

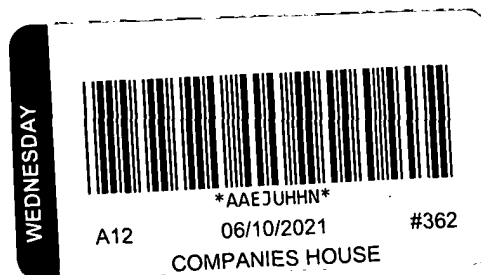
Carter Synergy Limited

Report and Financial Statements

Year Ended

31 December 2020

Company Number 00176807



Carter Synergy Limited

**Directors' report
for the year ended 31 December 2020**

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Directors

B E Kerrison
J C Scott
J M Evans
C S Hufflett
P R Madelin (appointed 13/9/21)

Registered office

90 Lea Ford Road, Birmingham. B33 9TX

Company number

00176807

Auditors

MHA Macintyre Hudson, Rutland House, 148 Edmund Street, Birmingham. B3 2FD

Carter Synergy Limited
Strategic report
for the year ended 31 December 2020 (continued)

Introduction

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

The directors present their strategic report together with the audited financial statements for the year ended 31 December 2020.

Review of the business

The company's turnover has decreased to £52,315,268 (2019 - £57,357,319) and has produced a profit before taxation of £1,513,586 (2019 – profit £1,503,968). Turnover had been budgeted to be substantially higher than 2019 but was adversely impacted by the reduction in installation as a result of Covid-19. There was a strong recovery in the final quarter of the year which has continued into 2021. Given the lower turnover the profit was satisfactory, this being achieved through an improved customer mix and closely monitoring core costs.

During the year, the company used the Coronavirus Job Retention Scheme to a limited extent to safeguard the workforce and also agreed a deferment of VAT payments, through the group entity, with HMRC to protect working capital requirements in accordance with the government Coronavirus support measures.

Future developments

The company works closely with its sister company KB Refrigeration Limited. The company has recovered well from the impact of Covid-19 with turnover and profit significantly better than in 2021 than 2020. A number of longer term workstreams have been secured and this augers well for 2022 and beyond.

Key performance indicators

The key performance indicators of the company are as follows:

	2020 £	2019 £
Turnover	52,315,268	57,357,319
Profit before tax	1,513,586	1,503,968
Profit before tax (%)	2.9%	2.6%

Principal risks and uncertainties

The company remains dependent on major UK supermarkets for a large part of the business. This is mainly within the refrigeration sector however there continues to be consistent revenue in heating and ventilation work, which reduces seasonal risk from a company view as well as growth in the non-retail sector.

Financial risk management objectives and policies

Currency risk

The company mainly operates within the UK and has a relatively small level of overseas suppliers. Currency risk is not currently at significant levels at year end. There is some natural hedge with other currency in/out flow within the group. Should overseas trade increase there are plans in place to manage that risk accordingly.

Credit risk

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

Carter Synergy Limited
Strategic report
for the year ended 31 December 2020 (continued)

Financial risk management objectives and policies (*continued*)

Cash flow

The company monitors cash flow as part of its day-to-day control procedures. In addition, the Directors regularly review the company's cash flow projections to ensure that appropriate facilities are available as necessary through the parent group banking facility as detailed in the liquidity and funding section below.

Health and safety

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

Covid-19

The safety of our employees and those people we come into contact with is paramount. Effective Covid-19 measures have been put in place. Despite having a significant number of employees providing essential maintenance to the food chain our Covid-19 infection rates have remained comparatively low. Since the start of the first lockdown a series of virtual meetings are held every week to assess and mitigate risk.

Whereas our 2020 sales were impacted by Covid-19 we are fortunate that our core customers, UK supermarkets, have generally fared well. They delayed capital investment in the early days of the pandemic but on the whole, there has been a strong recovery in the latter part of 2020, and this has continued into 2021.

Covid-19 risks are continuing but systems are in place to react quickly to changes and in general further lockdowns have caused less disruption and allowed the business to perform well and meet the demands of our customers.

Liquidity and funding

Historically, the Company has been funded by cash flows generated from trading and leases for certain capital expenditure items. The Company is part of the immediate parent company (Carter Thermal Industries Limited) group banking facility, and the cash headroom is connected to the group forecast. As a result, the Company cash flow and headroom has been considered as part of the overall review of the group facilities.

The Group has been in regular dialogue with its bankers, Barclays, throughout the period of COVID-19 interruption. In September 2020, the group also took out a COVID-19 Large Business Interruption Loan (CLBILs) facility of £6.5m. This was secured by Barclay's fixed and floating charge on the group's and company's assets. The facility is available to September 2022. The Group has operated well within its facilities with significant headroom at all times. At the point CLBILs is due for repayment, our bankers have indicated that a rolling credit facility will be available to cover the group's requirements along with the continuation of other current existing facilities.

The directors have prepared a detailed profit and cash flow forecast ("the forecast") for the period to 31 December 2022 ("the period") which shows the Group trading, financial position, cash flows and expected available bank facilities for the period. This model has been stress-tested for potential reduction in activity and/or increases in cost base. The forecast, and its stress testing, shows that the group will be able to operate and meet its external liabilities as they fall due for payment during the period. The forecast also shows that the group will continue to meet its covenant requirements during the period.

After consideration of the above factors and other factors connected to the impact of Covid-19 and other matters affecting the group, the directors remain confident that the forecast is achievable, that the available funding from banks and other parties will be in place throughout the period and that the headroom within the forecast will be sufficient to enable the Group and Company to operate and meet its liabilities as they fall due for payment throughout the period. The directors have considered the various uncertainties connected to the forecast, including the stress test, and mitigating actions that could be taken, and consider that they do not indicate the existence of material uncertainties. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis

Carter Synergy Limited
Strategic report
for the year ended 31 December 2020 (continued)

Statement by directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006

The Board of directors of Carter Synergy Limited consider, both individually and together, that they have acted in a way they consider to be in good faith, and would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to the shareholders and matters set out in s172(1)(a-f) of the Act) in the decisions taken during the year ended 31 December 2020.

The Company is a wholly owned subsidiary of Carter Thermal Industries Limited and abides by policies laid down by the group. How the Company complies with s172 and the values underlying the Company and its subsidiaries is incorporated in the Group's Code of Ethics and Business Conduct.

"Our strategy is very simple; to provide our customers with the very best value products and services.

Key to achieving this are our people. We are looking for three core attributes:

- Integrity
- Ability
- Energy

"Integrity is being honest and upright put simply doing the right thing, even if no one is watching."

Compliance with the Code is mandatory and forms part of the conditions of employment. It also applies to our suppliers and sub-contractors. These 3 core attributes also are the basis of who the Company conducts its operations.

The Code covers:

- Health & Safety
- Protection of the environment
- Discrimination
- Conduct and personal behaviour
- Competition and Anti-bribery law
- Conflicts of interest
- Financial Integrity
- Confidential information and Data protection
- IT, Internet, and social media

The directors recognise that stakeholders of the Company include employees, shareholders, customers, suppliers, and members of the public impacted by our activities.

Health and Safety is the first item addressed at each Company board meetings. Our commitment to health and safety is highlighted by the issue and renewal of ROSPA (Royal Society for the Prevention of Accidents) Gold awards. In 2019 the Group rolled out its "Safety Essentials" training programme to all frontline engineers and relevant staff.

Employees are kept informed of the Companies activities through various channels. The Company consulted employees widely in its decision to consolidate its Birmingham operations at its Lea Ford Road premises. Stakeholders including employees, customers, suppliers, and the local community were invited to an open day in 2019 where the Group explained what it did and how it saw future. The Company will be considering hosting similar future events as Covid-19 restrictions are lifted.

Supermarket refrigeration accounts for 1% of the UK's electricity usage. In addition, traditional refrigerants are harmful to the ozone layer. Both of these facts play a part in global warming. The Group is committed to helping our customers in reducing electricity usage through more efficient plant and equipment, better maintenance and moving to refrigerants with lower GWP (Global Warming Potential).

Carter Synergy Limited
Strategic report
for the year ended 31 December 2020 (continued)

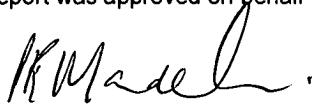
Statement by directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 (continued)

The Company regularly engages with its customers at all levels of our business. The Company's aims to ensure the long-term sustainability and profitability of the Group by aligning with our customers' needs over the long term.

The Directors engage with all shareholder parties and seeks to act fairly.

Approval

This strategic report was approved on behalf of the Board on



P R Madelin
Director

Date: 1 October 2021

Carter Synergy Limited

Directors' report for the year ended 31 December 2020

The directors present their report together with the audited financial statements for the year ended 31 December 2020.

Results and dividends

The profit for the year, after taxation, amounted to £1,222,993 (2019 - £1,177,563).

Interim dividends of £Nil (2019 - £Nil) per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

Directors

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

B E Kerrison
J C Scott
J M Evans
C S Hufflett
P R Madelin (appointed 13/09/2021)

Financial risk management policy

The company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures

Financial Instruments

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

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

Price risk

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

Credit risk

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

Liquidity risk

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

Employee involvement

Employee representatives are informed of the economic factors affecting the performance of the company by means of regular meetings with management. The flow of more general information to staff is maintained via the internal company website.

Carter Synergy Limited

Directors' report for the year ended 31 December 2020 (continued)

Employment of disabled persons

Full and fair consideration is given to applications for employment from disabled persons and to continuing the employment of those who become disabled while employed. The policy is to give equal opportunity for training, career development and promotion.

Streamlined Energy and Carbon Reporting

The requirement for Streamlined Energy and Carbon Reporting (SECR) is acknowledged and has been included on a group basis in the consolidated financial statements of the parent entity, Carter Thermal Industries Limited.

Post balance sheet events

There have been no significant post balance sheet events.

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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements the directors are required to:

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

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

Disclosure of information to auditors

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

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

Auditors

MHA MacIntyre Hudson were appointed auditors during 2021 by the directors.

On behalf of the Board



P R Madelin
Director

Date: 1 October 2021

Carter Synergy Limited

Independent auditor's report to the members of Carter Synergy Limited

Opinion

We have audited the financial statements of Carter Synergy Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 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 United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed; we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The 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.

Carter Synergy Limited

Independent auditor's report to the members of Carter Synergy Limited (continued)

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 6, 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.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Enquiry of management and those charged with governance around the actual and potential litigation and claims
- Performing audit work over the risk of management override of controls, including testing of large or otherwise unusual journal entries and other adjustments for appropriateness;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with the applicable laws and regulations;
- Review of legal and professional nominal accounts for indications of any actual or potential litigation;
- Review of accounting estimates for indications of management bias.
- Review of board minutes for evidence of any litigation or non-compliance with legislation

Carter Synergy Limited

Independent auditor's report to the members of Carter Synergy Limited (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission, or misrepresentation.

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.



Tobias Stephenson BA ACA (Senior statutory auditor)
for and on behalf of

MHA MacIntyre Hudson (Statutory auditor)
Birmingham, United Kingdom

Date: 1 October 2021

Carter Synergy Limited

Statement of comprehensive income for the year ended 31 December 2020

	Note	2020 £	2019 £
Turnover	3	52,315,268	57,357,319
(Decrease) / Increase in stocks of finished goods and work in progress		(525,680)	157,367
Raw materials and consumables		(12,508,658)	(15,268,383)
Other external charges		(16,877,468)	(18,609,335)
Staff costs	7	(16,770,146)	(18,195,623)
Depreciation and amortisation	5	(263,512)	(311,429)
Other operating expenses		(4,164,609)	(3,771,711)
Other operating income	4	166,719	-
Operating profit		1,371,914	1,358,205
Interest receivable and similar income	9	39,097	20,942
Profit on disposal of fixed assets		102,575	124,821
Profit before taxation		1,513,586	1,503,968
Taxation on profit on ordinary activities	10	(290,593)	(326,405)
Total comprehensive income for the year		1,222,993	1,177,563

There is no other comprehensive income/charge for the current year or prior year.

All amounts relate to continuing activities.

The notes on pages 13 to 28 form part of these financial statements.

Carter Synergy Limited

Statement of financial position as at 31 December 2020

Company number 00176807	Note	2020	2020	2019	2019
		£	£	£	£
Fixed assets					
Tangible assets	11		462,480		440,212
Current assets					
Stocks	13	2,069,829		2,595,509	
Debtors	14	21,851,578		18,188,112	
Cash at bank and in hand		7,054,975		6,624,320	
		30,976,382		27,407,941	
Creditors: amounts falling due within one year	15	(19,125,243)		(16,725,027)	
Net current assets			11,851,139		10,682,914
Total assets less current liabilities			12,313,619		11,123,126
Provisions for liabilities					
Other provisions	18		-		(32,500)
Net assets			12,313,619		11,090,626
Capital and reserves					
Called up share capital	19		10,200		10,200
Retained earnings			12,303,419		11,080,426
Shareholders' funds			12,313,619		11,090,626

The financial statements were approved by the Board of Directors and authorised for issue on 1 October 2021.


P R Madelin
Director

The notes on pages 13 to 28 form part of these financial statements.

Carter Synergy Limited

Statement of changes in equity for the year ended 31 December 2020

	Share capital £	Retained earnings £	Total Equity £
At 1 January 2020	10,200	11,080,426	11,090,626
Comprehensive income for the year			
Profit for the year	-	1,222,993	1,222,993
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	1,222,993	1,222,993
	<hr/>	<hr/>	<hr/>
At 31 December 2020	10,200	12,303,419	12,313,619
	<hr/>	<hr/>	<hr/>

Statement of changes in equity for the year ended 31 December 2019

	Share Capital £	Retained earnings £	Total Equity £
At 1 January 2019	10,200	9,902,863	9,913,063
Comprehensive income for the year			
Profit for the year	-	1,177,563	1,177,563
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	1,177,563	1,177,563
	<hr/>	<hr/>	<hr/>
At 31 December 2019	10,200	11,080,426	11,090,626
	<hr/>	<hr/>	<hr/>

The notes on pages 13 to 28 form part of these financial statements.

Carter Synergy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies

1.1 Basis of preparation of financial statements

Carter Synergy Limited is a company incorporated in England and Wales under the Companies Act and a private company limited by shares. The address of the registered office is given on the contents page and the nature of the company's operations, and its principal activity is set out in the strategic report.

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 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 judgment in applying the company's accounting policies (see note 2).

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

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

This information is included in the consolidated financial statements of Carter Thermal Industries as at 31 December 2020 and these financial statements may be obtained from Companies House as per note 24.

The following principal accounting policies have been applied:

1.2 Consolidated financial statements

The financial statements contain information about Carter Synergy Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption conferred by section 400 of the Companies Act 2006 not to produce consolidated financial statements as it is included in EEA group accounts of a larger group.

1.3 Going Concern

Historically, the Company has been funded by cash flows generated from trading and leases for certain capital expenditure items. The Company is part of the immediate parent company (Carter Thermal Industries Limited) group banking facility, and the cash headroom is connected to the group forecast. As a result, the Company cash flow and headroom has been considered as part of the overall review of the group facilities.

The Group has been in regular dialogue with its bankers, Barclays, throughout the period of COVID-19 interruption. In September 2020, the group also took out a COVID-19 Large Business Interruption Loan (CLBILs) facility of £6.5m. This was secured by Barclay's fixed and floating charge on the group's and company's assets. The facility is available to September 2022. The Group has operated well within its facilities with significant headroom at all times. At the point CLBILs is due for repayment, our bankers have indicated that a rolling credit facility will be available to cover the group's requirements along with the continuation of other current existing facilities.

Carter Synergy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

1.3 Going Concern (continued)

The directors have prepared a detailed profit and cash flow forecast ("the forecast") for the period to 31 December 2022 ("the period") which shows the Group trading, financial position, cash flows and expected available bank facilities for the period. This model has been stress-tested for potential reduction in activity and/or increases in cost base. The forecast, and its stress testing, shows that the group will be able to operate and meet its external liabilities as they fall due for payment during the period. The forecast also shows that the group will continue to meet its covenant requirements during the period.

After consideration of the above factors and other factors connected to the impact of Covid-19 and other matters affecting the group, the directors remain confident that the forecast is achievable, that the available funding from banks and other parties will be in place throughout the period and that the headroom within the forecast will be sufficient to enable the Group and Company to operate and meet its liabilities as they fall due for payment throughout the period. The directors have considered the various uncertainties connected to the forecast, including the stress test, and mitigating actions that could be taken, and consider that they do not indicate the existence of material uncertainties. On this basis the directors consider that it is appropriate to prepare the financial statements on the going concern basis

1.4 Turnover

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. Where the company invoiced on behalf of other group entities on national accounts and the goods and services are delivered by those other entities, the company does not recognise such revenues.

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 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;
- 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.

Carter Synergy Limited

Statement of changes in equity for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

1.5 Tangible fixed assets

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

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

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

The estimated useful lives range as follows:

Leasehold buildings	-	10 years
Plant and machinery	-	3-5 years
Motor vehicles	-	4 years
Fixtures and fittings	-	3-5 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 Statement of Comprehensive Income.

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

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

1.6 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.

Carter Synergy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

1 Accounting policies (continued)

1.7 Cash and cash equivalents

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

1.8 Financial instruments

Financial assets

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

Impairment of financial assets carried at amortised cost

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

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

Financial liabilities

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

1.9 Foreign currency translation

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

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

Carter Synergy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

1.10 Leased assets: Lessee

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

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

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

1.11 Pensions

The company is a participating employer in the Carter Thermal Industries Limited Pension Scheme, Carter Executive Pension Plan, and the Carter Money Purchase Plan. Details of the most recent actuarial valuation of the schemes are set out in the financial statements of the parent company, Carter Thermal Industries Limited.

Retirement benefits to employees are provided by defined benefit and contribution schemes which are funded by contributions from the company and employees. Payments are made either to pension trusts which are financially separate from the company or to insurance companies. Payments to the defined benefit scheme which are made in accordance with periodic calculations by professionally qualified actuaries are charged to the Statement of Comprehensive Income (note 20). As the company's share of the net assets and liabilities of the group scheme cannot be separately identified, the company accounts for its pension contributions to the group scheme on a defined contribution basis.

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

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

1.12 Provisions for Liabilities

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Carter Synergy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

1 Accounting policies (*continued*)

1.13 Holiday pay accrual

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

1.14 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 operates and generates income.

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

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

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

1.15 Government Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of comprehensive income in the same period as the related expenditure.

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 estimated 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 judgement about carrying values of assets and liabilities and are not readily apparent from the source. 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:

Carter Synergy Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)

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

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.

3 Turnover

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

	2020 £	2019 £
Sale of goods and integrated services	22,350,428	25,644,001
Provision of services	29,964,840	31,713,318
	<u>52,315,268</u>	<u>57,357,319</u>

Analysis by class of geographical market:

United Kingdom	52,110,912	56,840,694
Europe	127,833	131,297
Rest of the world	76,523	385,328
	<u>52,315,268</u>	<u>57,357,319</u>

Turnover is wholly attributable to the principal activity of the company.

Carter Synergy Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (continued)

4 Other operating income

	2020 £	2019 £
Government Grants receivable	166,719	-

Government grants receivable represent amounts receivable under the government's job retention scheme introduced as part of the Covid measures in respect of staff furloughed

5 Operating profit

	2020 £	2019 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	263,512	311,429
Rent of plant and machinery – operating leases	1,003,847	1,028,364
Rent of other assets – operating leases	68,000	70,536
Other pension cost	542,308	542,896

6 Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor for the auditing of the company's annual accounts	18,500	18,500
- other taxation services	1,900	1,900

7 Employees

	2020 £	2019 £
Staff costs (including directors) consist of:		
Wages and salaries	14,607,201	15,907,100
Social security costs	1,620,637	1,745,538
Other pension costs	542,308	542,986
	16,770,146	18,195,623

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

	Number	Number
Production	201	238
Administration	143	149
	344	378

Carter Synergy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

8 Directors' remuneration

	2020 £	2019 £
Directors' emoluments	129,605	139,107
Company contributions to pension schemes	15,800	16,550
	<u>145,405</u>	<u>155,657</u>

Certain directors are remunerated by parent company, Carter Thermal Industries Limited and their remuneration is shown within the parent's financial statements, as it is not possible to allocate their remuneration to individual subsidiaries. The above remuneration and other matters contained within this note relate to directors directly remunerated through this company only.

There were no directors in the company's defined benefit pension scheme (2019 – none) and 1 director in the company's defined contribution pension scheme (2019 - 2) during the year.

The total amount payable to the highest paid director in respect of emoluments was £129,605 (2019 - £115,476). In 2020, the highest paid director was not a member of a defined benefit scheme, there is no accrued pension at the year-end (2019 - £Nil). Contributions of £15,800 (2019 - £15,300) were made to a defined contribution scheme on their behalf.

9 Interest receivable and similar income

	2020 £	2019 £
Bank deposits	39,097	20,942

10 Taxation

	2020 £	2019 £
<i>UK Corporation tax</i>		
Current tax on profits for the year	302,692	258,368
Adjustments in respect of previous periods	(1,748)	13,755
Total current tax	<u>300,944</u>	<u>272,123</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	6,291	37,179
Adjustments in respect of previous periods	(16,642)	17,103
Total deferred tax	<u>(10,351)</u>	<u>54,282</u>
Taxation on profit on ordinary activities	<u>290,593</u>	<u>326,405</u>

Carter Synergy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (*continued*)

10 Taxation (*continued*)

The tax assessed for the year is the same (2019 - higher 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	1,513,586	1,503,968
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 – 19%)	287,581	285,754
Effects of:		
Expenses not deductible for tax purposes	15,111	14,167
Adjustments in respect of prior periods	(18,390)	30,858
Other	6,291	(4,374)
Total tax charge for the year	290,593	326,405

Factors that may affect future tax charges

The standard rate of UK corporation tax as at enacted at the year end was 19%. Accordingly, these rates have been used in the calculation of deferred tax balances as at 31 December 2020. Post year end, in the Spring budget of 2021, the government announced that the standard rate of corporation tax will increase to 25% from 1 April 2023.

Carter Synergy Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

11 Tangible assets

	Leasehold Buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1 January 2020	32,057	78,652	1,816,961	690,200	2,617,870
Additions	-	-	285,780	-	285,780
Disposals	-	-	(538,908)	-	(538,908)
At 31 December 2020	32,057	78,652	1,563,833	690,200	2,364,742
Depreciation					
At 1 January 2020	32,057	53,720	1,444,332	647,549	2,177,658
Charge for the year	-	18,945	220,637	23,930	263,512
Disposals	-	-	(538,908)	-	(538,908)
At 31 December 2020	32,057	72,665	1,126,061	671,479	1,902,262
Net book value					
At 31 December 2020	-	5,987	437,772	18,721	462,480
At 31 December 2019	-	24,932	372,629	42,651	440,212

Carter Synergy Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

12 Fixed asset investments

Investments
in
Subsidiary
Companies
£

Cost

At 1 January 2020 and 31 December 2020

1

Impairment

At 1 January 2020 and 31 December 2020

1

Net book value

At 31 December 2020

-

At 31 December 2019

-

Name	Country of Incorporation	Class of shares	Holding	Nature of business	Registered office
Carter Planned Maintenance Limited	England & Wales	Ordinary	100%	Dormant	90 Lea Ford Road, Birmingham B33 9TX

13 Stocks

2020
£

2019
£

Raw materials and consumables

1,142,464

1,199,385

Work in progress

927,365

1,396,124

2,069,829

2,595,509

In 2020 an impairment loss of £56,116 (2019 - £87,226) was recognised in cost of sales against stock during the year due to slow moving and obsolete stock.

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

Carter Synergy Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

14 Debtors

	2020	2019
	£	£
Trade debtors	19,218,076	17,904,806
Amounts owed by group undertakings	2,351,155	-
Other debtors	28,530	40,663
Prepayments and accrued income	102,011	94,395
Deferred taxation (note 17)	151,806	141,455
Corporation tax asset	-	6,793
	<hr/>	<hr/>
	21,851,578	18,188,112
	<hr/>	<hr/>

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

15 Creditors: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	8,137,536	7,943,342
Amounts owed to group undertakings	3,993,332	3,553,483
Payments on account	914,410	696,081
Corporation tax and group relief	302,692	345,869
Other taxation and social security	2,914,082	1,906,691
Other creditors	213,728	218,490
Accruals and deferred income	2,649,463	2,061,071
	<hr/>	<hr/>
	19,125,243	16,725,027
	<hr/>	<hr/>

16 Reserves

Share capital

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

Retained earnings

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

Carter Synergy Limited

Notes forming part of the financial statements
for the year ended 31 December 2020 (*continued*)

17 Deferred taxation

	Deferred tax asset £	
At 1 January 2020	141,455	
Charged to the statement of comprehensive income	10,351	
	<hr/>	
At 31 December 2020	151,806	
	<hr/>	
The deferred tax asset is made up as follows:	2020	2019
	£	£
Accelerated capital allowances	80,694	95,236
Other timing differences	71,112	46,219
	<hr/>	<hr/>
	151,806	141,455
	<hr/>	<hr/>

18 Provisions for liabilities

	Guarantee Cost Provision £
At 1 January 2020	32,500
Utilised in the year	(32,500)
	<hr/>
31 December 2020	-
	<hr/>

The provision was for guarantee costs which the company was obliged to make under guarantee on certain sales. This was a historic provision that is no longer required for current work.

19 Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
10,200 ordinary shares of £1 each	10,200	10,200
	<hr/>	<hr/>

Carter Synergy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

20 Contingent liabilities

The company has given an unlimited guarantee in respect of the group banking facility which amounted to £10,973,812 at 31 December 2020 (2019 - £12,419,019). Details of the banking facility are given in the accounts of Carter Thermal Industries Limited.

21 Pension commitments

The company participates in two group defined benefit schemes, the Carter Thermal Industries Limited Pension Scheme, and the Carter Executive Plan ("the Group Schemes"). The schemes are closed to new members and future accrual. As the schemes assets and liabilities are managed on a unified basis, it is not possible to identify the company's share of assets and liabilities in the defined benefit scheme on a consistent and reasonable basis. Therefore, in accordance with FRS 102, the scheme is accounted for as if it was a defined contribution scheme.

Contributions are paid to the trustees of the Group Schemes on the basis of advice from an independent professionally qualified actuary who carries out a valuation of the Group Schemes every three years. The most recent formal valuation of the Carter Thermal Industries Limited Pension Scheme was carried out as at 31 December 2017 and Carter Executive Plan as at 31 December 2017 and was updated on an approximate basis to 31 December 2020 by a qualified actuary. The parent company is currently in the process of conducting a formal updated valuation.

Contributions made to the Carter Thermal Industries Limited Pension Scheme amounted to £Nil (2019 - £Nil) and Carter Executive Plan £Nil (2019 - £Nil) as all contributions are made by the parent entity.

The valuation of the two schemes at 31 December 2020, calculated by the actuary on an FRS 102 projected unit basis, shows a deficit on the Carter Thermal Industries Limited Pension Scheme of £2,127,116 (2019 - £2,006,120) and on the Carter Executive Plan a surplus of £ 924,519 (2019 – surplus £1,024,519).

The directors expect future contributions to be consistent with those made in the current year.

For the purpose of these accounts, these figures are illustrative only and do not impact on the result or the Statement of Financial Position of the company. It should also be noted that these figures include a proportion of pension assets and liabilities relating to other group companies which also participate in the scheme. It has not been possible to identify the share of the deficits which relates solely to Carter Synergy Limited. Full details of the pension schemes are given in the accounts of the ultimate parent company.

The company also operates a defined contribution scheme. Payments to the defined contribution scheme amounted to £542,308 (2019 - £542,986).

Carter Synergy Limited

Notes forming part of the financial statements for the year ended 31 December 2020 (continued)

22 Commitments under operating leases

At 31 December 2020 and 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2020 £	2019 £
Not later than 1 year	822,753	804,467
Later than 1 year and not later than 5 years	682,963	1,027,971
	<u>1,505,716</u>	<u>1,832,438</u>

23 Related party transactions

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

Key management personnel represent the directors of the company as they have responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly. During the period, there was no related party transactions, the key management personnel remuneration included within directors' remuneration was £145,405 (2019 - £155,657).

24 Ultimate parent company and parent undertaking of larger group

The immediate parent company is Carter Thermal Industries Limited.

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

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