

**Solair Limited**

Report and Financial Statements

Year Ended

28 February 2019

Company Number 02826982

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# **Solair Limited**

## **Report and financial statements for the year ended 28 February 2019**

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### **Directors**

J S Houlihan  
A J McKinley

### **Company secretary and registered address**

A J McKinley, Unit 11, Pennington Close, Albion Road, West Bromwich, West Midlands, B70 6BA

### **Registered number**

02826982

### **Auditors**

BDO LLP, Two Snowhill, Birmingham, B4 6GA

# Solair Limited

## Directors' report for the year ended 28 February 2019

The directors present their report together with the audited financial statements for the year ended 28 February 2019.

### Results

The loss for the year, after taxation, amounted to £302,249 (2018 – loss £321,536).

### Indemnity cover

Third party indemnity cover for the directors was in force during the year.

### Directors

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

J S Houlihan  
AJ McKinley

### 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

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### Small Companies Note

In preparing this report, the director has taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 29 November 2019 and signed on its behalf.

A J McKinley

Director

# **Solair Limited**

## **Directors' responsibilities statement for the year ended 28 February 2019**

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The directors are responsible for preparing 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; 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. 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.

# Solair Limited

## Independent auditor's report

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### TO THE MEMBERS OF SOLAIR LIMITED

#### Opinion

We have audited the financial statements of Solair Limited ("the Company") for the year ended 28 February 2019 which comprise the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 28 February 2019 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Solair Limited**

## **Independent auditor's report (continued)**

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### **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.

### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 director's 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; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

# Solair Limited

## Independent auditor's report (*continued*)

### Responsibilities of Directors

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, and for such internal control as the Directors determines 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.

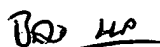
### Auditor's responsibilities for the audit of the financial statements

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.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://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.



**Samantha Lifford** (*senior statutory auditor*)  
*For and on behalf of BDO LLP, statutory auditor*  
Birmingham  
United Kingdom

Date: 29/11/2019

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

# Solair Limited

## Statement of comprehensive income for the year ended 28 February 2019

	Note	2019 £	2018 £
<b>Turnover</b>	3	<b>8,525,142</b>	9,370,661
Cost of sales		<b>(7,057,423)</b>	(7,823,514)
<b>Gross profit</b>		<b>1,467,719</b>	1,547,147
Administrative expenses (including exceptional items of £250,000 (2018 - £Nil))		<b>(1,841,188)</b>	(1,943,990)
<b>Operating loss</b>	6	<b>(373,469)</b>	(396,843)
Taxation	7	<b>71,220</b>	75,307
<b>Loss for the year</b>		<b>(302,249)</b>	(321,536)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(302,249)</b>	(321,536)

All amounts relate to the continuing activities of the company.

The notes on pages 9 to 21 form part of these financial statements.



# Solair Limited

## Statement of financial position at 28 February 2019

<b>Company number 02826982</b>	<b>Note</b>	<b>2019 £</b>	<b>2019 £</b>	<b>2018 £</b>	<b>2018 £</b>
<b>Fixed assets</b>					
Tangible assets	8		192,313		189,205
<b>Current assets</b>					
Stocks	9	1,192,162		1,021,610	
Debtors	10	2,285,402		2,488,171	
Cash at bank and in hand	11	773		650	
		<u>3,478,337</u>		<u>3,510,431</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(3,909,558)</u>		<u>(3,640,750)</u>	
<b>Net current liabilities</b>			<u>(431,221)</u>		<u>(130,319)</u>
<b>Total assets less current liabilities</b>			<u>(238,908)</u>		<u>58,886</u>
<b>Provisions for liabilities</b>	13		<u>(108,684)</u>		<u>(104,229)</u>
<b>Net liabilities</b>			<u>(347,592)</u>		<u>(45,343)</u>
<b>Capital and reserves</b>					
Called up share capital	15		2		2
Profit and loss account	16		<u>(347,594)</u>		<u>(45,345)</u>
<b>Shareholders' deficit</b>			<u>(347,592)</u>		<u>(45,343)</u>

The Company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29 November 2019.

  
A J McKinley  
Director

The notes on pages 9 to 21 form part of these financial statements.

# Solair Limited

## Statement of changes in equity for the year ended 28 February 2019

	Share capital £	Retained Earnings £	Total equity £
<b>At 1 March 2018</b>	<b>2</b>	<b>(45,345)</b>	<b>(45,343)</b>
<b>Comprehensive income for the year:</b>			
Loss for the year	-	(302,249)	(302,249)
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(302,249)</b>	<b>(302,249)</b>
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
<b>At 28 February 2019</b>	<b>2</b>	<b>(347,594)</b>	<b>(347,592)</b>
	<hr/>	<hr/>	<hr/>

## Statement of changes in equity for the year ended 28 February 2018

	Share Capital £	Retained earnings £	Total Equity £
<b>At 1 March 2017</b>	<b>2</b>	<b>276,191</b>	<b>276,193</b>
<b>Comprehensive income for the year:</b>			
Loss for the year	-	(321,536)	(321,536)
	<hr/>	<hr/>	<hr/>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(321,536)</b>	<b>(321,536)</b>
	<hr/>	<hr/>	<hr/>
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<hr/>	<hr/>	<hr/>
<b>At 28 February 2018</b>	<b>2</b>	<b>(45,345)</b>	<b>(45,343)</b>
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The notes on pages 9 to 21 form part of these financial statements.

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019

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### 1 Accounting policies

Solair Limited is a Company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the Company information page. The nature of the group's operations and its principal activities are the manufacture of aluminium windows, doors and curtain walling and PVCu windows, doors and conservatories for the house building industry.

#### *Basis of preparation of financial statements*

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

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 accounts have been prepared in the company's functional currency, pounds sterling.

The following principal accounting policies have been applied consistently:

#### *Financial reporting standard 102 - reduced disclosure exemptions*

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 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- 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; and
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of JBS Industries Ltd as at 28 February 2019 and these financial statements may be obtained from Companies House.

#### *Going concern*

The Company meets its day to day working capital requirements through a combination of a group overdraft facility and other loans, including group loans with its parent company. The company is also party to a group banking guarantee as detailed in note 17. The directors have prepared profit and cash flow forecasts which show that the Company has sufficient working capital to continue to operate for at least 12 months from the date of approval of these financial statements. In addition the directors of the parent company have confirmed that they will provide additional financial support to the Company to enable continued trading and payment of creditors as they fall due for repayment for at least the 12 months from the date of approval of these financial statements if required.

On this basis the directors consider that it remains appropriate to prepare the financial statements on the going concern basis.

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (*continued*)

### 1 Accounting policies (*continued*)

#### *Turnover*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

#### *Sale of goods*

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- The Company has transferred the significant risks and rewards of ownership to the buyer;
- The Company retains neither the continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the 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.

#### *Tangible fixed assets*

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

The 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. Depreciation is provided on the following basis:

Plant and machinery	- 10% - 33.33% straight line
Fixtures, fittings and computer equipment	- 10% - 30% straight line

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 administrative expenses in the Statement of Comprehensive Income.

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal. Work in progress and finished good include labour and attributable overheads.

#### *Debtors*

Short term debtors are measured at transaction price, less any impairment.

#### *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.

#### *Financial instruments*

##### Basic Financial Instruments

##### Financial assets

Financial assets comprise cash at bank and in hand, trade debtors and other debtors; 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 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 group 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 and the present value of the expected future cash receipts from that asset.

##### Financial liabilities

Financial liabilities comprise bank loans and overdrafts, other loans, trade creditors, amounts owed to parent and group undertakings, other creditors and accruals; there are initially recorded at cost on the date they originate and are subsequently carried at amortised cost under the effective interest rate method.

##### Creditors

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

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Foreign currency translation*

##### **Functional and presentation currency**

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. Nonmonetary 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 fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

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'.

#### *Pensions*

Contributions to the Company's defined contribution pension scheme are charged to the Statement of Comprehensive Income in the year in which they become payable.

The Company participates in a defined benefit pension scheme which is operated by the parent undertaking, JBS Industries Limited. There is no stated policy for charging the net defined benefit scheme between the group companies that are party to the scheme and hence no proportion of the defined scheme assets, liabilities, income and costs are recognised in the individual group companies in accordance with that policy.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and 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.

#### *Leased assets*

All leasing agreements are operating leases. Their annual rentals are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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.

#### *Current and deferred taxation*

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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.

#### *Related party transactions*

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

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (*continued*)

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### **2 Judgments in applying accounting policies and key sources of estimation uncertainty**

The Company makes certain estimates and assumptions regarding the future. These judgements and estimates affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates are continually evaluated based on historical experience and expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. In preparing these financial statements, the directors have had to make the following judgements and estimates:

#### *Tangible fixed assets*

Tangible fixed assets are depreciated over their useful lives taking in account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the 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.

#### *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.

#### *Stock*

At each reporting date, inventories are assessed for impairment. If inventory 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.

#### *Dilapidations provisions*

Management have consulted with external valuers to obtain a reasonable estimate of the future costs expected to be incurred to restore sites to their original condition at the end of their lease term.

### **3 Analysis of turnover**

Turnover is wholly attributable to the principal activity of the company and entities solely in the United Kingdom.



# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (continued)

### 4 Employees

	2019 £	2018 £
Staff costs were as follows		
Wages and salaries	1,688,075	1,564,205
Social security costs	155,749	147,671
Cost of defined contribution scheme	51,159	39,822
	<u>1,894,983</u>	<u>1,751,698</u>
The average monthly number of employees, including directors, during the year was as follows:	Number	Number
Production	36	34
Sales	1	1
Administration	31	30
	<u>68</u>	<u>65</u>

### 5 Directors' remuneration

No director received any emoluments during the current year (2018 - £Nil).

The directors of Solair Limited are remunerated by the holding company, JBS Industries Limited.

### 6 Operating loss

	2019 £	2018 £
The operating loss is stated after charging:		
Depreciation of tangible fixed assets	39,289	46,225
Hire of plant and machinery - operating leases	178,647	220,258
Fees payable to the company's auditor for the audit of the company's annual accounts	8,000	8,000
Defined contribution pension cost	41,839	28,200
Defined benefit pension cost	9,320	11,622
Inventory recognised as an expense	5,431,399	5,277,257
	<u></u>	<u></u>

#### Exceptional items

During the year the company incurred exceptional cost of £250,000 (2018 - £Nil) relating to settlement of a contractual issue relating to previous financial periods.

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (continued)

### 7 Taxation on loss

	2019 £	2018 £
<i>Corporation tax</i>		
Current tax on loss for the year	(75,887)	(71,790)
Adjustments in respect of prior periods	212	-
	<hr/>	<hr/>
Total current tax	(75,675)	(71,790)
	<hr/>	<hr/>
<i>Deferred tax</i>		
Origination and reversal of timing differences	4,049	(3,551)
Adjustment in respect of previous periods	46	34
	<hr/>	<hr/>
Total deferred tax	4,455	(3,517)
	<hr/>	<hr/>
Tax credit on loss	(71,220)	(75,307)
	<hr/>	<hr/>

#### *Factors affecting tax credit in the year*

The tax assessed for the year is different to the standard rate of corporation tax in the UK. The differences are explained below:

	2019 £	2018 £
Loss before tax	(373,469)	(396,843)
	<hr/>	<hr/>
Loss multiplied by standard rate of corporation tax in the UK of 19% (2018 – 19.08%)	(70,959)	(75,737)
	<hr/>	<hr/>
Effects of:		
Expenses not deductible for tax purposes	(519)	396
Adjustment in respect of previous periods	258	34
	<hr/>	<hr/>
Total tax credit for year	(71,220)	(75,307)
	<hr/>	<hr/>

#### *Factors that may affect future tax credits*

The reduction in the UK corporation tax rate to 17% from 1 April 2020, was substantively enacted at the year end. According, this rate has been applied in the measurement of the Company's deferred tax assets and liabilities at 28 February 2019.

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (*continued*)

### 8 Tangible assets

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost</i>				
At 1 March 2018	463,307	326,562	116,479	906,348
Additions	25,873	9,560	6,964	42,397
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2019	<b>489,180</b>	<b>336,122</b>	<b>123,443</b>	<b>948,745</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 March 2018	376,907	230,812	109,424	717,143
Charge for the year	20,613	13,454	5,222	39,289
Disposals	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2019	<b>397,520</b>	<b>244,266</b>	<b>114,646</b>	<b>756,432</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 28 February 2019	<b>91,660</b>	<b>91,856</b>	<b>8,797</b>	<b>192,313</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2018	<b>86,400</b>	<b>95,750</b>	<b>7,055</b>	<b>189,205</b>
	<hr/>	<hr/>	<hr/>	<hr/>

### 9 Stocks

	2019 £	2018 £
Raw materials and consumables	722,290	452,244
Work in progress (goods to be sold)	131,606	362,184
Finished goods and goods held for resale	338,266	207,182
	<hr/>	<hr/>
	<b>1,192,162</b>	<b>1,021,610</b>
	<hr/>	<hr/>

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

An impairment loss of £Nil (2018 - £25,000) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (*continued*)

### 10 Debtors

	2019 £	2018 £
<i>Due after more than one year</i>		
Trade debtors	318,000	307,365
	<u>318,000</u>	<u>307,365</u>
<i>Due within one year</i>		
Trade debtors	1,633,407	1,708,417
Other debtors	196,177	309,477
Prepayments and accrued income	137,818	162,912
	<u>2,285,402</u>	<u>2,488,171</u>

The impairment loss recognised in the Statement of comprehensive income for the year in respect of bad and doubtful trade debtors was £Nil (2018 - £311,126).

### 11 Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	773	650
Less: bank overdrafts (note 12)	(1,006,764)	(1,416,798)
	<u>(1,005,991)</u>	<u>(1,416,148)</u>

### 12 Creditors: amounts falling due within one year

	2019 £	2018 £
Bank overdrafts (note 11)	1,006,764	1,416,798
Other loans	29,055	-
Trade creditors	887,266	727,448
Amounts owed to group undertakings	227,269	238,439
Amounts owed to parent company	1,413,935	1,149,645
Taxation and social security	49,610	67,153
Corporation tax	34	-
Other creditors	251,600	12,381
Accruals and deferred income	44,025	28,886
	<u>3,909,558</u>	<u>3,640,750</u>

The amounts included within other loans are secured against the trading debts of the Company as disclosed in note 10.

Although amounts owed to the parent and group companies are technically due for repayment in less than one year the directors do not expect to make a substantial repayment within 12 months of the date of approval of the financial statements.

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (*continued*)

### 13 Provision for liabilities

Company	Deferred taxation (Note 14) £'000	Dilapidations £'000	Total £'000
At 1 March 2018	(4,229)	(100,000)	(104,229)
Charged to the Statement of comprehensive income	(4,455)	-	(4,455)
	<u>          </u>	<u>          </u>	<u>          </u>
At 28 February 2019	<u>(8,684)</u>	<u>(100,000)</u>	<u>(108,684)</u>

The dilapidation provision is based on the Directors' best estimate to cover the company's liability to return the premises leased to its original state at the end of the lease.

### 14 Deferred taxation

The deferred taxation balance is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(8,638)	(4,443)
Sundry timing differences	(46)	214
	<u>          </u>	<u>          </u>
	<u>(8,684)</u>	<u>(4,229)</u>

### 15 Share capital

	2019 £	2018 £
<i>Allotted, called up and fully paid</i>		
2 Ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>

### 16 Reserves

#### Share Capital

Called up share capital reserve represents the nominal value of the shares issued.

#### Profit and loss account

Profit and loss account represents cumulative profits or losses net of dividends paid and other adjustments.

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (*continued*)

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### 17 Contingent liabilities

At 28 February 2019 there was a composite guarantee and debenture between group undertakings and the Royal Bank of Scotland plc. The total gross indebtedness of the group at 28 February 2019 amounted to £1,006,764 (2018 - £1,430,821), which includes the company's overdraft of £1,006,764 (2018 - £1,416,798) as shown in note 12.

The company is a member of the JBS Industries Limited VAT registration scheme and is therefore jointly and severally liable for all liabilities of other group companies within this scheme. As at 28 February 2019 the total group liability was £101,708 (2018 - £234,214).

The directors do not believe that the Company will be called upon under the guarantee to repay these amounts. Further information regarding the overall group performance can be found in the JBS Industries Limited consolidated financial statements.

### 18 Pension commitments

The company is a member of the JBS Industries Limited defined contribution and defined benefit pension schemes.

#### Defined contribution scheme

The assets of the defined contribution scheme are held separately in an independently administered fund. The total pension charge during the period includes contributions payable by the company to the fund and amounted to £41,839 (2018 - £28,200). At 28 February 2019 there was an accrual of £Nil (2018 - £Nil) which is included within creditors.

#### Defined benefit scheme

It is not possible to identify the company's share of the underlying assets and liabilities in respect of the defined benefit scheme on a consistent and reasonable basis. Contributions to the scheme by the company are based on professional and independent actuarial advice. During the period the contributions payable by the company to the fund amounted to £9,320 (2018 - £11,622). At 28 February 2019 there was an accrual of £1,464 (2018 - £986) which is included within creditors. The last valuation was performed at 31 March 2016 and updated on 28 February 2019 by a qualified actuary in accordance with FRS 102, and shows a deficit on the scheme of £2,833,000 (2018 - £2,246,000). Further details of the scheme are contained in the financial statements of JBS Industries Limited.

# Solair Limited

## Notes forming part of the financial statements for the year ended 28 February 2019 (*continued*)

### 19 Commitments under operating leases

The Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	115,325	100,277
In two to five years	142,142	48,384
	<u>257,467</u>	<u>148,661</u>

### 20 Related party transactions

The Company is a wholly owned subsidiary of JBS Industries Limited and has taken advantage of the exemption covered by section 33.1 A of FRS 102 not to disclose transactions with JBS Industries Limited or other wholly owned subsidiaries within the group. No other related party transactions have taken place in the year.

Key management personnel are considered to be the statutory directors of the company. The directors are remunerated by the parent company, no cost is borne by Solair Limited.

### 21 Ultimate parent company and parent undertaking of larger group

The Company is a wholly owned subsidiary of JBS Industries Limited, a company incorporated in England and Wales, which is the Company's ultimate parent company.

The ultimate controlling party is J S Houlihan.