

COMPANY REGISTRATION NUMBER: 00836280

Constant Air Systems Limited
Financial Statements
31 January 2017



Constant Air Systems Limited

Financial Statements

Year ended 31 January 2017

Contents	Page
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Independent auditor's report to the members	5
Consolidated income statement	7
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Company statement of financial position	10
Consolidated statement of changes in equity	11
Company statement of changes in equity	12
Consolidated statement of cash flows	13
Notes to the financial statements	14

Constant Air Systems Limited

Officers and Professional Advisers

The board of directors

R.T. Roberts F.C.A.
M.G. Roberts
N.S. Krolik
M.P. Wigginton
I.J. Marchant
S.K. Drake (Non-Executive)

Company secretary

R.T. Roberts F.C.A.

Registered office

Unit L, Castle Estate
Turnpike Way
Cressex Business Park
High Wycombe
Bucks
HP12 3TF

Auditor

Shipleys LLP
Chartered accountant & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

Constant Air Systems Limited

Strategic Report

Year ended 31 January 2017

Business Review and Future Developments

The principal activity of the company and the group continues to be that of engineers, contractors and designers in the air conditioning, ventilation and heating industry. The company also holds a small stock of residential flats that are held for re-sale.

The directors are pleased to report a successful trading year for all the group companies, resulting in an increase in group turnover of 18% to £10,480,013. Gross margins are within the expected range at 34%, which lends assurance to the policy of focussing on higher margin activity. Group overheads have remained under close control resulting in a consolidated operating profit of £385,570. Consolidated pre-tax profit for the year is reported at £331,995 (2016: pre-tax loss £33,632).

The directors are encouraged by the level of orders received in the early part of the new financial year, but remain aware that trading conditions are likely to be challenging over the next couple of years, not least due to the ongoing uncertainty in the UK economy from the impending departure from the EU. The directors will seek to maintain focus on improving the level of business activity throughout the group, without compromising gross margins, with a view to maintaining overall profitability.

The principal risks and uncertainties that arise in the conduct of the group's business are kept under regular review by the directors. The main risks and uncertainties are considered to be the retention of certain key customers and skilled employees, also recruitment and environmental improvements to our products and services. Due to the active day to day involvement of the major shareholders in the management of the company, the directors consider that key performance indicators of turnover and gross margin are currently adequate to understand the development and performance of the group.

Financial Risk Management Objectives and Policies

The group is exposed to various financial risks that arise as a normal part of its trading activities. The main such risks are considered to be cash flow, credit, price risk and foreign currency exposure.

The group's major financial assets are its trade debtors and cash at bank. The efficiency of collection of the trade debtors and the extension of credit to those customers are carefully controlled in order to minimise cash flow and credit risks. Cash balances are only placed with major prime rated banks where the credit risk is negligible.

There is a potential price risk if oil or steel prices increase rapidly, but it is not considered to be cost effective to operate any commodity price financial instrument.

Due to the fact that transactions in foreign currencies are a small proportion of the overall transactions of the group, the group does not currently consider the use of any financial instrument such as forward foreign exchange, interest rate swap or hedge contracts necessary.

This report was approved by the board of directors on 21st Sept 2017 and signed on behalf of the board by:

 2017

R.T. Roberts F.C.A
Director

Constant Air Systems Limited

Directors' Report

Year ended 31 January 2017

The directors present their report and the financial statements of the group for the year ended 31 January 2017.

Directors

The directors who served the company during the year were as follows:

R.T. Roberts F.C.A.
M.G. Roberts
N.S. Krolík
M.P. Wigginton
S.K. Drake (Non-Executive)
I.J. Marchant (Appointed 6 June 2016)

Dividends

Particulars of recommended dividends are detailed in note 13 to the financial statements.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and the profit or loss of the group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make 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.

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.

Constant Air Systems Limited

Directors' Report *(continued)*

Year ended 31 January 2017


Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

This report was approved by the board of directors on 21st SEP 2017 and signed on behalf of the board by:



R.T. Roberts F.C.A
Director

Constant Air Systems Limited

Independent Auditor's Report to the Members of Constant Air Systems Limited

Year ended 31 January 2017

We have audited the financial statements of Constant Air Systems Limited for the year ended 31 January 2017 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and the directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2017 and of the group's 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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.

Constant Air Systems Limited

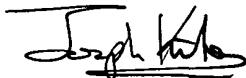
Independent Auditor's Report to the Members of Constant Air Systems Limited (continued)

Year ended 31 January 2017

Matters on which we are required to report by exception

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

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



JOSEPH KINTON (Senior Statutory Auditor)

For and on behalf of
Shipleys LLP
Chartered accountant & statutory auditor
10 Orange Street
Haymarket
London
WC2H 7DQ

2 October 2017

Constant Air Systems Limited

Consolidated Income Statement

Year ended 31 January 2017

	Note	2017 £	2016 £
Turnover	4	10,480,013	8,865,481
Cost of sales		6,872,657	5,603,352
Gross profit		3,607,356	3,262,129
Administrative expenses		3,351,281	3,367,465
Other operating income	5	129,495	144,989
Operating profit	6	385,570	39,653
Other interest receivable and similar income	10	1,425	1,715
Interest payable and similar expenses	11	55,000	75,000
Profit/(loss) before taxation		331,995	(33,632)
Tax on profit/(loss)	12	60,262	(15,319)
Profit/(loss) for the financial year		271,733	(18,313)

All the activities of the group are from continuing operations.

The notes on pages 14 to 26 form part of these financial statements.

Constant Air Systems Limited

Consolidated Statement of Comprehensive Income

Year ended 31 January 2017

	2017	2016
	£	£
Profit/(loss) for the financial year	271,733	(18,313)
Remeasurement of the net defined benefit plan	(1,095,000)	1,124,000
Tax relating to components of other comprehensive income	192,120	(224,800)
Other comprehensive income for the year	(902,880)	899,200
Total comprehensive income for the year	(631,147)	880,887

The notes on pages 14 to 26 form part of these financial statements.

Constant Air Systems Limited

Consolidated Statement of Financial Position

31 January 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	578,693	527,249
Current assets			
Stocks	16	1,897,508	2,093,983
Debtors	17	2,291,149	1,423,251
Cash at bank and in hand		2,191,879	1,957,015
		<u>6,380,536</u>	<u>5,474,249</u>
Creditors: amounts falling due within one year	18	2,656,230	1,908,782
Net current assets		<u>3,724,306</u>	<u>3,565,467</u>
Total assets less current liabilities		<u>4,302,999</u>	<u>4,092,716</u>
Net assets excluding defined benefit pension plan liability		<u>4,302,999</u>	<u>4,092,716</u>
Defined benefit pension plan liability	20	2,140,830	1,274,400
Net assets including defined benefit pension plan liability		<u>2,162,169</u>	<u>2,818,316</u>
Capital and reserves			
Called up share capital	21	50,000	50,000
Profit and loss account	22	2,112,169	2,768,316
Members funds		<u>2,162,169</u>	<u>2,818,316</u>

These financial statements were approved by the board of directors and authorised for issue on 21 September 2017 and are signed on behalf of the board by:



R.T. Roberts F.C.A
Director

Company registration number: 00836280

The notes on pages 14 to 26 form part of these financial statements.

Constant Air Systems Limited
Company Statement of Financial Position
31 January 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	14	401,167	385,557
Investments	15	201	201
		<u>401,368</u>	<u>385,758</u>
Current assets			
Stocks	16	1,720,981	1,577,001
Debtors	17	1,187,105	738,839
Cash at bank and in hand		1,045,753	772,527
		<u>3,953,839</u>	<u>3,088,367</u>
Creditors: amounts falling due within one year	18	1,792,952	993,733
Net current assets		<u>2,160,887</u>	<u>2,094,634</u>
Total assets less current liabilities		<u>2,562,255</u>	<u>2,480,392</u>
Net assets excluding defined benefit pension plan liability		<u>2,562,255</u>	<u>2,480,392</u>
Defined benefit pension plan liability	20	2,140,830	1,274,400
Net assets including defined benefit pension plan liability		<u>421,425</u>	<u>1,205,992</u>
Capital and reserves			
Called up share capital	21	50,000	50,000
Profit and loss account	22	371,425	1,155,992
Members funds		<u>421,425</u>	<u>1,205,992</u>

The profit for the financial year of the parent company was £143,313 (2016: £292,740 loss).

These financial statements were approved by the board of directors and authorised for issue on 21st September 2017, and are signed on behalf of the board by:



R.T. Roberts F.C.A
Director

Company registration number: 00836280

The notes on pages 14 to 26 form part of these financial statements.

Constant Air Systems Limited
Consolidated Statement of Changes in Equity
Year ended 31 January 2017

		Called up share capital £	Profit and loss account £	Total £
At 1 February 2015		50,000	1,912,429	1,962,429
Loss for the year			(18,313)	(18,313)
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	20	–	1,124,000	1,124,000
Tax relating to components of other comprehensive income	12	–	(224,800)	(224,800)
Total comprehensive income for the year		–	880,887	880,887
Dividends paid and payable	13	–	(25,000)	(25,000)
Total investments by and distributions to owners		–	(25,000)	(25,000)
At 31 January 2016		50,000	2,768,316	2,818,316
Profit for the year			271,733	271,733
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	20	–	(1,095,000)	(1,095,000)
Tax relating to components of other comprehensive income	12	–	192,120	192,120
Total comprehensive income for the year		–	(631,147)	(631,147)
Dividends paid and payable	13	–	(25,000)	(25,000)
Total investments by and distributions to owners		–	(25,000)	(25,000)
At 31 January 2017		<u>50,000</u>	<u>2,112,169</u>	<u>2,162,169</u>

The notes on pages 14 to 26 form part of these financial statements.

Constant Air Systems Limited
Company Statement of Changes in Equity
Year ended 31 January 2017

		Called up share capital £	Profit and loss account £	Total £
At 1 February 2015		50,000	574,532	624,532
Loss for the year			(292,740)	(292,740)
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	20	–	1,124,000	1,124,000
Tax relating to components of other comprehensive income	12	–	(224,800)	(224,800)
Total comprehensive income for the year		–	606,460	606,460
Dividends paid and payable	13	–	(25,000)	(25,000)
Total investments by and distributions to owners		–	(25,000)	(25,000)
At 31 January 2016		50,000	1,155,992	1,205,992
Profit for the year			143,313	143,313
Other comprehensive income for the year:				
Remeasurement of the net defined benefit plan	20	–	(1,095,000)	(1,095,000)
Tax relating to components of other comprehensive income	12	–	192,120	192,120
Total comprehensive income for the year		–	(759,567)	(759,567)
Dividends paid and payable	13	–	(25,000)	(25,000)
Total investments by and distributions to owners		–	(25,000)	(25,000)
At 31 January 2017		<u>50,000</u>	<u>371,425</u>	<u>421,425</u>

The notes on pages 14 to 26 form part of these financial statements.

Constant Air Systems Limited

Consolidated Statement of Cash Flows

Year ended 31 January 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit/(loss) for the financial year	271,733	(18,313)
<i>Adjustments for:</i>		
Depreciation of tangible assets	131,987	115,994
Other interest receivable and similar income	(1,425)	(1,715)
Interest payable and similar expenses	55,000	75,000
Gains on disposal of tangible assets	(11,062)	(21,058)
Defined benefit pension plan employer contributions	(100,000)	(76,000)
Tax on profit/(loss)	60,262	(15,319)
Accrued expenses	208,733	166,470
<i>Changes in:</i>		
Stocks	196,475	(86,378)
Trade and other debtors	(867,898)	92,227
Trade and other creditors	486,019	398,703
Cash generated from operations	429,824	629,611
Interest received	1,425	1,715
Tax received/(paid)	984	(76,749)
Net cash from operating activities	<u>432,233</u>	<u>554,577</u>
Cash flows from investing activities		
Purchase of tangible assets	(215,659)	(407,369)
Proceeds from sale of tangible assets	43,290	21,066
Net cash used in investing activities	<u>(172,369)</u>	<u>(386,303)</u>
Cash flows from financing activities		
Dividends paid	(25,000)	(25,000)
Net cash used in financing activities	<u>(25,000)</u>	<u>(25,000)</u>
Net increase in cash and cash equivalents	234,864	143,274
Cash and cash equivalents at beginning of year	1,957,015	1,813,741
Cash and cash equivalents at end of year	<u>2,191,879</u>	<u>1,957,015</u>

The notes on pages 14 to 26 form part of these financial statements.

Constant Air Systems Limited

Notes to the Financial Statements

Year ended 31 January 2017

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is Unit L, Castle Estate, Turnpike Way, Cressex Business Park, High Wycombe, Bucks, HP12 3TF.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Constant Air Systems Limited and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Constant Air Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

3. Accounting policies *(continued)*

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

Revenue from the sale of goods or property is recognised when the significant risks and rewards of ownership of the goods or property have transferred to the buyer, usually on despatch of the goods or on exchange of contracts for the sale of property, the amount of revenue can be measured reliably, it is probable that the associated economic benefits will flow to the entity, and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Constant Air Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Short leasehold property	- 10% straight line
Plant and equipment	- 10% straight line
Motor vehicles	- 25% straight line

Investments

Shares in group undertakings are stated at cost.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument. Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Debt instruments are subsequently measured at amortised cost. Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately. For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics. Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined benefit plans

The company recognises a defined net benefit pension asset or liability in the statement of financial position as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Constant Air Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

3. Accounting policies *(continued)*

Defined benefit plans *(continued)*

Changes in the net defined benefit asset or liability arising from employee service are recognised in profit or loss as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in profit or loss in the period in which they occur.

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in profit or loss.

4. Turnover

Turnover arises from:

	2017 £	2016 £
Sale of goods and services	<u>10,480,013</u>	<u>8,865,481</u>

Included within turnover is an amount of £184,950 (2016: £359,900) from the disposal of a residential flat. The remaining turnover is attributable to the principal activity of the group wholly undertaken in the United Kingdom.

5. Other operating income

	2017 £	2016 £
Rental income	<u>129,495</u>	<u>144,989</u>

6. Operating profit

Operating profit or loss is stated after charging:

	2017 £	2016 £
Depreciation of tangible assets	131,987	115,994
Gains on disposal of tangible assets	(11,062)	(21,058)
Impairment of trade debtors	29,657	5,655
Research and development expenditure written off	2,372	–
Foreign exchange differences	<u>–</u>	<u>354</u>

Constant Air Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

7. Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and its associates for other services:		
Audit-related assurance services	16,300	16,300
Other non-audit services	13,702	14,411
	<u>30,002</u>	<u>30,711</u>

8. Staff costs

The average number of persons employed by the group during the year, including the directors, amounted to:

	2017 No.	2016 No.
Number of employees	<u>65</u>	<u>63</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2017 £	2016 £
Wages and salaries	1,989,251	1,932,026
Social security costs	276,160	247,518
Other pension costs	218,891	254,070
	<u>2,484,302</u>	<u>2,433,614</u>

9. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2017 £	2016 £
Remuneration	<u>523,297</u>	<u>533,270</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2017 No.	2016 No.
Defined benefit plans	<u>5</u>	<u>5</u>

Remuneration of the highest paid director in respect of qualifying services:

	2017 £	2016 £
Aggregate remuneration	<u>96,007</u>	<u>90,468</u>

10. Other interest receivable and similar income

	2017 £	2016 £
Interest on cash and cash equivalents	<u>1,425</u>	<u>1,715</u>

Constant Air Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

11. Interest payable and similar expenses

	2017 £	2016 £
Net finance costs in respect of defined benefit pension plans	<u>55,000</u>	<u>75,000</u>

12. Tax on profit/(loss)

Major components of tax expense/(income)

	2017 £	2016 £
Current tax:		
UK current tax expense/(income)	52,873	(3,216)
Adjustments in respect of prior periods	<u>(1,161)</u>	<u>(7,032)</u>
Total current tax	<u>51,712</u>	<u>(10,248)</u>
Deferred tax:		
Origination and reversal of timing differences	<u>8,550</u>	<u>(5,071)</u>
Tax on profit/(loss)	<u>60,262</u>	<u>(15,319)</u>

Tax recognised as other comprehensive income or equity

The aggregate current and deferred tax relating to items recognised as other comprehensive income or equity for the year was £(192,120) (2016: £224,800).

Reconciliation of tax expense/(income)

The tax assessed on the profit on ordinary activities for the year is lower than (2016: lower than) the standard rate of corporation tax in the UK of 20% (2016: 20%).

	2017 £	2016 £
Profit/(loss) on ordinary activities before taxation	<u>331,995</u>	<u>(33,632)</u>
Profit/(loss) on ordinary activities by rate of tax	66,399	(6,727)
Adjustment to tax charge in respect of prior periods	<u>(1,161)</u>	<u>(7,032)</u>
Effect of expenses not deductible for tax purposes	<u>(13,526)</u>	<u>3,511</u>
Deferred tax on pension expense adjustment	<u>8,550</u>	<u>(5,071)</u>
Tax on profit/(loss)	<u>60,262</u>	<u>(15,319)</u>

13. Dividends

	2017 £	2016 £
Dividends proposed before the year end and recognised as a liability	<u>25,000</u>	<u>25,000</u>

Constant Air Systems Limited

Notes to the Financial Statements (continued)

Year ended 31 January 2017

14. Tangible assets

Group	Short leasehold property £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 February 2016	277,828	348,970	562,293	1,189,091
Additions	—	47,660	167,999	215,659
Disposals	—	—	(202,832)	(202,832)
At 31 January 2017	277,828	396,630	527,460	1,201,918
Depreciation				
At 1 February 2016	—	301,197	360,645	661,842
Charge for the year	27,783	15,924	88,280	131,987
Disposals	—	—	(170,604)	(170,604)
At 31 January 2017	27,783	317,121	278,321	623,225
Carrying amount				
At 31 January 2017	250,045	79,509	249,139	578,693
At 31 January 2016	277,828	47,773	201,648	527,249
Company				
	Short leasehold property £	Plant and equipment £	Motor vehicles £	Total £
Cost				
At 1 February 2016	277,828	209,544	253,422	740,794
Additions	—	26,710	84,535	111,245
Disposals	—	—	(130,906)	(130,906)
At 31 January 2017	277,828	236,254	207,051	721,133
Depreciation				
At 1 February 2016	—	188,822	166,415	355,237
Charge for the year	27,783	5,427	32,427	65,637
Disposals	—	—	(100,908)	(100,908)
At 31 January 2017	27,783	194,249	97,934	319,966
Carrying amount				
At 31 January 2017	250,045	42,005	109,117	401,167
At 31 January 2016	277,828	20,722	87,007	385,557

15. Investments

The group has no investments.

Constant Air Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

15. Investments *(continued)*

Company	Shares in group undertaking s £
Cost	
At 1 Feb 2016 and 31 Jan 2017	201
Impairment	
At 1 Feb 2016 and 31 Jan 2017	—
Carrying amount	
At 1 Feb 2016 and 31 Jan 2017	201

Subsidiaries, associates and other investments

Details of the investments in which the parent company has an interest of 20% or more are as follows:

	Class of share	Percentage of shares held
Subsidiary undertakings		
Casaire Limited	Ordinary	100
Emtec Products Limited	Ordinary	100
Lindsay Court Management (High Wycombe) Limited	Ordinary	57

Subsidiary undertakings

The company owns the issued ordinary share capital of Casaire Ltd, Emtec Products Ltd and Lindsay Court Management (High Wycombe) Ltd. All subsidiaries are UK registered. Both Casaire Ltd and Emtec Products Ltd trade successfully within the heating, ventilation and acoustics industries. Lindsay Court Management (High Wycombe) Ltd is a small, non-trading, flat management company.

16. Stocks

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Raw materials and consumables	71,767	97,293	—	—
Work in progress	506,581	581,240	401,821	161,551
Finished goods and goods for resale	1,319,160	1,415,450	1,319,160	1,415,450
	<u>1,897,508</u>	<u>2,093,983</u>	<u>1,720,981</u>	<u>1,577,001</u>

Constant Air Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

16. Stocks *(continued)*

Included within finished goods stock is a small portfolio of developed residential flats held for re-sale. The development was undertaken by the company in 2010 with 23 one and two bedroom flats being built. The company has now sold 10 flats with the development cost of the remaining 13 flats held within stock at lower of cost and net realisable value. The unsold flats are all let, on short term tenancy agreements, at open market rents. The primary objective is to dispose of the remaining flats and every effort is made by the directors to market the flats for sale when tenancy agreements expire.

17. Debtors

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade debtors	2,060,868	1,228,365	913,693	329,369
Amounts owed by group undertakings	—	—	89,115	154,852
Deferred tax asset	11,362	11,362	6,091	6,091
Prepayments and accrued income	98,919	60,128	58,206	36,864
Corporation tax repayable	—	3,216	—	91,483
Other debtors	120,000	120,180	120,000	120,180
	<u>2,291,149</u>	<u>1,423,251</u>	<u>1,187,105</u>	<u>738,839</u>

Included within other debtors is a rent deposit of £120,000 that is considered recoverable in excess of one year.

18. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Trade creditors	1,637,695	1,167,634	1,103,502	500,387
Amounts owed to group undertakings	—	—	15,195	14,661
Accruals and deferred income	562,954	354,221	433,546	284,622
Corporation tax	52,696	—	9,564	—
Social security and other taxes	296,357	249,114	159,345	100,756
Dividends payable	25,000	25,000	25,000	25,000
Other creditors	81,528	112,813	46,800	68,307
	<u>2,656,230</u>	<u>1,908,782</u>	<u>1,792,952</u>	<u>993,733</u>

Constant Air Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

19. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Included in debtors (note 17)	<u>11,362</u>	<u>11,362</u>	<u>6,091</u>	<u>6,091</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Accelerated capital allowances	<u>11,362</u>	<u>11,362</u>	<u>6,091</u>	<u>6,091</u>

20. Employee benefits

Defined benefit plans

The company operates a defined benefit pension scheme whose assets are held separately from those of the company and are independently administered by the pension trust.

The most recent valuation of the scheme was performed as at 31st January 2017 by a professionally qualified actuary, taking account of the requirements of FRS102 in order to assess the liabilities of the scheme.

The value of net defined benefit liability, as presented in the statement of financial position, is net of associated deferred tax of £502,170 (2016: £318,600). The values below are stated before the associated deferred tax.

The statement of financial position net defined benefit liability is determined as follows:

	2017	2016
	£	£
Present value of defined benefit obligations	(11,562,000)	(9,934,000)
Fair value of plan assets	<u>8,919,000</u>	<u>8,341,000</u>
	<u>(2,643,000)</u>	<u>(1,593,000)</u>

Changes in the present value of the defined benefit obligations are as follows:

	2017
	£
At 1 February 2016	9,934,000
Current service cost	120,000
Interest expense	351,000
Benefits paid	(518,000)
Contributions by plan participants	43,000
Remeasurements:	
Actuarial gains and losses	<u>1,632,000</u>
At 31 January 2017	<u>11,562,000</u>

Constant Air Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

20. Employee benefits *(continued)*

Changes in the fair value of plan assets are as follows:

	2017 £
At 1 February 2016	8,341,000
Interest income	296,000
Benefits paid	(518,000)
Contributions by employer	225,000
Contributions by plan participants	43,000
Administrative expenses	(5,000)
Remeasurements:	
Actuarial gains and losses	537,000
At 31 January 2017	<u>8,919,000</u>

The total costs for the year in relation to defined benefit plans are as follows:

	2017 £	2016 £
Recognised in profit or loss:		
Current service cost	120,000	158,000
Net interest expense	55,000	75,000
Administrative expenses	5,000	28,000
	<u>180,000</u>	<u>261,000</u>
Recognised in other comprehensive income:		
Remeasurement of the liability:		
Return on plan assets, excluding amounts included in net interest	(1,095,000)	1,124,000

The fair value of the major categories of plan assets are as follows:

	2017 £	2016 £
Overseas equity	1,368,000	–
UK Mixed Bonds	–	6,682,000
Diversified Growth	2,665,000	–
Cash and cash equivalents	10,000	147,000
Insured Annuities	10,000	10,000
Managed Funds	–	883,000
Index Linked	–	619,000
Absolute Return Bonds	2,334,000	–
LDI Funds	2,532,000	–
	<u>8,919,000</u>	<u>8,341,000</u>

The return on plan assets are as follows:

	2017 £	2016 £
Return on assets of benefit plan	<u>833,000</u>	<u>(146,000)</u>

Constant Air Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

20. Employee benefits *(continued)*

The principal actuarial assumptions as at the statement of financial position date were:

	2017	2016
	%	%
Discount rate	2.80	3.60
Expected rate of salary increase	3.00	3.00
Expected rate of increase in pensions	2.60	2.80
Inflation assumption	3.40	2.80
Deferred pension revaluation	<u>3.40</u>	<u>2.80</u>

21. Called up share capital

Issued, called up and fully paid

	2017		2016	
	No.	£	No.	£
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

22. Reserves

Profit and loss account - This reserve records retained earnings and accumulated losses.

23. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2017	2016	2017	2016
	£	£	£	£
Later than 5 years	<u>1,988,367</u>	<u>2,142,817</u>	<u>1,988,367</u>	<u>-</u>

24. Related party transactions

The group's key management personnel are considered to be the directors - see note 9.

In accordance with FRS102 the company has taken advantage of the exemption available to the parent of wholly owned subsidiaries not to disclose transactions within the group.

Constant Air Systems Limited

Notes to the Financial Statements *(continued)*

Year ended 31 January 2017

25. Controlling party

The company remained under the control of the directors throughout the year. No shareholder has ultimate control and as such we consider the board of directors to be the ultimate controlling party.