

Registered Number 1173149

Airedale International Air Conditioning Limited  
Annual report and financial statements  
for the year ended 31 March 2017

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# **Airedale International Air Conditioning Limited**

## **Annual report and financial statements for the year ended 31 March 2017**

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# **Airedale International Air Conditioning Limited**

## **Directors and advisers**

### **Directors**

A Cole  
S Joyce  
S Miller

### **Company Secretary**

S A Thorburn

### **Registered Office**

Leeds Road  
Rawdon  
Leeds  
LS19 6JY

### **Independent Auditors**

PricewaterhouseCoopers LLP  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

### **Solicitors**

Eversheds  
Bridgewater Place  
Water Lane  
Leeds  
LS11 5DR

### **Bankers**

Barclays Bank plc  
1 Wood Street  
Wakefield  
WF1 2EA

# **Airedale International Air Conditioning Limited**

## **Strategic report for the year ended 31 March 2017**

### **Business review and principal activities**

The company manufactures a wide range of air conditioning equipment for application in the close control, comfort, applied product and telecoms market.

The results for the company show a loss before taxation of £691k (2016: £2.9m profit) for the year and sales of £44.4m (2016: £39.9m). The company's net assets totalled £13.4m as at 31 March 2017 (2016: £13.9m).

### **Business environment**

The company operates in a highly competitive environment in both the core UK business and the international market. Expansion continues in the growing after sales and service market.

### **Strategy**

The company's overriding objective is to achieve attractive and sustainable rates of growth and returns through organic growth. This will be achieved by developing new products and enhancing the current extensive range of products.

### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks.

Risks are formally reviewed by management and appropriate processes put in place to monitor and mitigate them. The key business risks affecting the company are set out below:

#### *Competition*

The company operates in a highly competitive market particularly around price, product availability and quality. This results not only in downward pressure on margins but also in the risk of not meeting customer's expectations. In order to mitigate this risk the sales team monitor market prices on an ongoing basis and have been given full responsibility for pricing goods within their local region. Furthermore, the company undertakes routine market research to understand customers' expectations and whether their needs are being met.

#### *Employees*

The resignation of key individuals and the inability to recruit people with the right experience and skills from the local community could adversely impact the business. To mitigate these issues the company has a number of schemes linked to the company's results that are designed to retain key individuals.

#### *Supply chain*

Given the company's focus on product availability it sources its materials internationally, nationally and locally. The company mitigates any risk through effective supplier selection and procurement practices.

# Airedale International Air Conditioning Limited

## Strategic report for the year ended 31 March 2017 (continued)

### Key performance indicators ("KPIs")

The company has made satisfactory progress in the year on some of its overriding objectives and the key elements of the strategy for growth. Management monitors progress on the overall company strategy and the individual strategic elements by reference to KPIs, namely turnover, gross margin, return on invested capital and employee retention.

Performance during the twelve months to 31 March 2017 and 31 March 2016 is set out in the table below:

	2017	2016	Definition, method of calculation and analysis
Growth in sales (%)	11.4%	(2.8)%	Year on year sales growth expressed as a percentage. The company generated significant sales growth of £4.5m (11.4%) during the year ended 31 March 2017. This reflects an increased level of sales to both domestic and export markets through targeted sales activity and product development.
Gross margin (%)	12.9%	18.0%	Gross margin is the ratio of gross profit to sales expressed as a percentage. During the year, gross margin decreased by 5.1%. This reflects a number of factors, including: increased raw material prices; downward pressure on selling prices as a result of the highly competitive market in which the company operates; and the full-year effect of the company's return to its fully rebuilt head office and manufacturing facility in Rawdon, Leeds after a major fire on the premises in September 2013. One notable impact of this transition was an increased depreciation charge (£515k year on year) on the company's replacement plant and machinery.
Return on invested capital (%)	(4.8%)	(2.5%)	Operating loss expressed as a percentage of net assets. This metric fell below expectations, primarily due to the deterioration in the company's gross margin – the reasons for which are outlined above. During the year it became apparent that significant cost reductions needed to be introduced as well as some strategic management changes. These were implemented in Q3 and as a consequence the company achieved a significant year on year decrease (£1.1m) in its administrative expenses. These and other changes to the business have left the company better placed to improve future returns on invested capital.
Employee retention (%)	98.8%	99.0%	Employee retention is the number of employees remaining in employment with the company at the end of each month (based on those employees in position at the start of each month) expressed as an average percentage over the financial year. The company's strong employee retention figures reflect significant investment in staff training programmes, together with a flexible benefits package.

On behalf of the Board



A Cole  
Director

22 December 2017

# **Airedale International Air Conditioning Limited**

## **Directors' report for the year ended 31 March 2017**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2017.

### **Business review and principal activities**

The principal activity of the company during the year was the design and manufacture of a wide range of air conditioning equipment for application in the close control, comfort, applied product and telecoms market and is expected to remain so for the foreseeable future. The company is a private company limited by shares and is incorporated and domiciled in the UK.

### **Dividends**

The directors have paid dividends totalling £0.2m during the year (2016: £0.1m).

### **Research and development**

The company continues to invest in the design and development of our products and in the use of new technology particularly relating to environmentally friendly gases. Energy efficiency is key to the development of these units. The cost of the company's expenditure in research and development during the year was approximately £1.9m (2016: £1.8m).

### **Future outlook**

The market is expected to place increasing emphasis on energy efficiency and environmentally friendly air conditioning and the company's strategy is aligned to these market forces.

### *Financial risk management*

When the company enters into significant overseas transactions in foreign currency, the company reviews and hedges the cash flow against adverse currency fluctuations. There were no hedges in place at year end.

Further detail on the principal risks and uncertainties can be found in the strategic report.

### **Directors and their interests**

The directors who held office during the year and up to the date of signing the financial statements are given below:

A Cole	
C Parkman	(resigned 16 September 2016)
S A Thorburn	(resigned 15 May 2017)
M J McBurney	(resigned 15 May 2017)
S Joyce	(appointed 15 May 2017)
S Miller	(appointed 15 May 2017)
S Dicks	(retired 30 June 2016)

### **Employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring their views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the company as a whole. Communication with all employees continues through internal newsletters, briefing groups and electronic communications and their involvement in the company's performance is encouraged.

# **Airedale International Air Conditioning Limited**

## **Directors' report for the year ended 31 March 2017 (continued)**

### **Political and charitable contributions**

There have been no (2016: £nil) political or charitable contributions in the year.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

The directors 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**

In accordance with section 418 of the Companies Act 2006, each director who was a director at the time the report was approved confirms the following:

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

### **Independent Auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

### **On behalf of the Board**



A Cole  
Director

22 December 2017

# **Airedale International Air Conditioning Limited**

## **Independent auditors' report to the members of Airedale International Air Conditioning Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Airedale International Air Conditioning Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its loss 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.

#### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the balance sheet as at 31 March 2017;
- the profit and loss account for the year then ended;
- the statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

### **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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' report. We have nothing to report in this respect.

### **Other matters on which we are required to report by exception**

#### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.



# **Airedale International Air Conditioning Limited**

## **Independent auditors' report to the members of Airedale International Air Conditioning Limited (continued)**

### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). 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 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual 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. With respect to the Strategic Report and Directors' report, we consider whether those reports include the disclosures required by applicable legal requirements.



Tom Yeates (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds

22 December 2017

## Airedale International Air Conditioning Limited

### Profit and loss account for the year ended 31 March 2017

	Notes	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
<b>Turnover</b>	1	<b>44,512</b>	39,887
Cost of sales		(38,787)	(32,719)
<b>Gross profit</b>		<b>5,725</b>	7,168
Administrative expenses		(5,522)	(6,630)
Distribution costs		(864)	(887)
<b>Operating loss</b>	2	<b>(661)</b>	(349)
Profit on disposal of fixed assets	7	20	6,674
Impairment of investments	8	-	(3,384)
Interest payable and similar expenses		(108)	(57)
Interest receivable and similar income		58	41
<b>(Loss)/profit before taxation</b>		<b>(691)</b>	2,925
Tax on (loss)/profit	6	498	114
<b>(Loss)/profit for the financial year</b>		<b>(193)</b>	3,039

All items dealt with in arriving at the (loss)/profit before taxation for 2017 and 2016 relate to continuing activities.

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of other comprehensive income has been presented.

# Airedale International Air Conditioning Limited

## Balance sheet as at 31 March 2017

	Note	31 March 2017 £'000	31 March 2016 £'000
<b>Fixed assets</b>			
Tangible assets	7	7,483	8,609
Investments	8	2,604	2,604
		<b>10,087</b>	<b>11,213</b>
<b>Current assets</b>			
Stock	9	4,405	3,641
Debtors due within one year	10	17,224	16,242
Debtors due after more than one year	10	78	78
Cash at bank and in hand		1,284	1,335
		<b>22,991</b>	<b>21,296</b>
<b>Creditors - amounts falling due within one year</b>	11	<b>(19,018)</b>	<b>(17,860)</b>
<b>Net current assets</b>		<b>3,973</b>	<b>3,436</b>
<b>Total assets less current liabilities</b>		<b>14,060</b>	<b>14,649</b>
Provisions for liabilities	12	(477)	(722)
<b>Net assets</b>		<b>13,583</b>	<b>13,927</b>
<b>Capital and reserves</b>			
Called up share capital	13	450	450
Capital redemption reserve		50	50
Profit and loss account		13,083	13,427
<b>Total shareholders' funds</b>		<b>13,583</b>	<b>13,927</b>

These financial statements on pages 8 to 22 were approved by the board of directors on 21 December 2017 and were signed on its behalf by:



A Cole  
Director

Registered number 1173149

## Airedale International Air Conditioning Limited

### Statement of changes in equity for the year ended 31 March 2017

	<b>Called up share capital £'000</b>	<b>Capital redemption reserve £'000</b>	<b>Profit and loss account £'000</b>	<b>Total shareholder funds £'000</b>
At 1 April 2015	450	50	10,537	11,037
Profit for the financial year	-	-	3,039	3,039
Dividends paid	-	-	(149)	(149)
At 31 March 2016	450	50	13,427	13,927
Loss for the financial year			(193)	(193)
Dividends paid			(151)	(151)
<b>At 31 March 2017</b>	<b>450</b>	<b>50</b>	<b>13,083</b>	<b>13,583</b>

# Airedale International Air Conditioning Limited

## Accounting policies

The principal activity of the company during the year was the design and manufacture of a wide range of air conditioning equipment for application in the close control, comfort, applied product and telecoms market and is expected to remain so for the foreseeable future. The company is a private company limited by shares and is incorporated and domiciled in the UK.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements are prepared in accordance with FRS 102.

### Basis of preparation

The financial statements are presented in sterling, rounded to the nearest thousand. They are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

### Disclosure exemptions

The Company has notified its shareholders, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements. The principle disclosure exemptions adopted by the Company in accordance with FRS 102 are as follows:

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

### Consolidated financial statements

The company is a wholly owned subsidiary of Modine UK Dollar Limited and of its ultimate parent, Modine Manufacturing Company Inc., a company incorporated in Wisconsin, United States of America. It is included in the consolidated financial statements of Manufacturing Company Inc. which are publicly available. Therefore the company is exempt by virtue of section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

### Tangible Fixed assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost or valuation of tangible fixed assets, less their estimated residual value, on a straight line basis over their estimated economic lives. The annual rates of depreciation are:

- |                          |                  |
|--------------------------|------------------|
| • Plant and machinery    | 8-17% per annum  |
| • Motor vehicles         | 20-25% per annum |
| • Fixtures and fittings  | 10-33% per annum |
| • Leasehold improvements | 10% per annum    |

Assets under construction are not depreciated.

# **Airedale International Air Conditioning Limited**

## **Accounting policies (continued)**

### **Investments in subsidiary undertakings**

Investments in subsidiary undertakings are stated at cost less provision for impairment. The carrying value of investments is periodically reviewed for events or changes in circumstances which indicate that the carrying value may not be recoverable and provision made accordingly.

### **Foreign currencies**

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date or at the agreed contractual rate. Transactions in foreign currency are translated at the rate ruling at the date of the transaction. All differences on exchange are taken to the profit and loss account in the year in which they arise.

### **Operating leases**

All existing leases are treated as operating leases as substantially all the benefits and risks of ownership remain with the lessor. The costs of the leases are charged on a straight line basis over the lease term.

### **Research and development**

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred.

### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products, cost includes all direct expenditure and an appropriate proportion of production overheads based on the normal level of activity. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

### **Turnover**

Turnover represents the invoiced value of goods and services supplied, excluding value added tax and trade discounts. Revenue from the sales of goods is recognised when the significant risks and rewards of ownership of the goods are passed to the buyer.

### **Pensions**

The company operates a defined contribution pension scheme for the benefit of its employees. The costs relating to this scheme are charged to the profit and loss account as they fall due.

### **Taxation**

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in years different from those in which they are recognised in the financial statements. Deferred tax is not recognised when fixed assets are re-valued unless by the balance sheet date there is a binding agreement to sell the re-valued assets and the gain or loss expected to arise on sale has been recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the years in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# Airedale International Air Conditioning Limited

## Notes to the financial statements for the year ended 31 March 2017

### 1 Turnover

The company's turnover and operating loss relate entirely to its principal activity. The geographical analysis of turnover is:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
United Kingdom	35,785	33,521
Rest of Europe	2,369	2,116
Middle East	3,331	2,380
Asia	1,839	889
Africa	723	570
Americas	241	396
Rest of the World	224	15
	<b>44,512</b>	<b>39,887</b>

### 2 Operating loss

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
<b>Operating loss is stated after charging</b>		
Employee costs (note 4)	16,781	16,514
Depreciation of tangible fixed assets		
- owned assets (note 7)	1,227	1,668
Operating lease charges		
- plant and machinery	523	519
- land and buildings	855	856
Services provided by the company auditors		
- fees payable for the audit	45	45
- fees payable for other services	8	5
Research and development	1,855	1,772

# Airedale International Air Conditioning Limited

## Notes to the financial statements for the year ended 31 March 2017 (continued)

### 3 Directors' emoluments and key management compensation

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
<b>Directors' emoluments</b>		
Aggregate emoluments	434	417
Contributions paid to money purchase scheme	35	34

Retirement benefits are accruing to 2 directors (2016: 3) under the company's money purchase scheme.

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
<b>Highest paid director</b>		
Aggregate emoluments	209	208
Contributions paid to money purchase scheme	14	15

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
<b>Key management compensation</b>		
Aggregate emoluments	704	743
Contributions paid to money purchase scheme	61	59

Key management includes the directors and members of senior management.



## **Airedale International Air Conditioning Limited**

### **Notes to the financial statements for the year ended 31 March 2017 (continued)**

#### **4 Employee costs**

	<b>Year ended 31 March 2017 £'000</b>	<b>Year ended 31 March 2016 £'000</b>
Wages and salaries	<b>14,524</b>	14,247
Social security costs	<b>1,397</b>	1,381
Other pensions costs	<b>860</b>	886
	<b>16,781</b>	16,514

#### **5 Employee information**

The average monthly number of persons (incl. executive directors) employed by the company during the year was:

<b>By activity</b>	<b>Year ended 31 March 2017 Number</b>	<b>Year ended 31 March 2016 Number</b>
Production	<b>352</b>	333
Selling and distribution	<b>32</b>	39
Administration	<b>68</b>	82
	<b>452</b>	454

## Airedale International Air Conditioning Limited

### Notes to the financial statements for the year ended 31 March 2017 (continued)

#### 6 Tax on (loss)/profit on ordinary activities

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
<b>Current tax:</b>		
UK corporation tax at 19% (2016: 20%)	-	98
Adjustment in respect of previous years	(253)	(582)
Research and development tax relief	-	-
<b>Total current tax</b>	<b>(253)</b>	<b>(484)</b>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(200)	(6)
Adjustment in respect of previous years	(45)	376
<b>Total tax charge</b>	<b>(498)</b>	<b>(114)</b>

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK of 19%. (2016: 20%). The differences are explained below:

	Year ended 31 March 2017 £'000	Year ended 31 March 2016 £'000
(Loss)/profit on ordinary activities before tax	(691)	2,925
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016: 20%)	(133)	585
Effects of:		
Expenses not deductible for tax purposes	18	142
R&D income not taxable	(21)	(4)
Share scheme deduction	(11)	-
Impairment of investments	-	677
Profit on disposal of fixed assets	-	(631)
Rate differential on deferred tax	36	(69)
Group relief received	(89)	(232)
Adjustment in respect of previous years	(298)	(582)
<b>Total tax charge for the year</b>	<b>(498)</b>	<b>(114)</b>

## Airedale International Air Conditioning Limited

### Notes to the financial statements for the year ended 31 March 2017 (continued)

#### 6 Tax on (loss)/profit on ordinary activities (continued)

##### Factors affecting current and future tax charges

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted prior to the balance sheet date. This will reduce the company's future current tax charges accordingly. The deferred tax liability at 31 March 2017 has been calculated based on these rates substantively enacted at the balance sheet date.

#### 7 Tangible assets

	Plant and machinery £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 April 2016	9,544	2,337	90	11,971
Additions	83	18	-	101
<b>At 31 March 2017</b>	<b>9,627</b>	<b>2,355</b>	<b>90</b>	<b>12,072</b>
<b>Accumulated depreciation</b>				
At 1 April 2016	2,204	1,068	90	3,362
Charge for the year	965	262	-	1,227
<b>At 31 March 2017</b>	<b>3,169</b>	<b>1,330</b>	<b>90</b>	<b>4,589</b>
<b>Net book amount</b>				
<b>At 31 March 2017</b>	<b>6,458</b>	<b>1,025</b>	<b>-</b>	<b>7,483</b>
At 31 March 2016	7,340	1,269	-	8,609

## Airedale International Air Conditioning Limited

### Notes to the financial statements for the year ended 31 March 2017 (continued)

#### 8 Investments

	Investment in subsidiary undertakings £'000
Cost at 1 April 2016	6,291
Provision for impairment at 1 April 2016	(3,687)
Impairment recorded during the year ended 31 March 2017	-
<b>Net book value at 31 March 2017</b>	<b>2,604</b>
Net book value at 31 March 2016	2,604

Investments represent holdings in the following undertakings:

Name and registered address of company	Country of Registration	Holding	Proportion held	Nature of business
<b>Airedale Sheet Metal Limited</b> - Leeds Road, Rawdon, Leeds, West Yorkshire, LS19 6JY	England	Ordinary shares	100%	Non-trading
<b>Airedale Compact Systems Limited</b> - Leeds Road, Rawdon, Leeds, West Yorkshire, LS19 6JY	England	Ordinary shares	100%	Non-trading
<b>Barkell Limited</b> - Unit 22 No 1 Industrial Estate, Consett, Co Durham, DH8 6SZ	England	Ordinary shares	100%	Manufacture and sale of air handling units
<b>Airedale Group Limited</b> - Leeds Road, Rawdon, Leeds, West Yorkshire, LS19 6JY	England	Ordinary shares	100%	Non-trading
<b>Airedale International Air Conditioning S.A (Pty) Limited</b> - 154 Schooner St, Cnr Seilskip Road, Laser Park, Honeydew, Johannesburg, South Africa	South Africa	Ordinary shares	100%	Manufacture and sale of air conditioning units

## Airedale International Air Conditioning Limited

### Notes to the financial statements for the year ended 31 March 2017 (continued)

#### 9 Stocks

	31 March 2017 £'000	31 March 2016 £'000
Raw materials and consumables	2,053	1,699
Work in progress	908	1,067
Finished goods and goods for resale	1,444	875
	<b>4,405</b>	<b>3,641</b>

Stocks are stated net of provisions for impairment of £167,822. Stock recognised in costs of sales during the year as an expense was £20,112,061 (2016: £16,917,198)

#### 10 Debtors

##### Amounts due within one year

	31 March 2017 £'000	31 March 2016 £'000
Trade debtors	11,065	9,871
Amounts owed by group undertakings	4,829	3,162
Corporation tax and other taxation	669	625
Prepayments and accrued income	661	2,584
	<b>17,224</b>	<b>16,242</b>

Trade debtors are stated net of provisions for impairment of £220,797. No security is held for non-trading balances owed by group undertakings, which are repayable on demand. Interest is receivable on non-trading intercompany balances at a rate of Euribor +2% (2016: Euribor +2%).

##### Amounts due after more than one year

	31 March 2017 £'000	31 March 2016 £'000
Prepayments and accrued income	78	78

## Airedale International Air Conditioning Limited

### Notes to the financial statements for the year ended 31 March 2017 (continued)

#### 11 Creditors – amounts falling due within one year

	31 March 2017 £'000	31 March 2016 £'000
Trade creditors	6,595	6,883
Amounts owed to group undertakings	3,824	7,092
Other taxation and social security	1,983	1,255
Bank loan	4,500	-
Other creditors	103	113
Accruals and deferred income	2,013	2,517
	<b>19,018</b>	<b>17,860</b>

Interest is payable on non-trading intercompany balances at a rate of 2.57% (2016: 2.57%). No security is held for non-trading balances owed to group undertakings, which are repayable on demand.

#### 12 Provision for liabilities

	31 March 2017 £'000	31 March 2016 £'000
Deferred tax liability	477	722

Movement in Deferred taxation:

	£'000
At 1 April 2016	722
Credit to the profit and loss account	(245)
<b>At 31 March 2017</b>	<b>477</b>

The deferred tax liability comprises	31 March 2017 £'000	31 March 2016 £'000
Accelerated capital allowances	19	223
Unrealised gains	477	521
Short term timing differences	(19)	(22)
Deferred tax liability	<b>477</b>	<b>722</b>

## Airedale International Air Conditioning Limited

### Notes to the financial statements for the year ended 31 March 2017 (continued)

#### 13 Called up share capital

	31 March 2017 £'000	31 March 2016 £'000
<b>Allotted and fully paid</b>		
450,000 (2016: 450,000) ordinary shares of £1 each	450	450

#### 14 Equity dividends paid

	31 March 2017 £'000	31 March 2016 £'000
1st interim 2017 £0.0787 per share (2016: £0.087 per share)	35	39
2nd interim 2017 £0.0859 per share (2016: £0.0845 per share)	39	38
3rd interim 2017 £0.0848 per share (2016: £0.0815 per share)	38	37
Final 2017 £0.087 per share (2016: £0.0781 per share)	39	35
	151	149

#### 15 Contingent liabilities

The company has given bank guarantees relating to customs and other bonds of £60,000 (2016: £60,000).

There were no other contingent liabilities at 31 March 2017 (2016: £nil).

#### 16 Financial commitments

At 31 March 2017 the total of the company's future minimum lease payments under non-cancellable operating leases was as follows:

	Land and buildings		Vehicles, plant and equipment	
	31 March 2017 £'000	31 March 2016 £'000	31 March 2017 £'000	31 March 2016 £'000
Within one year	450	450	403	480
Within two to five years	3,433	2,943	370	627
After five years	7,142	8,082	-	-
	11,025	11,475	773	1,107

## **Airedale International Air Conditioning Limited**

### **Notes to the financial statements for the year ended 31 March 2017 (continued)**

#### **17 Related party disclosures**

The company is a wholly owned subsidiary of Modine Manufacturing Company Inc., whose consolidated financial statements are publicly available for inspection. Consequently, the company has taken advantage of the exemption available under the terms of Section 33 not to disclose related party transactions with group companies.

#### **18 Ultimate parent undertaking**

The immediate parent undertaking is Modine UK Dollar Limited, a company registered in the United Kingdom. The ultimate parent undertaking and controlling party is Modine Manufacturing Company Inc. a company incorporated in USA. Modine Manufacturing Company Inc. is the parent undertaking of the smallest and largest group of undertakings for which group financial statements were drawn up and of which Airedale International Air Conditioning Limited is a member. Copies of the group financial statements of Modine Manufacturing Company Inc. may be obtained from its registered office at 1500 DeKoven Avenue, Racine, Wisconsin, USA.