		**37,003,372**	36,832,179
Depreciation and other amounts written off fixed assets		**2,307,253**	2,276,764
Other operating charges		**5,619,126**	7,558,526
Earnings before interest, tax and exceptional items		**2,108,296**	2,754,286
Exceptional items	34	**2,821,396**	-
Operating (loss)/profit	5	**(713,100)**	2,754,286
Bank interest receivable	9	**67,145**	64,716
Interest payable and similar charges	10	**(26,564)**	(785)
Other finance charges	11	**(137,000)**	(79,000)
(Loss)/profit on ordinary activities before taxation		**(809,519)**	2,739,217
Taxation on (loss)/profit on ordinary activities	12	**113,576**	306,734
(Loss)/profit on ordinary activities after taxation		**(923,095)**	2,432,483
Minority interest		**(371,057)**	1,003,454
(Loss)/profit for the financial year attributable to owners of the parent company		**(552,038)**	1,429,029
Actuarial (loss)/gain on pension scheme		**306,940**	(1,028,200)
Taxation in respect of loss/(gain) on pension scheme		**(125,937)**	(218,200)
Adjustment for pension fund surplus not recognised		**218,000**	67,800
Adjustment in respect of prior year		**-**	43,830
Deferred taxation on consolidation		**12,938**	-
Revaluation of properties		**3,206,262**	-
Other comprehensive income for the year		**3,618,207**	(1,134,770)
Minority interest		**(1,476,045)**	(462,711)
Total comprehensive income for the year attributable to owners of the parent company		**1,590,124**	(756,970)

The notes on pages 17 to 48 form part of these financial statements.

Longdon Estates Limited

Consolidated statement of financial position
at 31 December 2015

Company number 00502673	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Intangible assets	15		**481,195**		707,605
Tangible assets	16		**14,140,578**		11,101,865
Fixed asset investments	17		**2,594**		2,594
Investment property	18		**170,000**		-
			14,794,367		11,812,064
Current assets					
Stocks	19	**6,531,348**		6,491,800	
Debtors	20	**22,064,423**		25,348,950	
Cash at bank and in hand	21	**9,258,824**		8,350,916	
		37,854,595		40,191,666	
Creditors: amounts falling due within one year	22	**20,250,072**		23,008,783	
Net current assets			**17,604,523**		17,182,883
Total assets less current liabilities			**32,398,890**		28,994,947
Creditors: amounts falling due after more than one year	23	**2,924,539**		792,552	
Provisions for liabilities	27	**125,909**		132,685	
			3,050,448		925,237
Net assets excluding pension scheme liabilities			**29,348,442**		28,069,710
Pension scheme liabilities	28		**(3,258,200)**		(4,174,200)
Net assets including pension scheme liabilities			**26,090,242**		23,895,510

Longdon Estates Limited

Consolidated statement of financial position
at 31 December 2015 *(continued)*

Company number 00502673	Note	2015 £	2015 £	2014 £	2014 £
Capital and reserves					
Called up share capital	29		**48,000**		48,000
Capital redemption reserve			**17,324**		17,324
Premium on acquisition reserve			**856,800**		856,800
Profit and loss account			**14,731,839**		13,405,715
Shareholders' funds			**15,653,963**		14,327,839
Minority interests			**10,436,279**		9,567,671
			26,090,242		23,895,510

The financial statements were approved by the Board of Directors and authorised for issue on 6 September 2016.

J C Scott
Director

The notes on pages 17 to 48 form part of these financial statements.

Longdon Estates Limited

Consolidated statement of changes in equity
For the year ended 31 December 2015

	Share capital £	Premium on acquisition reserve £	Capital redemption reserve £	Retained earnings £	Equity attributable to owners £	Minority interest £	Total equity £
At 1 January 2015	48,000	856,800	17,324	13,405,715	14,327,839	9,567,671	23,895,510
Comprehensive income for the year							
Profit for the year	-	-	-	(552,038)	(552,038)	(371,057)	(923,095)
Actuarial gains on pension scheme	-	-	-	181,724	181,724	125,220	306,944
Deferred tax on pension scheme	-	-	-	(74,561)	(74,561)	(51,376)	(125,937)
Pension fund surplus not recognised	-	-	-	129,067	129,067	88,933	218,000
Deferred tax on consolidation	-	-	-	7,660	7,660	5,278	12,938
Gain on revaluation of property	-	-	-	1,898,272	1,898,272	1,307,990	3,206,262
Other comprehensive income for the year	-	-	-	2,142,162	2,142,162	1,476,045	3,618,207
Total comprehensive income for the year	-	-	-	1,590,124	1,590,124	1,104,988	2,695,112
Contributions by and distributions to owners							
Dividends: Equity capital	-	-	-	(264,000)	(264,000)	(236,376)	(500,376)
Total transactions with owners	-	-	-	(264,000)	(264,000)	(236,376)	(500,376)
31 December 2015	**48,000**	**856,800**	**17,324**	**14,731,839**	**15,653,963**	**10,436,283**	**26,090,246**

The notes on pages 17 to 48 form part of these financial statements.

Longdon Estates Limited

Consolidated statement of changes in equity
For the year ended 31 December 2014 *(continued)*

	Share capital £	Premium on acquisition reserve £	Capital redemption reserve £	Retained earnings £	Equity attributable to owners £	Minority interest £	Total equity £
At 1 January 2014	48,000	856,800	17,324	12,984,745	13,906,869	9,302,916	23,209,785
Comprehensive income for the year							
Profit for the year	-	-	-	1,429,029	1,429,029	1,003,238	2,432,267
Actuarial losses on pension scheme	-	-	-	(608,964)	(608,964)	(419,236)	(1,028,200)
Deferred tax on pension scheme	-	-	-	(129,186)	(129,186)	(89,014)	(218,200)
Minority interest on actuarial loss	-	-	-	-	-	-	-
Adjustment in respect of prior year	-	-	-	25,950	25,950	17,880	43,830
Adjustment in respect of surplus not recognised	-	-	-	40,141	40,141	27,659	67,800
Other comprehensive income for the year	-	-	-	(672,059)	(672,059)	(462,711)	(1,134,770)
Total comprehensive income for the year	-	-	-	756,970	756,970	540,527	1,297,497
Contributions by and distributions to owners							
Dividends: Equity capital	-	-	-	(336,000)	(336,000)	(275,772)	(611,772)
Total transactions with owners	-	-	-	(336,000)	(336,000)	(275,772)	(611,772)
31 December 2014	**48,000**	**856,800**	**17,324**	**13,405,715**	**14,327,839**	**9,567,671**	**23,895,510**

The notes on pages 17 to 48 form part of these financial statements.

Longdon Estates Limited

Consolidated statement of cash flows
for the year ended 31 December 2015

	2015 £	2014 £
Cash flows from operating activities		
(Loss)/profit for the year	**(923,095)**	2,432,483
Adjustments for:		
Depreciation and amortisation of fixed assets	**2,307,253**	2,276,006
(Profit)/loss on sale of fixed assets	**(157,395)**	38,451
Net interest payable/(receivable)	**96,419**	(61,103)
Taxation	**113,576**	306,126
Decrease in trade and other debtors	**3,107,885**	442,708
Increase in stocks	**(39,548)**	(604,766)
Decrease in creditors	**(150,730)**	(601,223)
Decrease in provisions(including pension)	**(922,776)**	(873,647)
Cash from operations	**3,431,589**	3,355,035
Interest paid	**(26,564)**	(3,613)
Taxation paid	**(364,350)**	(374,396)
Net cash generated from operating activities	**3,040,675**	2,977,026
Cash from investing activities		
Purchase of tangible fixed assets	**(1,851,142)**	(1,826,971)
Sale of assets	**200,707**	-
Interest received	**67,145**	64,716
Net cash from investing activities	**(1,583,290)**	(1,762,255)
Cash from financing activities		
Repayment of finance leases	**(49,101)**	(9,032)
Loans repaid	**-**	(125,000)
Dividends paid	**(500,376)**	(611,772)
Net from financing activities	**(549,477)**	(745,804)
Net increase in cash and cash equivalents	**907,908**	468,967
Cash and cash equivalents at beginning of year	**8,350,916**	7,881,949
Cash and cash equivalents at the end of year	**9,258,824**	8,350,916
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**9,258,824**	8,350,916

The notes on pages 17 to 48 form part of these financial statements.

Longdon Estates Limited

Company balance sheet
at 31 December 2015

Company number 00502673	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Fixed asset investments	17		**15,146,067**		13,885,463
Current assets					
Debtors	20	**59,614**		47,989	
Cash at bank and in hand	21	**493,007**		433,109	
		552,621		481,098	
Creditors: amounts falling due within one year	22	**44,722**		38,722	
Net current assets			**507,899**		442,376
Total assets less current liabilities			**15,653,966**		14,327,839
Capital and reserves					
Called up share capital	29		**48,000**		48,000
Revaluation reserve			**15,089,937**		13,829,333
Capital redemption reserve			**1,000**		1,000
Profit and loss account			**515,029**		449,506
Shareholders' funds			**15,653,966**		14,327,839

The financial statements were approved by the Board of Directors and authorised for issue on 6 September 2016

J C Scott
Director

The notes on pages 17 to 48 form part of these financial statements.

Longdon Estates Limited

Company statement of changes in equity
For the year ended 31 December 2015

	Share capital £	redemption reserve £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2015	48,000	1,000	13,829,333	449,506	14,327,839
Comprehensive income for the year					
Profit for the year	-	-	-	329,523	329,523
Revaluation of investment	-	-	1,260,604	-	1,260,604
Other comprehensive income for the year	-	-	1,260,604	-	1,260,604
Total comprehensive income for the year	-	-	1,260,604	329,523	1,590,127
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(264,000)	(264,000)
Total transactions with owners	-	-	-	(264,000)	(264,000)
31 December 2015	**48,000**	**1,000**	**15,089,937**	**515,029**	**15,653,966**

The notes on pages 17 to 48 form part of these financial statements.

Longdon Estates Limited

Company statement of changes in equity
For the year ended 31 December 2014 *(continued)*

	Share capital £	Capital redemption reserve £	Revaluation reserve £	Retained earnings £	Total equity £
At 1 January 2014	48,000	1,000	13,445,099	412,769	13,906,868
Comprehensive income for the year					
Profit for the year	-	-	-	372,737	372,737
Revaluation of investment	-	-	384,234	-	384,234
Other comprehensive income for the year	-	-	384,234	-	384,234
Total comprehensive income for the year	-	-	384,234	372,737	756,971
Contributions by and distributions to owners					
Dividends: Equity capital	-	-	-	(336,000)	(336,000)
Total transactions with owners	-	-	-	(336,000)	(336,000)
31 December 2014	**48,000**	**1,000**	**13,829,333**	**449,506**	**14,327,839**

The notes on pages 17 to 48 form part of these financial statements.

1 Accounting policies

1.1 Basis of preparation of financial statements

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 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 36.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Longdon Estates Limited and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 January 2014.

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group 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 Group will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1 **Accounting policies** *(continued)*

1.3 Revenue *(continued)*

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 Group 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

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquire at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Income Statement over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed five years.

1 Accounting policies *(continued)*

1.5 Tangible fixed assets

Tangible fixed assets under the cost model, other than investment properties, 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 Group 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 Group. 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, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Freehold property	-	50 years
Long-term leasehold property	-	50 - 75 years (life of the lease)
Plant and machinery	-	5 - 10 years
Motor vehicles	-	4 years
Fixtures and fittings	-	3 - 10 years

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 within 'other operating income' in the Consolidated Statement of Comprehensive Income.

1.6 Investment property

Investment property is carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Income Statement.

1 Accounting policies *(continued)*

1.7 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 Group shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Consolidated Income Statement for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

1.8 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.

1.9 Debtors

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

1.10 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.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.11 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

1 Accounting policies *(continued)*

1.12 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.

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 Income Statement.

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, which is an approximation of the amount that the Group 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.

1.13 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities within the scope of IAS 39 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

1 Accounting policies *(continued)*

1.13 Financial liabilities *(continued)*

Interest bearing loans and borrowings
Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

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.

Derecognition of financial liabilities
A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as an exchange or modification is treated as a derecognition of the original liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

1.14 Finance costs

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

1.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.16 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 Group 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 31 December 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

1 Accounting policies *(continued)*

1.17 Operating leases: Lessee

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

1.18 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Income Statement 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 Group in independently administered funds.

Group pension plan

Where the risks of a defined benefit plan are shared between entities under common control, the net defined benefit cost is recognised in the financial statements of the Group entity which is legally responsible for the plan and all other Group entities recognise a cost equal to their contribution payable for the period.

The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the statement of financial position as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The employer's portion of current and past service costs are charged to operating profit with the net interest also being recognised in the income statement. Actuarial gains and losses are recognised in other comprehensive income.

1.19 Holiday pay accrual

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

1.20 Interest income

Interest income is recognised in the Income Statement using the effective interest method.

1.21 Borrowing costs

All borrowing costs are recognised in the Income Statement in the year in which they are incurred.

1 Accounting policies *(continued)*

1.22 Provisions for Liabilities

Provisions are made where an event has taken place that gives the Group 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 Income Statement in the year that the Group 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.

1.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Income Statement, 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 and the Group operate and generate 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;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

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.

1.24 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project. The expenditure is treated as if it were all incurred in the research phase only.

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:

Intangible assets and goodwill

Intangible assets and goodwill are amortised 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. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

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 re assessing 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.

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.

Valuation of freehold and leasehold property

The financial statements include properties held at valuation for which the valuation of these properties is a significant estimate. In order to arrive at a reliable estimate, the Directors make use of professional valuation experts. However, significant changes to the assumptions underlying the experts' calculations, or significant changes in market conditions could result in significant changes to the carrying value of property over the next financial year.

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

Defined benefit pension schemes

The financial statements include a net defined benefit pension scheme liability of £3,258,200 (2014 - £4,174,200), comprising assets of £18,285,800 (2014: £18,725,800) and liabilities of £21,316,000 (2014 - £22,900,000). These liabilities represent the costs expected to be incurred in making payments to current and past employees who are members of the scheme.

The valuation of the pension scheme liability is determined on an actuarial basis using the projected unit method discounted at a rate using the current rate of return on high quality corporate bonds of equivalent term and currency to the liability. Assumptions are made about the mortality of the beneficiaries of the pension scheme, and future rates of inflation. The assumptions underlying this calculation are discussed in more detail in note 27.

Significant changes to the assumptions underlying these calculations over the next financial year could result in significant changes to the carrying value of the pension scheme liability.

3 *Analysis of turnover*

	2015 £	2014 £
Analysis by geographical market:		
United Kingdom	**98,516,728**	120,262,567
Rest of Europe	**1,834,044**	1,760,955
Rest of the world	**1,480,687**	1,329,131
	101,831,459	123,352,653
An analysis of turnover by class of business is as follows:		
Sale of goods and integrated services	**62,956,210**	90,983,220
Provision of services	**38,875,249**	32,369,433
	101,831,459	123,352,653

4 Other operating income

	2015 £	2014 £
Profit on disposal of tangible assets	**157,726**	-

5 Operating (loss)/profit

	2015 £	2014 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	**2,080,843**	2,182,369
Amortisation of positive goodwill	**226,410**	101,637
Hire of plant and machinery - operating leases	**28,452**	331,694
Hire of other assets - operating leases	**26,925**	179,240
Exceptional costs	**2,821,396**	-
Release of capital portion of grant	**(109,587)**	(109,587)
Defined contribution pension cost	**927,182**	915,105

6 Auditors' remuneration

	2015 £	2014 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual accounts	**6,000**	6,000

Fees payable to the Group's auditor and its associates in respect of:		
The auditing of accounts of associates of the Group pursuant to legislation	**59,750**	57,500
Other services relating to taxation	**17,958**	11,830
All other services	**25,484**	9,631

7 Employees

	2015 £	2014 £
Staff costs (including directors) consist of:		
Wages and salaries	**32,790,157**	32,535,243
Social security costs	**3,286,033**	3,381,831
Other pension costs	**927,181**	915,105
	37,003,371	36,832,179

The average number of employees (including directors) during the year was as follows:

	2015 Number	2014 Number
Production	**490**	512
Administration	**385**	396
	875	908

8 Directors' remuneration

	2015 £	2014 £
Directors' emoluments	**237,175**	259,217
Company contributions to money purchase pension schemes	**28,560**	21,000
	265,735	280,217

There was 1 director in the group's defined benefit pension scheme (2014 - 1) and 1 director in the group's defined contribution pension scheme (2014 - 1) during the year.

The total amount payable to the highest paid director in respect of emoluments was £154,181 (2014 - £176,105). They are a member of a defined benefit scheme, under which the accrued pension at the yearend was £28,560 (2014 - £38,427).

In addition contributions of £Nil (2014 - £21,000) were made to the group personal pension plan on their behalf.

9 Bank interest receivable

	2015 £	2014 £
Interest receivable	**67,145**	64,716

10 Interest payable and similar charges

	2015 £	2014 £
Interest payable	**26,564**	785

11 Other finance costs

	2015 £	2014 £
Expected return on pension scheme assets	**(651,000)**	(877,000)
Interest on pension scheme liabilities	**788,000**	956,000
	137,000	79,000

12 Taxation on profit on ordinary activities

	2015	2014
Corporation tax	£	£
Current tax on profits for the year	**107,936**	520,389
Adjustment in respect of previous periods - Corporation tax	**(52,329)**	(165,327)
Adjustment in respect of previous periods - group relief	**(5,878)**	-
Total current tax	**49,729**	355,062
Deferred tax		
Origination and reversal of timing differences	**27,413**	(45,999)
Adjustment in respect of previous periods	**(47,517)**	-
Effect of changes in tax rate	**83,951**	(2,329)
Total deferred tax	**63,847**	(48,328)
Taxation on profit on ordinary activities	**113,576**	306,734

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 21.25% (2014 - 23%). The differences are explained below:

	2015	2014
	£	£
(Loss)/profit on ordinary activities before tax	**(809,519)**	2,739,217
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.00%)	**(163,928)**	575,236
Effects of:		
Expenses/income not deductible/chargeable for tax purposes	**266,770**	66,250
Adjustment to prior year - group relief	**(5,878)**	-
Adjustment to prior year - corporation tax	**(52,329)**	(165,327)
Excess of pension contributions over profit charges	**-**	(116,588)
Changes in tax rates – deferred tax	**83,951**	(2,329)
Adjustment to prior year – deferred tax	**(47,517)**	
Losses carried forward	**-**	5,225
Other	**32,507**	55,733
Total tax charge for the year	**113,576**	306,734

12 Taxation on profit on ordinary activities *(continued)*

Factors that may affect future tax charges

A number of changes in the UK corporation tax system were announced in the March 2016 Budget, including that the main rate of corporation tax would reduce to 17% with effect from 1 April 2020. These tax rate reductions have not been substantively enacted to date and therefore have not been reflected in the financial statements.

13 Dividends

	2015 £	2014 £
Ordinary shares		
Interim dividends paid of £5.50 (2014 - £7.00) per share	**264,000**	336,000

The proposed final dividend has not been accrued for as the dividend was declared after the balance sheet date.

14 Profit for the financial year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements. The group result for the year includes a result after tax of £329,523 (2014 - £373,343 profit) which is dealt with in the financial statements of the parent company.

15 Intangible fixed assets

	Goodwill on consolidation £
Cost	
At 1 January 2015 and 31 December 2015	**2,222,842**
Amortisation	
At 1 January 2015	1,515,237
Charge for the year	226,410
At 31 December 2015	**1,741,647**
Net book value	
At 31 December 2015	**481,195**
At 31 December 2014	707,605

16 Tangible fixed assets

Group	Freehold property £	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost or valuation						
At 1 January 2015	929,509	8,087,556	8,724,923	8,044,557	1,983,151	27,769,696
Additions	-	-	85,851	1,760,551	280,203	2,126,605
Disposals	-	-	(72,641)	(1,051,519)	(313,823)	(1,437,983)
Revaluations	413,778	2,622,484	-	-	-	3,036,262
At 31 December 2015	**1,343,287**	**10,710,040**	**8,738,133**	**8,753,589**	**1,949,531**	**31,494,580**
Depreciation						
At 1 January 2015	450,482	1,950,045	7,851,840	4,885,738	1,529,725	16,667,830
Charge for the year	892	4,758	235,267	1,614,674	225,252	2,080,843
Disposals	-	-	(72,310)	(1,015,856)	(306,505)	(1,394,671)
At 31 December 2015	**451,374**	**1,954,803**	**8,014,797**	**5,484,556**	**1,448,472**	**17,354,002**
Net book value						
At 31 December 2015	**891,913**	**8,755,237**	**723,336**	**3,269,033**	**501,059**	**14,140,578**
AT 31 December 2014	479,027	6,137,511	873,083	3,158,819	453,426	11,101,865

The revaluations during the year have been calculated by the directors based on an independent external valuation. The properties concerned are recorded as investment properties in the company financial statements (note 17) but are part of tangible fixed assets in the group financial statements

The company had no fixed assets throughout the period.

17 Fixed asset investments

Group	Joint ventures £
Cost	
At 1 January 2015 and 31 December 2015	**2,594**

Franklin Hodge Industries Limited entered into a joint venture arrangement on 17 May 2011 which created an investment in Franklin Hodge (Asia) PTE Limited. The results of this company to 31 December 2015 are not material to the company or the group and have therefore not been incorporated into the financial statements.

17 Fixed asset investments (continued)

Company	Group undertakings £
At 1 January 2015	13,885,463
Revaluations	1,260,604
At 31 December 2015	**15,146,067**

Subsidiary undertakings, associated undertakings and other investments

The following were subsidiary undertakings of the Company:

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
Subsidiary undertakings			
Carter Thermal Industries Limited	UK	59.21%	Holding company
Wholly owned subsidiary undertakings of Carter Thermal Industries Limited			
Carter Retail Equipment Limited	UK		Manufacture and installation of retail display and commercial refrigeration equipment
Carter Synergy Limited	UK		Design and installation of refrigeration systems and maintenance of refrigeration and retail equipment
Carter Environmental Engineers Limited	UK		Design and manufacture of environmental engineering equipment
K.B. Refrigeration Limited	UK		Installation, maintenance and service of refrigeration equipment
Franklin Hodge Industries Limited	UK		Manufacture of liquid storage tanks
BSC Developments Limited *	UK		Dormant
Carter Building Engineering Services Limited *	UK		Dormant
Carter Engineering Building Services Limited *	UK		Dormant
Carter Planned Maintenance Limited *	UK		Dormant
Environmental Building Maintenance Limited *	UK		Dormant
Franklin Hodge Limited *	UK		Dormant
Star Electrical Company Limited *	UK		Dormant
Carter Refrigeration & Retail Services Limited *	UK		Dormant
Visco Limited *	UK		Dormant

* denotes subsidiaries exempt from audit by virtue of s479A of the Companies Act 2006

18 Investment property

Group	Freehold investment property £
Valuation	
At 1 January 2015 and 31 December 2015	**170,000**

The company had no investment property throughout the period.

19 Stocks

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Raw materials and consumables	**3,632,771**	3,845,090	-	-
Work in progress	**3,713,749**	3,864,271	-	-
Progress payments	**(815,172)**	(1,217,561)	-	-
	6,531,348	6,491,800	-	-

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

Stock recognised in cost of sales during the year as an expense was £39,408,950 (2014 - £60,378,080).

An impairment loss of £27,770 (2014 - £170,846) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

20 Debtors

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Trade debtors	**20,773,516**	23,792,205	-	-
Amounts owed by group undertakings	-	-	**42,114**	30,489
Corporation tax recoverable	**17,500**	17,500	**17,500**	17,500
Other debtors	**157,454**	210,990	-	-
Prepayments and accrued income	**499,968**	535,628	-	-
Deferred taxation	**615,985**	792,627	-	-
	22,064,423	25,348,950	**59,614**	47,989

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 £294,198 (2014 - £182,021).

21 Cash and cash equivalents

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Cash at bank and in hand	**9,258,827**	8,350,916	**493,007**	433,109

22 Creditors: amounts falling due within one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Payments received on account	**478,896**	1,110,092	-	-
Trade creditors	**13,188,119**	13,759,865	-	-
Corporation tax	**113,462**	428,083	-	-
Other taxation and social security	**1,715,476**	2,040,075	-	-
Obligations under finance lease and hire purchase contracts	**100,792**	11,551	-	-
Other creditors	**580,960**	499,921	-	-
Accruals and deferred income	**4,072,367**	5,159,196	**44,722**	38,722
	20,250,072	23,008,783	**44,722**	38,722

23 Creditors: amounts falling due after more than one year

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Obligations under finance lease and hire purchase contracts	**158,425**	21,276	-	-
Deferred income	**750,979**	771,276	-	-
CMA fine payable (see note 34)	**2,015,135**	-	-	-
	2,924,539	792,552	-	-

24 Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

Group	Finance leases 2015 £	Finance leases 2014 £
In one year or less, or on demand	**100,792**	11,551
In more than one year but not more than five years	**158,425**	21,276

25 Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Financial assets that are debt instruments measured at amortised cost	**21,552,702**	24,795,822	**42,114**	30,489
Financial liabilities measured at amortised cost	**(21,345,672)**	(21,333,177)	**(44,722)**	(38,722)

Financial assets measured at amortised cost comprise debtors (excluding prepayments and tax).

Financial liabilities measured at amortised cost comprise creditors (excluding tax).

26 Deferred taxation

Group	Deferred tax £
At 1 January 2015	792,627
Utilised in year	(176,642)
At 31 December 2015	**615,985**

The provision for deferred taxation is made up as follows:

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Accelerated capital allowances	**(53,076)**	(84,567)	-	-
Short term timing differences	**18,627**	41,814	-	-
Capital gains/losses	**-**	-	-	-
Deferred tax asset on pension	**650,434**	835,380	-	-
	615,985	792,627	-	-

27 Provisions

Group	Guarantee provision £
At 1 January 2015	132,685
Utilised in year	(6,776)
At 31 December 2015	**125,909**

28 Pensions

The group operates several pension schemes:

Carter Thermal Industries Limited Pension Scheme	-	Defined benefit (pensions ceased to accrue with effect from 31 July 2008)
Carter Executive Plan	-	Defined benefit (pensions ceased to accrue with effect from 30 June 2007)
Carter Money Purchase Plan	-	Defined contribution
K.B. Refrigeration and Retirement Benefits Plan	-	Defined contribution & Defined benefit (Defined benefit pensions ceased to accrue with effect from 1 April 1998)

The assets of the schemes are held in separate Trustee administered funds.

There were no changes to the schemes during the year.

Actuarial information

	CTI scheme	**Carter Executive plan**	**K B Refrigeration pre 1 April 1998 defined benefits**
Valuation method	Defined accrued benefits method	Defined accrued benefits method	Defined accrued benefits method
Date of last actuarial valuation	31 December 2012	31 December 2011	30 April 2014
Period of valuation	Triennial	Triennial	Triennial

The last full actuarial valuation of the schemes was carried out by a qualified independent actuary on the dates shown and they have been updated on an approximate basis to 31 December 2015.

Contributions include those to both the defined benefit and defined contribution schemes as follows:

	2015	**2014**
	£	**£**
Defined benefit	**533,000**	2,124,000
Defined contribution	**927,182**	915,105
	1,460,182	3,039,105

The group has no unused tax losses or credits.

28 Pensions *(continued)*

Reconciliation of present value of plan liabilities

	CTI scheme £	Carter Executive plan £	K B Refrigeration pre 1 April 1998 defined benefits £	Total £
At the beginning of the year	(7,051,000)	(13,945,000)	(1,904,000)	(22,900,000)
Interest cost	(242,000)	(478,000)	(68,000)	(788,000)
Actuarial gains/(losses)	261,000	1,088,000	185,000	1,534,000
Benefits paid	277,000	551,000	10,000	838,000
At the end of the year	(6,755,000)	(12,784,000)	(1,777,000)	(21,316,000)

Composition of plan liabilities

2015	CTI scheme £	Carter Executive plan £	K B Refrigeration pre 1 April 1998 defined benefits £	Total £
Schemes wholly or partly funded	(6,755,000)	(12,784,000)	(1,777,000)	(21,316,000)
2014	£	£	£	£
Schemes wholly or partly funded	(7,051,000)	(13,945,000)	(1,904,000)	(22,900,000)

28 Pensions *(continued)*

Reconciliation of fair value of plan assets

	CTI scheme £	Carter Executive plan £	K B Refrigeration pre 1 April 1998 defined benefits £	Total £
At the beginning of the year	4,761,800	12,082,000	1,882,000	18,725,800
Expected rate of return on plan assets	165,000	417,000	69,000	651,000
Actuarial gains/(losses)	(253,000)	(433,000)	(40,000)	(726,000)
Contribution by group	162,000	207,000	100,000	469,000
Benefits paid	(277,000)	(551,000)	(6,000)	(834,000)
At the end of the year	4,558,800	11,722,000	2,005,000	18,285,800

Reconciliation to balance sheet

2015	CTI scheme £	Carter Executive plan £	K B Refrigeration pre 1 April 1998 defined benefits £	Total £
Present value of funded obligations	(6,755,000)	(12,784,000)	(1,777,000)	(21,316,000)
Fair value of plan assets	4,558,800	11,722,000	2,005,000	18,285,800
	(2,196,200)	(1,062,000)	228,000	(3,030,200)
Pension scheme asset not recognised due to limit on recognisable surpluses	-	-	(228,000)	(228,000)
Net liability	(2,196,200)	(1,062,000)	-	(3,258,200)
2014				
Present value of funded obligations	(7,051,000)	(13,945,000)	(1,904,000)	(22,900,000)
Fair value of plan assets	4,761,800	12,082,000	1,882,000	18,725,800
Net liability	(2,289,200)	(1,863,000)	(22,000)	(4,174,200)

28 Pensions *(continued)*

The amounts recognised in profit and loss are as follows:

2015	**CTI scheme**	**Carter Executive plan**	**K B Refrigeration pre 1 April 1998 defined benefits**	**Total**
	£	**£**	**£**	**£**
Included in other finance (income)/expense:				
Interest cost	242,000	478,000	68,000	788,000
Expected return of plan assets	(165,000)	(417,000)	(69,000)	(651,000)
	77,000	61,000	(1,000)	137,000
2014				
Included in other finance (income)/expense:				
Interest cost	278,000	607,000	71,000	956,000
Expected return of plan assets	(224,000)	(580,000)	(73,000)	(877,000)
	54,000	27,000	(2,000)	79,000

28 Pensions *(continued)*

Analysis of actuarial loss recognised in other comprehensive income

2015	CTI scheme £	Carter Executive plan £	K B Refrigeration pre 1 April 1998 defined benefits £	Total £
Actuarial return less expected return on pension plan assets	(253,000)	(433,000)	(40,000)	(726,000)
Experience gains and losses arising on the scheme liabilities	261,000	1,088,000	(33,000)	1,316,000
Actuarial gain/(losses) recognised in other comprehensive income	8,000	655,000	(73,000)	590,000
2014				
Actuarial return less expected return on pension plan assets	234,000	857,000	108,000	1,199,000
Experience gains and losses arising on the scheme liabilities	(816,000)	(1,113,000)	47,000	(1,882,000)
Changes in assumptions underlying the present value of the scheme liabilities	-	-	(345,200)	(345,200)
Actuarial gain/(losses) recognised in the statement of total recognised gains and losses	(582,000)	(256,000)	(190,200)	(1,028,200)

28 Pensions *(continued)*

Composition of plan assets

2015	CTI scheme £	Carter Executive plan £	K B Refrigeration pre 1 April 1998 defined benefits £	Total £
Equities	2,263,000	5,872,000	772,000	8,907,000
Bonds	1,598,000	5,671,000	387,000	7,656,000
Secure growth	-	-	709,000	709,000
Other	697,000	179,000	127,000	1,003,000
Total plan assets	4,558,000	11,722,000	1,995,000	18,275,000
2014				
Equities	2,713,000	5,755,000	796,000	9,264,000
Bonds	1,589,000	5,675,000	181,000	7,445,000
Secure growth	-	-	677,000	677,000
Other	459,000	652,600	228,200	1,339,800
Total plan assets	4,761,000	12,082,600	1,882,200	18,725,800

Actual return on plan assets

	2015 £	2014 £
CTI scheme	**(88,000)**	458,000
Carter executive plan	**(16,000)**	1,437,000
K B refrigeration pre 1 April 1998 defined benefits	**(77,700)**	181,000
Total actual return on plan assets	**(181,700)**	2,076,000

28 Pensions *(continued)*

Principal actuarial assumptions used at the balance sheet date

	CTI scheme 2015 %	CTI scheme 2014 %	Carter Executive plan 2015 %	Carter Executive plan 2014 %	K B Refrigeration pre 1 April 1998 defined benefits 2015 %	K B Refrigeration pre 1 April 1998 defined benefits 2014 %
Discount rates	**3.65**	3.50	**3.65**	2.50	**4.00**	3.60
Expected rates of return on plan assets:						
Equities	**3.65**	3.50	**3.65**	3.50	**6.00**	6.00
Bonds	**3.65**	3.50	**3.65**	3.50	**3.30**	3.40
Secure growth	**-**	-	**-**	-	**3.30**	3.40
Cash	**3.65**	3.50	**3.65**	3.50	**2.40**	2.50
Revaluation of deferred pensions	**2.05**	2.00	**2.05**	2.00	**2.40**	2.00
Inflation assumption	**2.05**	2.00	**2.05**	2.00	**2.40**	2.00
Mortality rates						
Aged at 65 at year end:						
Males	**21.20**	21.70	**22.70**	23.30	**22.10**	22.30
Females	**23.20**	23.70	**24.60**	25.00	**24.10**	24.30
Aged at 45 at year end:						
Males	**22.50**	23.00	**24.00**	24.70	**23.80**	24.10
Females	**24.70**	25.20	**26.20**	26.60	**26.00**	26.20

28 Pensions *(continued)*

Mortality assumptions

Investigations have been carried out within the past three years into the mortality experience of the group's defined benefit schemes. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates.

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

To develop the expected long-term rate of return on assets assumption, the Company considered the current level of expected returns on risk free investments (primarily government bonds), the historical level of the risk premium associated with other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the long term rate of return on assets assumption for the portfolio.

Bonds: The long term expected returns on government and corporate bonds are derived as the quoted yield on fixed interest government bonds and AA corporate bonds, respectively, at the balance sheet date.

Equities: The long-term expected rate of return on equities is derived as fixed interest government bond yields at the balance sheet date with a 3% p.a. allowance for out-performance net of expenses.

Cash: The long term expected rate of return on cash is derived as fixed interest government bond yields without adjustment.

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £927,182 (2014: £915,105). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

The best estimate of contributions to be paid by the group to the CTI scheme, Carter Executive Plan and KB Refrigeration schemes for the period beginning after 31 December 2015 are £162,000, £207,000 and £100,000 respectively.

29 Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
48,000 ordinary shares of £1 each	**48,000**	48,000

30 Contingent liabilities

The group has given an unlimited guarantee in respect of the group banking facility which amounted to £1,686,654 at 31 December 2015 (2014 - £659,000).

31 Capital commitments

	Group 2015 £	Group 2014 £	Company 2015 £	Company 2014 £
Contracted but not provided for	69,000	47,015	-	-

32 Commitments under operating leases

The group had total commitments under non-cancellable operating leases as set out below:

	Land and buildings 2015 £	Other 2015 £	Land and buildings 2014 £	Other 2014 £
Operating leases which expire:				
Within one year	**256,736**	**68,116**	18,681	9,691
In two to five years	**332,451**	**63,644**	112,700	59,061
After five years	**46,931**	**11,536**	26,925	-
	636,118	**143,296**	158,306	68,752

The company had no operating lease commitments (2014 - £Nil).

33 Related party disclosures

Longdon Estates Limited owns 59.21% of Carter Thermal Industries Limited and the only transactions between these companies was the payment of a dividend of £3.00 per share.

The group has taken advantage of the exemption conferred by section 33.1A of Financial Reporting Standard 102 'Related party disclosures' not to disclose transactions between Carter Thermal Industries Limited and its wholly owned subsidiaries.

Transactions with directors

Two directors of the company hold shares in Longdon Estates Limited. D W Arkley and J C Scott are trustees of the Mrs C S Carter Discretionary Trust, the C S Carter Interest in Possession Trust for S G McKibbin and the Mrs AP Scott Discretionary Trust. J Chamberlain is also a trustee of the Mrs AP Scott Discretionary Trust. Dividends paid to these shareholders during the year were as follows:

Related party	2015 £	2014 £
Mrs J A Chamberlain	**28,188**	35,875
Mrs M C Rennison	**28,188**	35,875
Mrs C S Carter Discretionary Trust	**74,212**	94,451
C S Carter Interest in Possession Trust for S G McKibbin	**16,500**	21,000
Mrs AP Scott Discretionary Trust	**68,750**	87,500

33 Related party disclosures (continued)

Key management personnel include all directors who together have authority and responsibility for planning, directing and controlling the activities of the company. The total compensation paid to key management personnel for services provided to the company was £237,175 (2014 - £259,761).

34 Exceptional items/post balance sheet events

	2015	2014
	£	£
CMA fine	2,015,135	-
CMA legal costs	339,837	-
Restructuring redundancy costs	466,424	-
Total exceptional costs	2,821,396	-

On 21 March 2016 in settlement with the Competition and Markets Authority (CMA) Franklin Hodge Industries Limited admitted taking part in a cartel operating in the galvanised steel tank used for water storage in large buildings supplying water used in fire sprinkler systems and agreed to pay a fine of £2,015,135. The date of payment of this fine has not yet been agreed with CMA but will not be earlier than February 2017. The size of the fine was reduced by the CMA due to the full co-operation of the senior management and the enhancement of additional training and procedures required to prevent a reoccurrence of any trading practices deemed to be anti-competition behaviour. The Directors are confident that these steps will prevent all staff from operating any anti-competitive practices in the future.

35 Ultimate controlling party

There is no individual controlling party of the company or the group.

36 First time adoption of FRS 102

Group	Note	As previously stated 1 January 2014 £	Effect of transition 1 January 2014 £	FRS 102 (as restated) 1 January 2014 £	As previously stated 31 December 2014 £	Effect of transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Fixed assets	i	12,376,318	(68,768)	12,307,550	11,880,832	(68,768)	11,812,064
Current assets	ii	38,773,219	792,627	39,565,846	39,399,039	792,627	40,191,666
Creditors: amounts falling due within one year		(22,620,898)	-	(22,620,898)	(23,008,783)	-	(23,008,783)
Net current assets		16,152,321	792,627	16,944,948	16,390,256	792,627	17,182,883
Total assets less current liabilities		28,528,639	723,859	29,252,498	28,271,088	723,859	28,994,947
Creditors: amounts falling due after more than one year		(824,403)	-	(824,403)	(792,552)	-	(792,552)
Provisions for liabilities	ii	(227,873)	42,753	(185,120)	(175,438)	42,753	(132,685)
Pension scheme liabilities	ii	(4,206,360)	(833,380)	(5,039,740)	(3,338,820)	(835,380)	(4,174,200)
Net assets		23,270,003	(66,768)	23,203,235	23,964,278	(68,768)	23,895,510

36 First time adoption of FRS 102 *(continued)*

	Note	As previously stated 31 December 2014 £	Effect of Transition 31 December 2014 £	FRS 102 (as restated) 31 December 2014 £
Turnover		123,352,653	-	123,352,653
Increase/(decrease) in stocks of finished goods and work in progress		1,455,944	-	1,455,944
Raw materials and consumables		(62,950,138)	-	(62,950,138)
Other external charges		(12,436,704)	-	(12,436,704)
Staff costs		(36,832,179)	-	(36,832,179)
Depreciation and other operating charges		(2,276,764)	-	(2,276,764)
Other operating charges		(7,558,526)	-	(7,558,526)
Operating profit		2,754,286	-	2,754,286
Interest receivable and similar income		64,716	-	64,716
Interest payable and similar charges		(785)	-	(785)
Other finance income		(79,000)	-	(79,000)
Taxation		(306,734)	-	(306,734)
Minority interest		(1,003,454)	-	(1,003,454)
Profit on ordinary activities after taxation and for the financial year		1,429,029	-	1,429,029

Explanation of changes to previously reported profit and equity

i. On transition to FRS 102 the directors considered that recommended maximum life of 10 years was appropriate for the goodwill recorded and have accelerated the amortisation of goodwill accordingly.

ii. FRS 102 requires that the deferred tax asset related to the pension scheme is recognised separately.

FRS 102 has no effect on company only accounts.