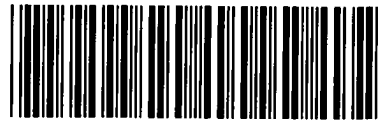

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2020

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ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

COMPANY INFORMATION

Directors	J R Adcock B I Adcock S J Prior P J Prior P J Brant N M Claydon
Company secretary	B I Adcock
Registered number	01307597
Registered office	The Maltings Station Road Great Shelford Cambridge CB22 5LR
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge Cambridgeshire CB4 0FY

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 JANUARY 2020**

The directors present their Strategic Report for the year ended 31 January 2020.

Business review

Despite the economic environment creating a challenging marketplace we have seen an increase in order intake and in turnover to £43,633,986 (2019: £43,865,161).

The trading conditions remained challenging, with the focus on the need for a tight control of debts, margins and cash flow.

The Company reports a decrease of 16% in net profit before tax compared with last year while still achieving a net profit of over 5%. Cash balances have decreased by 31% due to investment in the new Chelmsford and CAD office.

The Company considers its key performance indicators to be capital, order intake, turnover, margin and staff levels. Order intake and turnover remained stable while staffing levels remained constant.

The Company continues its policy of investing in training in its bespoke City & Guilds accredited training centre to enhance the quality of front-line staff to meet the needs of a demanding customer base.

The Company consciously attempts to ensure that any new appointments increase the skills base of the workforce, in managerial, technical and administrative positions, to improve the long-term strength of the Company and its ability to meet future challenges.

Principal risks and uncertainties

Personnel risk

The Company seeks to attract and retain good quality staff through its processes for training, working conditions and total remuneration packages.

Health and safety

The Company takes its responsibilities for health and safety of its staff seriously and has a dedicated SHEQ Manager. The Company maintains appropriate standards by way of training and compliance with legal requirements.

Liquidity risk

The Company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Company has cash at bank and in hand and liquid investments of £5,043,284 at year end (2019: £7,341,332).

Credit risk

The Company's principal financial assets are cash and trade debtors, with the main risk arising from its trade debtors. In order to manage the credit risk the directors request stage payments from customers.

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

Philip Prior

P J Prior
Director
Date: 8/12/2020

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

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ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020**

Engagement with employees

During the year the Company completed its second Great Place to Work employee survey and achieved a result of 78% employee satisfaction rating, an increase compared to 70% in 2019. The Company has made many changes informed by employee feedback from this survey.

Disclosure of information to auditor

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events and future developments

Trading was significantly impacted by the Covid-19 pandemic. The Company's operations were heavily restricted between March to May 2020, with the majority of customer sites closed. The Company used the Government's furloughing scheme for two thirds of its employees, with the majority returned to work by July 2020, by which time most customer sites re-opened. The second national lockdown in November 2020 has not significantly impacted our trading. The Company has returned to profit and has strong cash reserves, but we expect trading conditions to remain challenging for the foreseeable future, with increased volatility in monthly trading results. The Company does not trade outside of the United Kingdom so does not expect the end of the Brexit transition period in January 2021 to have a significant effect on our trading.

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

Philip Prior

P J Prior
Director
Date: 8/12/2020

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 2020**

The directors present their report and the financial statements for the year ended 31 January 2020.

Results and dividends

The profit for the year, after taxation, amounted to £1,814,015 (2019 - £2,231,906).

An interim dividend was paid in the year to shareholders in proportion to their percentage shareholdings of £24,000 per share. The total distribution of dividends in the year ended 31 January 2020 was £1,200,000 (2019: £1,200,000).

Directors

The directors who served during the year were:

J R Adcock
B I Adcock
S J Prior
P J Prior
P J Brant
N M Claydon

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss 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;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADCOCK REFRIGERATION AND AIR
CONDITIONING LIMITED (CONTINUED)**

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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Company's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Company's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this Auditor's Report is not a guarantee that the Company will continue in operation.

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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADCOCK REFRIGERATION AND AIR
CONDITIONING LIMITED**

Opinion

We have audited the financial statements of Adcock Refrigeration and Air Conditioning Limited (the 'Company') for the year ended 31 January 2020, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 January 2020 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

The impact of macro-economic uncertainties on our audit

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the Company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a Company associated with these particular events.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADCOCK REFRIGERATION AND AIR
CONDITIONING LIMITED (CONTINUED)**

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 on the Financial Reporting Council's website at: 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.

Grant Thornton UK LLP

Paul Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
Date: 10/12/2020



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ADCOCK REFRIGERATION AND AIR
CONDITIONING LIMITED (CONTINUED)**

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 JANUARY 2020**

	Note	2020 £	2019 £
Profit for the financial year		<u>1,814,015</u>	<u>2,231,906</u>
Other comprehensive income			
Total comprehensive income for the year		<u><u>1,814,015</u></u>	<u><u>2,231,906</u></u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the Income Statement.

The notes on pages 15 to 32 form part of these financial statements.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 JANUARY 2020**

	Note	2020 £	2019 £
Turnover	4	43,633,986	43,865,161
Cost of sales		(35,146,154)	(35,988,600)
Gross profit		8,487,832	7,876,561
Administrative expenses		(6,260,237)	(5,254,202)
Other operating income	5	10,287	23,912
Operating profit	6	2,237,882	2,646,271
Interest receivable and similar income	10	57,056	91,681
Interest payable and similar expenses	11	-	(295)
Profit before tax		2,294,938	2,737,657
Tax on profit	12	(480,923)	(505,751)
Profit for the financial year		<u>1,814,015</u>	<u>2,231,906</u>

There were no recognised gains and losses for 2020 or 2019 other than those included in the Income Statement.

The notes on pages 15 to 32 form part of these financial statements.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED
REGISTERED NUMBER:01307597

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

Philip Prior

P J Prior
Director

Date: 10/12/2020

The notes on pages 15 to 32 form part of these financial statements.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED
REGISTERED NUMBER:01307597

STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020

	Note	2020 £	2019 as restated £
Fixed assets			
Tangible assets	14	9,534,400	6,930,457
Investment property	15	708,055	300,000
		<u>10,242,455</u>	<u>7,230,457</u>
Current assets			
Stocks	16	1,992,304	666,697
Debtors: amounts falling due within one year	17	7,752,416	7,679,868
Current asset investments	18	2,043,115	3,002,332
Cash at bank and in hand	19	3,000,169	4,339,000
		<u>14,788,004</u>	<u>15,687,897</u>
Creditors: amounts falling due within one year	20	(6,131,233)	(4,766,845)
Net current assets		<u>8,656,771</u>	<u>10,921,052</u>
Total assets less current liabilities		<u>18,899,226</u>	<u>18,151,509</u>
Provisions for liabilities			
Deferred tax	21	(297,200)	(163,498)
		<u>(297,200)</u>	<u>(163,498)</u>
Net assets		<u>18,602,026</u>	<u>17,988,011</u>
Capital and reserves			
Called up share capital	22	100	100
Capital redemption reserve	23	420,203	420,203
Profit and loss account	23	18,181,723	17,567,708
		<u>18,602,026</u>	<u>17,988,011</u>

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2020**

	2020 £	2019 as restated £
Cash flows from operating activities		
Profit for the financial year	1,814,015	2,231,906
Adjustments for:		
Depreciation of tangible assets	1,009,874	969,013
Profit on disposal of tangible assets	(126,186)	(142,819)
Interest paid	-	295
Interest received	(57,055)	(91,681)
Taxation charge	480,923	505,751
(Increase) in stocks	(1,325,607)	(290,182)
Decrease in debtors	886,669	825,446
Increase/(decrease) in creditors	1,030,420	(1,027,947)
Corporation tax (paid)	(183,253)	(284,700)
Net cash generated from operating activities	3,529,800	2,695,082
 Cash flows from investing activities		
Purchase of tangible fixed assets	(4,096,736)	(1,669,993)
Sale of tangible fixed assets	221,125	248,043
Purchase of investment properties	(20,075)	-
Movements in short term cash deposits	(959,217)	1,748,946
Interest received	57,055	91,681
Net cash from investing activities	(4,797,848)	418,677

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2020**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 February 2019	100	420,203	17,567,708	17,988,011
Changes in equity				
Profit for the year	-	-	1,814,015	1,814,015
Dividends	-	-	(1,200,000)	(1,200,000)
At 31 January 2020	100	420,203	18,181,723	18,602,026

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2019**

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 February 2018	100	420,203	16,535,802	16,956,105
Changes in equity				
Profit for the year	-	-	2,231,906	2,231,906
Dividends	-	-	(1,200,000)	(1,200,000)
At 31 January 2019	100	420,203	17,567,708	17,988,011

The notes on pages 15 to 32 form part of these financial statements.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 JANUARY 2020**

	At 1 February 2019 £	Cash flows £	At 31 January 2020 £
Cash at bank and in hand	4,339,000	(1,338,831)	3,000,169
Short term cash deposits	3,002,332	(959,217)	2,043,115
	<u>7,341,332</u>	<u>(2,298,048)</u>	<u>5,043,284</u>

The notes on pages 15 to 32 form part of these financial statements.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 JANUARY 2020**

	2020	2019
	£	£
Cash flows from financing activities		
Dividends paid	(1,030,000)	(1,200,000)
Interest paid	-	(295)
Net cash used in financing activities	<u>(1,030,000)</u>	<u>(1,200,295)</u>
Net (decrease) in cash and cash equivalents	<u>(2,298,048)</u>	<u>(1,913,464)</u>
Cash and cash equivalents at beginning of year	7,341,332	5,427,868
Cash and cash equivalents at the end of year	<u><u>5,043,284</u></u>	<u><u>7,341,332</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	3,000,169	4,339,000
Short term cash deposits	2,043,115	3,002,332
	<u><u>5,043,284</u></u>	<u><u>7,341,332</u></u>

The notes on pages 15 to 32 form part of these financial statements.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

2. Accounting policies (continued)

2.3 Revenue

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover 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 turnover is recognised:

Sale of goods

Turnover 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

Turnover on long term contracts is recognised according to the stage reached in the contract by reference to the stage of completion of the contract at the end of the reporting period.

At the end of each reporting period management make an assessment of the value of work carried out to date. Attributable profit is recognised as the difference between recorded turnover and related costs. The amount by which turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts.

2.4 Interest income

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

2.5 Finance costs

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

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

1. General information

Adcock Refrigeration and Air Conditioning Limited is a private Company limited by shares and registered in England and Wales. Its registered head office is located at The Maltings Station Road, Great Shelford, Cambridge, CB22 5LR.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

The following principal accounting policies have been applied:

2.2 Going concern

The directors have considered the financial position of the Company and believe it is well placed to manage its business risks successfully. The directors have considered the impact of the Covid-19 pandemic which occurred after the year end, and completed a detailed forecast based on different scenarios. At the date of signature of these financial statements, they have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of preparation for these financial statements.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

2. Accounting policies (continued)**2.8 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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line and reducing balance methods.

Depreciation is provided on the following basis:

Freehold property	- 2%	on cost (excluding land which is not depreciated)
Long-term leasehold property	- 2%	on cost (excluding land which is not depreciated)
Improvements to property	- 20%	on reducing balance
Plant and machinery	- 15%	on reducing balance
Motor vehicles	- 20%	on cost
Fixtures and fittings	- 20%	on cost
Computer equipment	- 20%	on cost

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

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

2.9 Investment property

The value of investment property is considered annually by the directors based on the market value and supported by periodic valuations by independent professional valuers. Surpluses or impairments on the properties are recognised in the Income Statement. Depreciation is not provided in respect of freehold investment properties.

2.10 Current asset investments

Current asset investments comprise of short term cash deposits. These mature in no more than 12 months from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

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.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

2. Accounting policies (continued)

2.6 Pensions

Defined contribution pension plan

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

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

2.7 Current and deferred taxation

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

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

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

2. Accounting policies (continued)

2.16 Financial instruments

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

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.

2.17 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.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Amounts recoverable on contracts:

The Company undertakes a number of long terms contracts, the majority of which are undertaken on a fixed price basis. At the end of each reporting period management make an assessment of the value of work carried out to date. Attributable profit is recognised as the difference between recorded turnover and related costs.

Trade debtors:

The Company assesses its trade debtors at the end of each reporting period. When assessing impairment, management makes judgements as to whether there is observable data indicating that a bad debt provision is required.

Investment property:

Determining the fair value of tangible assets at the end of the financial year requires the application of Section 17, FRS 102 Property, Plant and Equipment and Section 11, FRS 102 Basic Financial Instruments. Freehold land and buildings have been fair valued by reference to market-based evidence.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

2. Accounting policies (continued)

2.12 Debtors

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

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions. 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 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.

2.14 Creditors

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

2.15 Provisions for liabilities

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

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the 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.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>30,000</u>	<u>28,000</u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	<u>4,800</u>	<u>5,200</u>

8. Employees

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

	2020 £	2019 £
Wages and salaries	11,018,999	10,278,802
Social security costs	1,278,250	1,465,972
Other pension costs	715,940	335,356
	<u>13,013,189</u>	<u>12,080,130</u>

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

	2020 No.	2019 No.
Management	9	7
Technical	228	226
	<u>237</u>	<u>233</u>

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

4. Turnover

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

	2020 £	2019 £
Sales	29,507,556	31,174,170
Service	9,199,717	8,354,845
Maintenance	4,926,713	4,336,146
	<u>43,633,986</u>	<u>43,865,161</u>

All turnover arose within the United Kingdom.

5. Other operating income

	2020 £	2019 £
Other operating income	10,287	11,315
Net rents receivable	<u>-</u>	<u>12,597</u>

6. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation	1,009,874	969,013
Profit on disposal of fixed assets	(126,186)	(142,819)
Operating lease rentals: Land and buildings	<u>124,250</u>	<u>124,250</u>

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

12. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	347,221	455,320
Adjustments in respect of previous periods	-	(22,067)
Total current tax	<u>347,221</u>	<u>433,253</u>
Deferred tax		
Origination and reversal of timing differences	133,702	82,077
Effect of tax rate change on opening balance	-	(9,579)
Total deferred tax	<u>133,702</u>	<u>72,498</u>
Taxation on profit on ordinary activities	<u>480,923</u>	<u>505,751</u>

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

9. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	1,213,629	1,099,990
Company contributions to defined contribution pension schemes	49,932	48,997
	<u>1,263,561</u>	<u>1,148,987</u>

During the year retirement benefits were accruing to 4 directors (2019 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £484,609 (2019 - £505,856).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £9,981 (2019 - £10,010).

10. Interest receivable

	2020 £	2019 £
Interest receivable	<u>57,056</u>	<u>91,681</u>

11. Interest payable and similar expenses

	2020 £	2019 £
Bank interest payable	<u>-</u>	<u>295</u>

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

14. Tangible fixed assets

	Freehold property £	Long-term lease-hold property £	Improvements to property £	Plant and machinery £	Fixtures and fittings £
Cost					
At 1 February 2019	4,165,835	823,205	925,205	116,047	123,920
Additions	2,847,763	-	146,339	2,554	-
Transfers between classes	(387,980)	-	-	-	-
Disposals	-	-	-	(92,321)	(4,797)
At 31 January 2020	<u>6,625,618</u>	<u>823,205</u>	<u>1,071,544</u>	<u>26,280</u>	<u>119,123</u>
Depreciation					
At 1 February 2019	458,968	130,879	708,800	95,612	107,910
Charge for the year on owned assets	92,650	12,348	50,401	2,349	8,070
Disposals	-	-	-	(83,201)	-
At 31 January 2020	<u>551,618</u>	<u>143,227</u>	<u>759,201</u>	<u>14,760</u>	<u>115,980</u>
Net book value					
At 31 January 2020	<u>6,074,000</u>	<u>679,978</u>	<u>312,343</u>	<u>11,520</u>	<u>3,143</u>
At 31 January 2019	<u>3,706,867</u>	<u>692,326</u>	<u>216,405</u>	<u>20,435</u>	<u>16,010</u>

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

12. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is the same as (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	<u>2,294,938</u>	<u>2,737,658</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	434,534	520,155
Effects of:		
Expenses not deductible for tax purposes	10,059	484
Fixed asset differences - depreciation on non-qualifying assets	36,330	23,581
Adjust closing deferred tax to average rate of 19%	-	(17,473)
Adjustments to tax charge in respect of prior periods	-	(22,067)
Deferred tax not recognised	-	1,071
Total tax charge for the year	<u>480,923</u>	<u>505,751</u>

13. Dividends

	2020 £	2019 £
Interim dividend paid	<u>1,200,000</u>	<u>1,200,000</u>

The dividends were paid out to shareholders, who are also directors, in proportion to their percentage shareholdings as follows:

Mr J Adcock:	50%
Mrs B Adcock:	30%
Mrs S Prior:	20%

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

15. Investment property

	Freehold investment property £
Valuation	
At 1 February 2019	300,000
Additions at cost	20,075
Transfers between classes	387,980
At 31 January 2020	<u>708,055</u>

16. Stocks

	2020 £	2019 £
Work in progress	1,768,583	406,362
Finished goods and goods for resale	223,721	260,335
	<u>1,992,304</u>	<u>666,697</u>

Stock recognised in cost of sales during the year as an expense was £25,552,906 (2019: £25,177,949).

Included within the above is a stock provision for £24,857 (2019: £28,926).

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

14. Tangible fixed assets (continued)

	Motor vehicles £	Computer equipment £	Total £
Cost			
At 1 February 2019	4,017,509	775,202	10,946,923
Additions	1,093,150	6,930	4,096,736
Transfers between classes	-	-	(387,980)
Disposals	(847,293)	-	(944,411)
At 31 January 2020	<u>4,263,366</u>	<u>782,132</u>	<u>13,711,268</u>
Depreciation			
At 1 February 2019	1,853,360	660,937	4,016,466
Charge for the year on owned assets	806,458	37,598	1,009,874
Disposals	(766,271)	-	(849,472)
At 31 January 2020	<u>1,893,547</u>	<u>698,535</u>	<u>4,176,868</u>
Net book value			
At 31 January 2020	<u>2,369,819</u>	<u>83,597</u>	<u>9,534,400</u>
At 31 January 2019	<u>2,164,149</u>	<u>114,265</u>	<u>6,930,457</u>

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

20. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	1,377,192	1,491,060
Corporation tax	52,852	183,253
Social security	643,759	444,409
VAT	289,709	294,195
Shareholder loan account	1,180,000	1,010,000
Other creditors	1,824,093	868,516
Payments received on account	763,628	475,412
	<u>6,131,233</u>	<u>4,766,845</u>

21. Deferred taxation

	2020 £	2019 £
At beginning of year	163,498	91,000
Charged/(credited) to profit or loss	133,702	72,498
At end of year	<u>297,200</u>	<u>163,498</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	<u>297,200</u>	<u>163,498</u>

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

17. Debtors

	2020 £	2019 £
Trade debtors	6,228,628	6,026,163
Amounts recoverable on contracts	1,266,017	1,299,777
Other debtors	7,635	11,630
Prepayments and accrued income	250,136	342,298
	<u>7,752,416</u>	<u>7,679,868</u>

Included within the above is a bad debt provision for £30,359 (2019: £178,586).

18. Current asset investments

	2020 £	2019 as restated £
Short term cash deposits	2,043,115	3,002,332
	<u>2,043,115</u>	<u>3,002,332</u>

The Company has cash held on deposit with notice or maturity periods greater than 30 days. These balances were previously included within cash at bank but have been reclassified to current asset investments. This adjustment to the prior year presentation does not impact the reported profit or total shareholder funds for 2019, please see note 24.

19. Cash and cash equivalents

	2020 £	2019 as restated £
Cash at bank and in hand	<u>3,000,169</u>	<u>4,339,000</u>

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

26. Commitments under operating leases

At 31 January 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020 £	2019 £
Not later than 1 year	124,250	124,250
Later than 1 year and not later than 5 years	237,038	368,500
Later than 5 years	-	60,000
	361,288	552,750

27. Related party transactions

Key management personnel during the year were considered to be the directors whose compensation is disclosed in note 9.

During the year the Company had the following related party transactions:

£796,164 of purchases in relation to the provision of project management services for Mrs S J Prior and Mr P J Prior, both directors of the Company (2019: £1,003,817). At the year end the Company was owed £Nil (2019: £3,817).

A dividend of £600,000 (2019: £600,000) has been paid during the year to Mr J Adcock, a shareholder who is also a director of the Company.

A dividend of £360,000 (2019: £360,000) has been paid during the year to Mrs B Adcock, a shareholder who is also a director of the Company.

A dividend of £240,000 (2019: £240,000) has been paid during the year to Mrs S Prior, a shareholder who is also a director of the Company.

28. Controlling party

During the year the Company was controlled by Mr J R Adcock and Mrs B I Adcock.

ADCOCK REFRIGERATION AND AIR CONDITIONING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

22. Share capital

	2020	2019
	£	£
Allotted, called up and fully paid		
50 (2019 - 50) Ordinary shares of £1.00 each	50	50
50 (2019 - 50) Restricted shares of £1.00 each	50	50
	100	100
	100	100

Share capital is the sum of the nominal value of the allotted ordinary and restricted shares.

23. Reserves**Capital redemption reserve**

Represents the nominal value of shares repurchased and cancelled by the Company.

Profit and loss account

Includes all current and prior period retained profit and losses.

24. Prior year adjustment

The financial statements have been restated to incorporate the impact of a misclassification between cash and cash equivalents and short term cash deposits.

25. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £715,941 (2019: £335,356). Contributions totalling £77,331 (2019: £86,511) were payable to the fund at the reporting date and are included in creditors.